

**REAL ESTATE APPRAISAL REPORT - TEXAS DEPARTMENT OF TRANSPORTATION**

Address of Property: Northwest corner of US 90A and Avenue H, District: Houston  
Rosenberg, Texas 77471

Property Owner: County of Fort Bend

Parcel: 8

Address of Property Owner: 301 Jackson Street, Ste. 101, Richmond, Texas 77469  
ROW CSJ: 0027-06-054

Occupant's Name: New Day Ministries, tenant

Federal Project No: STP 2016(345)

Whole: ☒ Partial: ☐ Acquisition

Highway: US 90A

County: Fort Bend

**Purpose of the Appraisal**

The purpose of this appraisal is to estimate the market value of the fee simple title to the real property to be acquired, encumbered by any easements not to be extinguished, less oil, gas and sulphur. If this acquisition is of less than the whole property, then any special benefits and /or damages to the remainder property must be included in accordance with the laws of Texas.

**Market Value**

Market value is defined as follows: "Market Value is the price which the property would bring when it is offered for sale by one who desires, but is not obliged to sell, and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future."

**Certificate of Appraiser**

I hereby certify:

That it is my opinion the total compensation for the acquisition of the herein described property is \$325,000 as of November 17, 2015, based upon my independent appraisal and the exercise of my professional judgment;

That on November 17, 2015 and other dates, I personally inspected in the field the property herein appraised; that I afforded a representative of the property owner, the opportunity to accompany me at the time of the inspection;

That the comparables relied upon in making said appraisal were as represented by the photographs contained in the appraisal report and were inspected on 11/17/2015 and other dates;

That I have not revealed and will not reveal the findings and results of such appraisal to anyone other than the proper officials of the Texas Department of Transportation or officials of the Federal Highway Administration until authorized by State officials to do so, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified to such findings;

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

The appraiser has considered access damages in accordance with Section 21.042(d) of the Texas Property Code, as amended by SB18 of the Texas 82<sup>nd</sup> Regular Legislative Session and finds as follows:

1. Is there a denial of direct access on this parcel? No
2. If so, is the denial of direct access material? N/A
3. The lack of any access denial or the material impairment of direct access on or off the remaining property affects the market value of the remaining property in the sum of \$0.

I certify to the best of my knowledge and belief:

That the statements of fact contained in this report are true and correct;

That the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions;

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

That my analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the appropriate State laws, regulations, and policies and procedures applicable to the appraisal of right of way for such purposes, and that to the best of my knowledge no portion of the value assigned to such property consists of items which are non-compensable under the established law of said State, and any decrease or increase in the fair market value of subject real property prior to the date of valuation caused by the public improvement for which such property is to be acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to the physical deterioration within the reasonable control of the owner, has been disregarded in estimating the compensation for the property.



Appraiser Signature

Randy A. Williams, MAI, SR/WA, FRICS


TX-1320297-G

Certification Number

January 6, 2016

Date

To the best of my knowledge, the value does not include any items which are not compensable under State law.

 R/W-AC 1/06/2016  
Reviewing Appraiser Date  
TX-1325392-G



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**EXECUTIVE SUMMARY**

Parcel:	8
Acquisition Type:	Whole
Property Type:	Commercial
Owner of Record:	County of Fort Bend
Subject Property Address/Location:	Northwest corner of US 90A and Avenue H, Rosenberg, Texas 77471
Date of Inspection:	November 17, 2015
Effective Date of Appraisal:	November 17, 2015

<b>LAND AREA</b>	<b>Whole Property</b>	<b>Part Acquired</b>	<b>Remainder After Acq.</b>
Acres/Square Feet:	1.074 AC 46,800 SF	1.074 AC 46,800 SF	N/A N/A

**BUILDING IMPROVEMENTS**

Gross Building Area:	4,640 SF		
Net Rentable Area:	4,640 SF		
Year Built/Renovated:	1980		
Zoning Designation:	None		
<b>Highest and Best Use:</b>	<b>Whole Property</b>	<b>Part Acquired</b>	<b>Remainder After Acq.</b>
As Vacant:	Commercial	N/A	N/A
As Improved:	Commercial	N/A	N/A

**LAND/SITE VALUATION**

<b>Land Value:</b>	<b>Whole Property</b>	<b>Part Acquired</b>	<b>Remainder After Acq.</b>
	\$210,600	N/A	N/A
<b>Land Unit Value:</b>	\$4.50/SF	N/A	N/A

**SUBJECT PROPERTY VALUE CONCLUSIONS**

	<b>Whole Property</b>	<b>Remainder After Acquisition</b>
Cost Approach:	\$318,502	N/A
Sales Comparison Approach (Imp.):	\$324,800	N/A
Income Capitalization Approach:	\$330,108	N/A

**COMPENSATION SUMMARY**

Whole Property Value:	\$325,000
Part Acquired:	\$325,000
Remainder Before:	N/A
Remainder After:	N/A
Damages:	N/A
Access Damages	\$0
Cost to Cure:	\$0
Total Compensation:	\$325,000

The client has proposed to acquire the whole subject tract for the purpose of the project. The subject is located at the northwest corner of US 90A and SH 36.

## GENERAL INFORMATION AND SCOPE OF WORK

### IDENTIFICATION OF SUBJECT AND PROJECT

The subject property, or whole property is legally described as 1.074 acres, out of the Henry Scott Survey, Abstract No.83, Fort Bend County, Texas. The acquisition parcel is identified by the client as Parcel 8 located at the Northwest corner of US 90A and Avenue H, Rosenberg, Texas 77471. The client has proposed to acquire Parcel 8, which contains approximately 1.074 acres, or 46,800 square feet of land.

The whole property is 1.074 acres or 46,800 square feet and is improved with a 4,640 square foot metal commercial building and related site improvements.

The proposed acquisition of Parcel 8 will facilitate the replacement of two existing Union Pacific Railroad underpasses on SH 36 and US 90A located in the vicinity of the intersection of SH 36 and US 90A, in Rosenberg, Fort Bend County. The replacement includes the construction of a proposed elevated bridge over both existing railroad underpasses, including detention ponds, drainage facilities, traffic signal, signing and pavement markings, proposed ramps, retaining walls and connectors to US 90A and FM 1640. It also includes the realignment of the existing SP 529 (Avenue H) in the area underneath the proposed elevated bridge. The overall purpose of project is to provide the traveling public a good, traversable and safe public roadway. The following map identifies this area of the project:





## CURRENT OWNERSHIP AND SALES HISTORY

The *Uniform Standards of Professional Appraisal Practice (USPAP)* requires full disclosure of any sales or property transfers within the previous three years of the date of value. Furthermore, on Texas Department of Transportation (TxDOT) managed projects, such as the one involving this property, TxDOT requires like disclosure for five years prior to the date of value.

According to deed records of Fort Bend County, the owner of record is County of Fort Bend. The subject property was acquired from H. Blasé and Fred Blasé via a warranty deed on September 3, 1929, according to the deed filed under Volume 420, Page 127 of the Deed Records of Fort Bend County, Texas. The terms of the transaction is not known.

The property is currently being leased and utilized as a church for \$500 per month. The structure of the lease is triple-net and there is not a termination date for the lease term and the lease payment. To the best of my knowledge, no sale or transfer of ownership has occurred within the past five years, and as of the effective date of this appraisal, the property is not listed for sale.

## REAL ESTATE TAX ASSESSMENT

Real estate tax assessments are estimated by jurisdiction on a county basis for the subject. The property is located in Fort Bend County. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by 100, then multiplying by the composite rate. The assessed values and the tax rates for the subject are for 2015. **The subject is owned by the County of Fort Bend and is therefore exempt from property taxes. However, the property tax identification number, assessed value of the property, overall tax rate, and tax liability before exemptions are as follows:**

<b>FBCAD Property Tax ID Number(s)</b>	<b>R403995</b>
<b>Land Assessment</b>	<b>\$112,920</b>
<b>Building Assessment</b>	<b>\$0</b>
<b>Total Assessment</b>	<b>\$112,920</b>
<b>Total Tax Rate</b>	<b>2.34605%</b>
<b>Indicated Tax Liability</b>	<b>\$2,649.16</b>

As noted, the Fort Bend County Appraisal District assessed value differs from the estimate of market value contained within this appraisal report. It should be noted that appraisal districts value properties using a mass valuation appraisal technique. In doing so, specific properties are grouped by their size, condition and location and compared to a common set of comparable properties. While some adjustments are contemplated, specific adjustments for characteristics unique to certain properties are not considered. In a real estate appraisal of a single asset as is conducted within this report, appraisal methodology dictates that the property is specifically considered and adjusted to the market and comparable using accepted methodologies. The specific nature of the appraisal assignments for compensation in an eminent domain matter necessitates specific valuation of the subject property. The valuation conducted by the Fort Bend County Appraisal District is for taxation purposes and does not consider all of the potential characteristics of a property that result in differentiation in value. For this reason, it is unlikely that the assessed value reported by the Fort Bend County Appraisal District will mirror the estimate of market value as determined within this appraisal report. Additionally, it should be noted that while the assessed value of the property is included for information purposes, absolutely no reliance is placed upon the values determined through mass appraisal techniques. The estimate of value and corresponding estimated of compensation included within this report are specific to the property as dictated by appropriate appraisal techniques.

Real estate taxes are due January 31<sup>st</sup> of each year and are considered delinquent on February 1<sup>st</sup>. Assessed values are established as of January 1<sup>st</sup> each year, but are usually published between February and May. The tax rates for the year are usually set in October.

**INSPECTION INFORMATION, EFFECTIVE DATE AND DATE OF REPORT**

A certified owner contact letter was mailed to the property owner listed on the assessment office records, offering the owner the opportunity to accompany the appraiser at the time of the site investigation. The letter was received and a return receipt is provided in the addenda. Contact was made with a representative of the property, Jamie Knight, with the County Office, and permission was given for an on-site inspection. An inspection of the property was made on November 17, 2015 and the appraiser was accompanied by a representative of the property owner. The reported contact information for the subject property is:

Primary Contact Information	
Name	Jamie Knight
Address	301 Jackson Street, Ste. 101
City, State, Zip	Richmond, Texas 77469
Phone Number	832-256-9682

The effective date of this report is November 17, 2015, the most recent inspection date. The date of the report is the date of the signature on the first page of this report. Unless otherwise stated, all factors pertinent to a determination of value are considered as of November 17, 2015.

**IDENTIFICATION OF THE CLIENT**

This appraisal report is prepared for the Texas Department of Transportation (the client) through their agent, Contract Land Staff.

**PRIOR SERVICES**

I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.

**INTENDED USERS AND INTENDED USE**

The only intended user of this report is the client and its employees/agents. This report may also be used by an outside entity hired by the client to assist in the assignment. The intended use of this appraisal is to assist the client in their determination of adequate compensation due to the property owner, in compliance with the Texas Constitution, Article 1, Section 17, to be paid for the acquisition of Real Property interest for a public purpose as described herein. Others may receive a copy of this report due to legal requirements of disclosure, but the report is not intended for any other use or user (i.e. mortgage lending, tax assessment, etc.).

**OBJECTIVE OF THE ASSIGNMENT**

The objective of the assignment is to develop an opinion of real property compensation due to the property owner, which includes the Market Value of the Fee Simple interest of the Part to be Acquired, plus any applicable damages to the remainder property. In some assignments, the Market Value of permanent or temporary easement interest(s) are required. "Market Value" and "Fee Simple" are defined and cited in the addenda of this report.

**APPRAISAL REPORT OPTION**

This is a Summary Appraisal Report that complies with the reporting requirements set forth under Standards Rule 2-2(b) of the *Uniform Standards of Professional Appraisal Practice (USPAP)*. As such, it presents sufficient information to enable the client and other intended users, as identified, to understand it properly. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal as noted herein.

## EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is something that is assumed to be true, but it is not certain. If it turns out to be untrue, the value conclusion could be impacted. Extraordinary assumptions are those assumptions that are specific to the assignment, as opposed to general assumptions, which could be applicable to any assignment. In this assignment, I have assumed typical general assumptions and limiting conditions as cited in the addenda of this report.

## JURISDICTIONAL EXCEPTIONS

The Jurisdictional Exception Rule provides for severability preserving the balance of the *Uniform Standards of Professional Appraisal Practice (USPAP)*. If one or more parts of *USPAP* are “contrary to the law or public policy of any jurisdiction, only that part shall be void and of no force or effect in that jurisdiction.” According to *USPAP*, “A law means a body of rules with binding legal force established by controlling governmental authority.” This includes federal and state constitutions, legislative and court made law, administrative rules, regulations and ordinances.

## HYPOTHETICAL CONDITIONS

In the State of Texas, appraisal reports prepared for eminent domain purposes may recognize one or more hypothetical conditions. A hypothetical condition is “that which is contrary to what exists but is supposed for the purpose of analysis.” For example, the appraisal of a remainder property assumes that the proposed public or private improvements were complete as of the effective date of valuation, when in fact it is known that they are not.

The use of hypothetical conditions derived from public policy and case law does not result in a process that is limited or renders the results no longer credible. In this report, hypothetical assumptions were used.

## ANALYSIS OVERVIEW/SCOPE OF WORK

To perform this assignment, I took the following steps to gather, confirm, and analyze relevant data:

- Physically inspected the subject property and the surrounding market area. The inspection of the property is limited to those things readily observable without the use of special testing or equipment.
- Collected factual information about the property and the surrounding market, and confirmed the information with various sources.
- Performed a highest and best use analysis of the subject site as vacant and as improved when applicable.
- Gathered market information on comparable land sales. The comparable sale information was confirmed with at least one of the parties to the transaction.
- Analyzed market information and developed indications of value under the necessary approaches to value for a credible assignment result. The market information was analyzed for an appraisal of the whole property.
  - The appraisal of real estate typically employs three traditional valuation methods: the Sales Comparison Approach, the Cost Approach, and the Income Approach. For the purpose of this analysis, all three approaches to value were utilized.
- In this analysis, reliance is placed upon the Sales Comparison Approach, as Improved and the Income Approach.

This report is intended to comply with the TxDOT Appraisal and Review Manuals well as the *Uniform Standards of Professional Appraisal Practice (USPAP)*. Other criteria for appraisals are described in the *Code of Federal Regulations (CFR), Title 49 – Transportation, Section 24.103*. Because the estimate of real property compensation in this report may be paid with federal funds, the basic appraisal requirements for Federal and Federally-assisted programs and projects may apply from the CFR, Title 49 part 24.

**PERSONAL PROPERTY AND TRADE FIXTURES**

The estimate of compensation in this report is for real property interest, or real estate which includes the physical land and improvements attached to the land. This report does not include a value estimate for personal property or trade fixtures unless represented otherwise in this report. According to the *Code of Federal Regulations (CFR), Title 49 – Transportation, Section 24.103(a)(i)*, “The appraisal report should identify the items considered in the appraisal to be real property, as well as those identified as personal property”. The real property or real estate is described in other sections of this report, or the *Description and Analysis of the Land* and in the *Description and Analysis of the Improvements*, if applicable.

Items of personal property observed during the inspection included numerous pieces of furniture, fixtures, and equipment related to the church facility on the property.



AERIAL MAP



**PHOTOGRAPHS OF SUBJECT PROPERTY**  
**Include Each Major Improvement**

Parcel No.:	8	Local Address:	Northwest corner of US 90A and Avenue H, Rosenberg, Texas 77471
Date Taken:	November 17, 2015	Taken By:	Matthew H. Mitchell, under direction of Randy A. Williams, MAI, SR/WA, FRICS
1. Point from which taken:	Interior of property	Looking:	West at the commercial building on the property



2. Point from which taken:	Avenue H	Looking:	East at frontage along Avenue H
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**PHOTOGRAPHS OF SUBJECT PROPERTY**  
**Include Each Major Improvement**

Parcel No.:	8	Local Address:	Northwest corner of US 90A and Avenue H, Rosenberg, Texas 77471
Date Taken:	November 17, 2015	Taken By:	Matthew H. Mitchell, under direction of Randy A. Williams, MAI, SR/WA, FRICS
3. Point from which taken:	Interior of property	Looking:	South at east side of building



4. Point from which taken:	Interior of property	Looking:	East at north and west sides of building
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**PHOTOGRAPHS OF SUBJECT PROPERTY**  
**Include Each Major Improvement**

Parcel No.:	8	Local Address:	Northwest corner of US 90A and Avenue H, Rosenberg, Texas 77471
Date Taken:	November 17, 2015	Taken By:	Matthew H. Mitchell, under direction of Randy A. Williams, MAI, SR/WA, FRICS
5. Point from which taken:	Interior of property	Looking:	East at concrete slab, behind building



6. Point from which taken:	Interior of property	Looking:	East at gravel drive to building
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**PHOTOGRAPHS OF SUBJECT PROPERTY**  
**Include Each Major Improvement**

Parcel No.:	8	Local Address:	Northwest corner of US 90A and Avenue H, Rosenberg, Texas 77471
Date Taken:	November 17, 2015	Taken By:	Matthew H. Mitchell, under direction of Randy A. Williams, MAI, SR/WA, FRICS
7. Point from which taken:	Interior of building	Looking:	Assembly area



8. Point from which taken:	Interior of building	Looking:	Side room
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**PHOTOGRAPHS OF SUBJECT PROPERTY**  
**Include Each Major Improvement**

Parcel No.:	8	Local Address:	Northwest corner of US 90A and Avenue H, Rosenberg, Texas 77471
Date Taken:	November 17, 2015	Taken By:	Matthew H. Mitchell, under direction of Randy A. Williams, MAI, SR/WA, FRICS
9. Point from which taken:	Interior of building	Looking:	Restroom



10. Point from which taken:	Interior of building	Looking:	Office
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**PHOTOGRAPHS OF SUBJECT PROPERTY**  
**Include Each Major Improvement**

Parcel No.:	8	Local Address:	Northwest corner of US 90A and Avenue H, Rosenberg, Texas 77471
Date Taken:	November 17, 2015	Taken By:	Matthew H. Mitchell, under direction of Randy A. Williams, MAI, SR/WA, FRICS
11. Point from which taken:	Interior of building	Looking:	Kitchen



12. Point from which taken:	Interior of building	Looking:	Storage area
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## MARKET AND NEIGHBORHOOD AREA ANALYSIS

### MARKET AREA ANALYSIS

The subject is located in the Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area, hereinafter called the Houston MSA, as defined by the U.S. Office of Management and Budget. The Houston MSA is 8,258 square miles in size, and is the fifth most populous metropolitan area in the nation.

An analysis of population, employment, and income trends for Texas and the Houston MSA is performed using data provided by Claritas, a recognized source.

The Houston MSA has an estimated 2015 population of 6,467,776, which represents an average annual 1.8% increase over the 2010 census of 5,920,416. The Houston MSA added an average of 109,472 residents per year over the 2010-2015 period, and its annual growth rate exceeded the State of Texas rate of 1.5%.

<b>Population Trends</b>					
	Population			Compound Ann. % Chng	
	2010 Census	2015 Est.	2020 Est.	2010 - 2015	2015 - 2020
Houston-The Woodlands et al	5,920,416	6,467,776	6,967,200	1.8%	1.5%
Texas	25,145,561	27,037,673	28,850,401	1.5%	1.3%
Source: Claritas					

Looking forward, the Houston MSA's population is projected to increase at a 1.5% annual rate from 2015-2020, equivalent to the addition of an average of 99,885 residents per year. The Houston MSA's growth rate is expected to exceed that of Texas, which is projected to be 1.3%.

Trends in employment are a key indicator of economic health and strongly correlate with real estate demand. Total employment in the Houston MSA is currently estimated at 2,992,600 jobs. Between year-end 2004 and the present, employment rose by 645,500 jobs, equivalent to a 27.5% increase over the entire period. There were gains in employment in nine out of the past ten years despite the national economic downturn and slow recovery.

The Houston MSA's rate of employment growth over the last decade surpassed that of Texas, which experienced an increase in employment of 22.3% or 2,156,300 jobs over this period. Employment data is shown in the table that follows:

<b>Employment Trends</b>						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Houston MSA	% Change	Texas	% Change	Houston MSA	Texas
2004	2,347,100		9,655,400		6.1%	5.9%
2005	2,438,200	3.9%	9,965,600	3.2%	5.6%	5.4%
2006	2,545,200	4.4%	10,296,400	3.3%	5.0%	4.9%
2007	2,635,900	3.6%	10,617,400	3.1%	4.2%	4.3%
2008	2,657,500	0.8%	10,670,700	0.5%	4.7%	4.8%
2009	2,546,900	-4.2%	10,297,500	-3.5%	7.6%	7.6%
2010	2,596,600	2.0%	10,514,000	2.1%	8.4%	8.2%
2011	2,679,500	3.2%	10,752,200	2.3%	8.0%	7.7%
2012	2,798,000	4.4%	11,125,700	3.5%	6.7%	6.7%
2013	2,887,900	3.2%	11,427,800	2.7%	6.0%	6.2%
2014	2,992,600	3.6%	11,811,700	3.4%	5.0%	5.1%
Overall Change 2004-2014	645,500	27.5%	2,156,300	22.3%		
Avg Unemp. Rate 2004-2014					6.1%	6.1%
Unemployment Rate - January 2015					4.5%	4.6%
Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.						

The Houston MSA is the fourth largest metropolitan area economy in the nation based on Gross Domestic Product (GDP).

Economic growth, as measured by annual changes in GDP, has been somewhat higher in the Houston MSA than Texas overall during the past eight years. The Houston MSA has grown at a 3.8% average annual rate while Texas has grown at a 3.1% rate. As the national economy improves, the Houston MSA continues to perform better than Texas. GDP for the Houston MSA rose by 5.2% in 2013 while Texas's GDP rose by 3.7%.

The Houston MSA has a per capita GDP of \$72,258, which is 38% greater than Texas's GDP of \$52,465. This means that Houston MSA industries and employers are adding relatively more value to the economy than their counterparts in Texas.

<b>Gross Domestic Product</b>				
Year	(\$ Mil) Houston MSA	% Change	(\$ Mil) Texas	% Change
2006	352,146		1,118,318	
2007	376,837	7.0%	1,165,041	4.2%
2008	372,577	-1.1%	1,173,481	0.7%
2009	375,438	0.8%	1,167,233	-0.5%
2010	379,595	1.1%	1,201,992	3.0%
2011	397,638	4.8%	1,252,007	4.2%
2012	433,463	9.0%	1,338,578	6.9%
2013	456,177	5.2%	1,387,598	3.7%
Compound % Chg (2006-2013)		3.8%		3.1%
GDP Per Capita 2013	\$72,258		\$52,465	

Source: Bureau of Economic Analysis and Economy.com; data released September 2014. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

Gross Domestic Product is a measure of economic activity based on the total value of goods and services produced in a specific geographic area. The figures in the table above represent inflation adjusted "real" GDP stated in 2009 dollars.

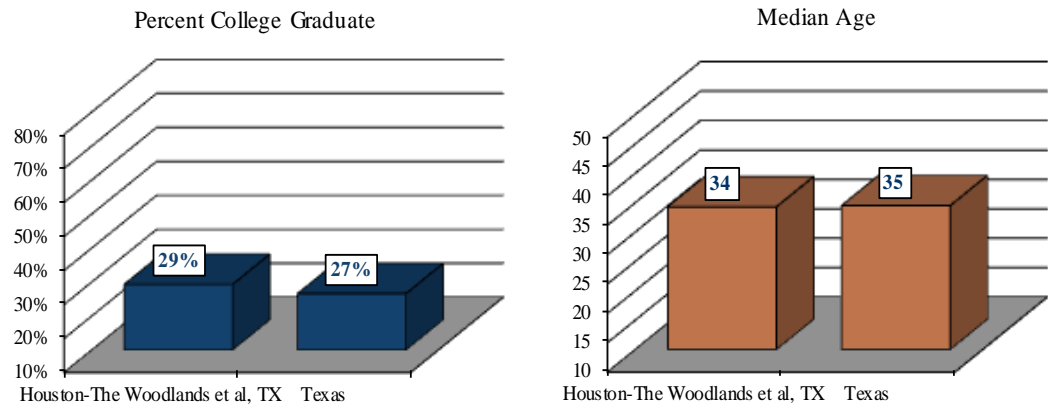
The Houston MSA has a higher level of household income than Texas. Median household income for the Houston MSA is \$59,128, which is 11.5% greater than the corresponding figure for Texas.

<b>Median Household Income - 2015</b>	
	Median
Houston-The Woodlands et al, TX	\$59,128
Texas	\$53,037
Comparison of Houston-The Woodlands et al, TX to Texas	+ 11.5%

Source: Claritas

An estimated 29% of Houston MSA residents are college graduates with four-year degrees, versus 27% of Texas residents. People in the Houston MSA are slightly younger than their Texas counterparts. The median age for the Houston MSA is 34 years, while the median age for Texas is 35 years.

Education & Age - 2015



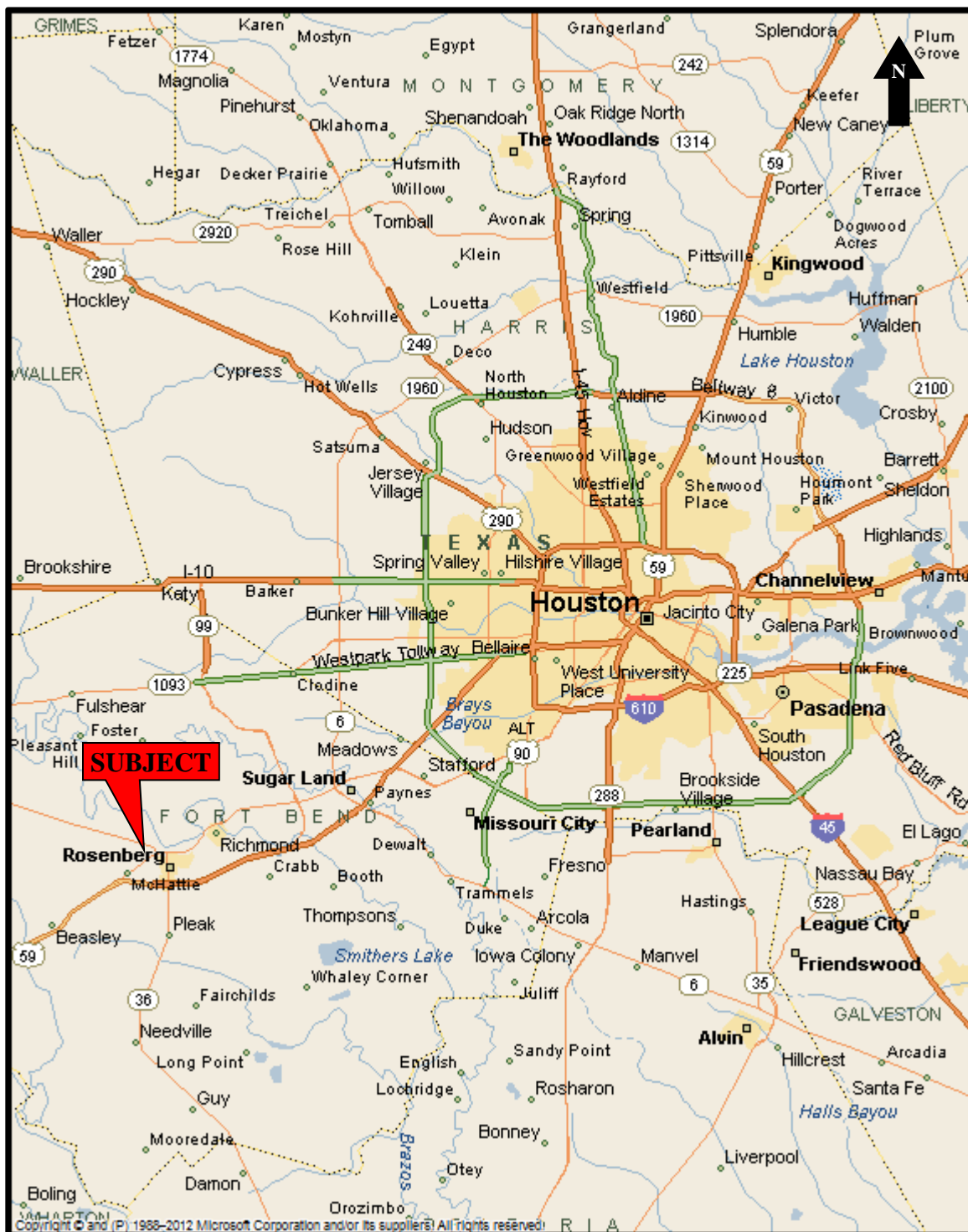
Source: Claritas

CONCLUSION

Over the long term, the Houston MSA economy will benefit from a growing population base and higher income and education levels. The Houston MSA experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. Moreover, the Houston MSA gains strength from being the fifth most populous metropolitan area in the country and having both a higher rate of GDP growth and a higher level of GDP per capita than Texas overall. We anticipate that the Houston MSA economy will grow, strengthening the demand for real estate.



## MARKET AREA MAP



## NEIGHBORHOOD AREA ANALYSIS

The subject property is located in the southwestern portion of the Houston MSA in Fort Bend County, in a neighborhood generally bound by the city limits of Rosenberg. The subject neighborhood area is comprised primarily of residential land with commercial uses along IH 69 (US 59), US 90A, and SH 36, which primarily support the residential areas and travelers through the area, as IH 69 (US 59) is a main thoroughfare from areas of southern Texas to Houston.

## ACCESS AND LINKAGES

Primary access to the neighborhood is provided by US 90A and IH 69 (US 59) to the south, which run in an northeast/southwest directions. In addition, the neighborhood is accessed via SH 36, which runs in a northwest to southeast direction and is a primary thoroughfare to Freeport and the gulf coast. The development of FM 1093 or the Westpark Tollway to the north and SH 99 or the Grand Parkway Tollway to the east is considered to continue to improve access to the south and western suburbs, including the cities of Greatwood, Richmond and Fulshear. Overall, vehicular access is considered good to the subject neighborhood from the thoroughfares that form the boundaries of the defined neighborhood. There is currently no multi-route, daily bus service or commuter rail in Rosenberg. The primary mode of transportation in this area is the automobile.

The gulf coast and nearest large port in Freeport is located approximately 50 miles southeast of the subject area. The Houston Central Business District is approximately 30 miles northeast of the Subject Property and is accessible via IH 69 (US 59).

## SURROUNDING AREA DEMOGRAPHICS

As a means of providing additional information pertinent to the subject neighborhood, the appraisers have included demographic information obtained from Claritas, Inc. This information has been included in tabular form for ease of reading. A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics				Houston-The Woodlands et al,	
2015 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	TX	Texas
Population 2010	4,168	27,876	51,890	5,920,416	25,145,561
Population 2015	4,307	29,944	56,947	6,467,776	27,037,673
Population 2020	4,496	32,085	61,839	6,967,200	28,850,401
Compound % Change 2010-2015	0.7%	1.4%	1.9%	1.8%	1.5%
Compound % Change 2015-2020	0.9%	1.4%	1.7%	1.5%	1.3%
Households 2010	1,310	9,197	16,751	2,062,529	8,922,933
Households 2015	1,404	10,146	18,948	2,249,176	9,600,635
Households 2020	1,489	11,016	20,839	2,422,620	10,257,146
Compound % Change 2010-2015	1.4%	2.0%	2.5%	1.7%	1.5%
Compound % Change 2015-2020	1.2%	1.7%	1.9%	1.5%	1.3%
Median Household Income 2015	\$40,103	\$46,565	\$51,125	\$59,128	\$53,037
Average Household Size	3.1	2.9	3.0	2.8	2.8
College Graduate %	7%	12%	16%	29%	27%
Median Age	33	33	33	34	35
Owner Occupied %	61%	59%	62%	63%	64%
Renter Occupied %	39%	41%	38%	37%	36%
Median Owner Occupied Housing Value	\$91,431	\$117,859	\$131,436	\$159,882	\$144,804
Median Year Structure Built	1974	1983	1989	1988	1986
Avg. Travel Time to Work in Min.	30	30	30	31	28
Source: Claritas					

As shown above, the current population within a 3-mile radius of the subject is 29,944, and the average household size is 2.9. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to the Houston MSA overall, the population within a 3-mile radius is projected to grow at a slower rate.

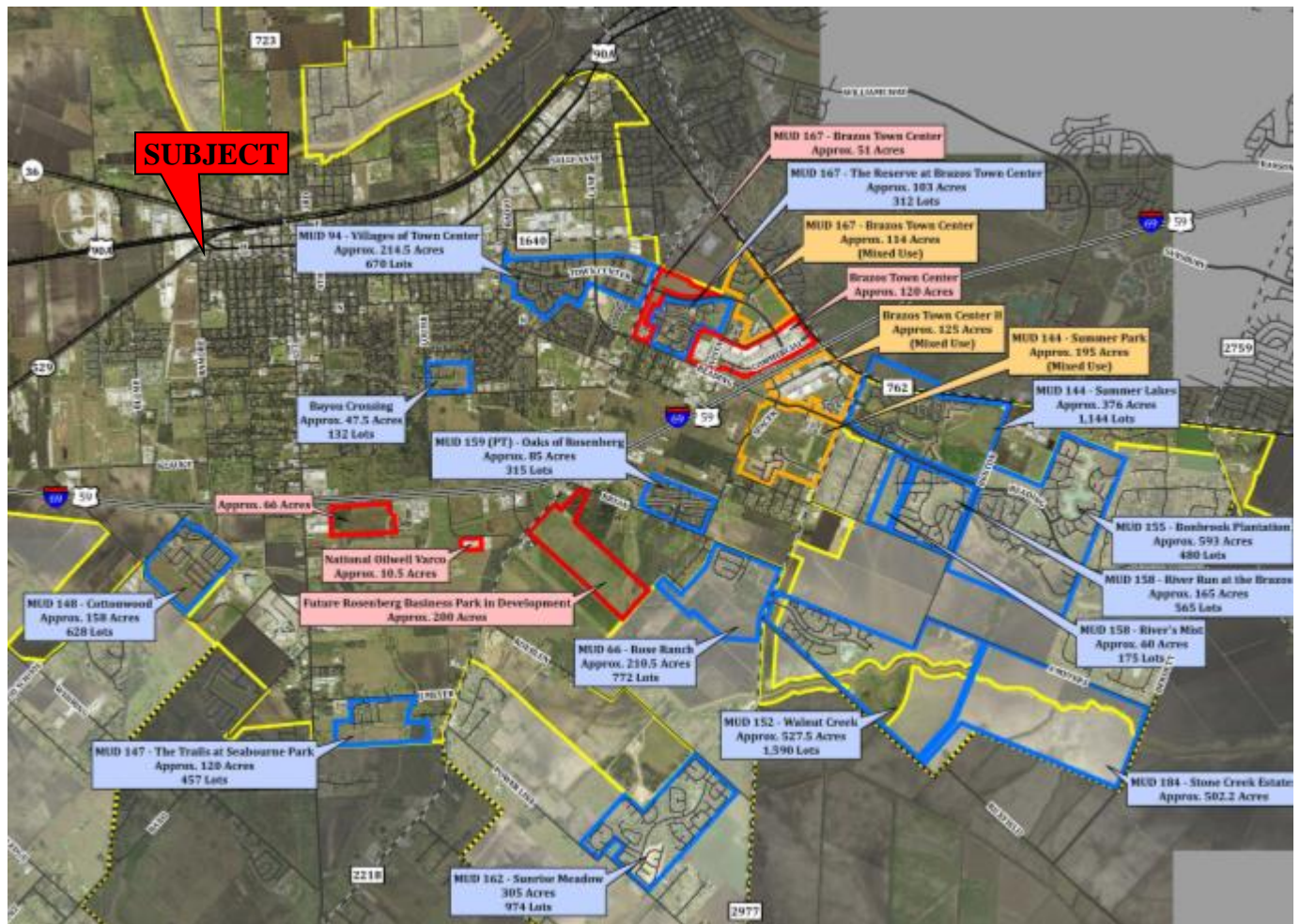
Median household income is \$46,565, which is lower than the household income for the Houston MSA. Residents within a 3-mile radius have a considerably lower level of educational attainment than those of the Houston MSA, while median owner occupied home values are considerably lower.

## SERVICES AND AMENITIES

The nearest commercial area with restaurants, convenience stores and support services, is located just east of the subject property in through the downtown area of Rosenberg along US 90A. The closest lodging facilities are located within two miles south of the property, along IH 69 (US 59), and include La Quinta Inn, Super 8, and Regency Inn and Suites.

## DEVELOPMENT ACTIVITY AND LAND USE

Recent development activity in the Rosenberg area has been focused along IH 69 (US 59), east of SH 36 and west of FM 762, which is an area southeast of the subject property. This commercial development is known as the Brazos Town Center and host numerous anchor stores, including Home Depot, Target, Kroger, and various other retail and restaurant establishments. The Rosenberg Industrial Park is located in this area as well and numerous residential subdivisions are in development throughout the area. Development activity closer to the subject property, in the downtown area of Rosenberg, has been less robust, and is primarily been suited for redevelopment and gentrification of older areas of town to suit the increased population's demand for commercial and retail services. Industrial/commercial use properties along US 90A, west of downtown Rosenberg, include a recently developed 650,000 square foot Aldi (grocery store chain) distribution center and division headquarters and a large industrial warehouse and storage yard. Located north of the subject area along SH 36 are several other large industrial warehouse and distribution centers. Below is a development map sourced through the Rosenberg Development Corporation.



Predominant land uses are primarily industrial, agricultural, and residential, along the northwestern portions of SH 36, where the subject property is located, with increasing commercial and retail uses as you continue into downtown Rosenberg along US 90A. As the population continues to grow, this area will continue to accommodate a commercial redevelopment, with more industrial, agricultural, and rural residential uses in the western areas of Rosenberg, where residential subdivision development is less robust.

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**Surrounding Area Land Uses**

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Character of Area	Suburban
Predominant Age of Improvements	10 to 50 years
Predominant Quality and Condition	Average
Approximate Percent Developed	30%
Infrastructure/Planning	Average
Prevailing Direction of Growth	East along IH 69 (US 59)

---

**OUTLOOK AND CONCLUSIONS**

The overall market area is considered to be in the growth stage of its life cycle, however, the specific location of the subject is in an older part of Rosenberg, which is in a more stable stage of its life cycle. Given the history of the area, it is my opinion that property values will continue to remain stable in the subject location and to grow in the southeastern area of Rosenberg. This is primarily due to the increase in the need of single family residences, as a growing suburban area of the Houston MSA, and increasing industrial commerce within Rosenberg.

NEIGHBORHOOD AREA MAP





## DESCRIPTION AND ANALYSIS OF THE LAND

The following description is based on my inspections of the property as well as information provided by TxDOT. This included a review of the survey plan dated April 2015. The survey plan was prepared by McGray & McGray Land Surveyors, Inc. A copy of the field notes and survey is located in the addenda of this report.

## PHYSICAL FEATURES

<b>Land Area</b>	1.074 acres, or 46,800 square feet, according to the client provided survey. Survey maps indicate that the entire subject property will be acquired and therefore contains 1.074 acres, or 46,800 square feet, and there is no remainder.
<b>Configuration</b>	The subject property is irregular in shape.
<b>Topography</b>	Relatively flat
<b>Drainage</b>	Adequate
<b>Flood Plain</b>	
<b>Community Panel #</b>	48157C0240L, effective April 2, 2014
<b>Flood Zone</b>	Zone X
<b>Flood Insurance</b>	Not typically required in Zone X
<b>Environmental Hazards</b>	
An environmental assessment report was provided for review and did not reveal any environmental issues on the property. My inspection of the site did not reveal any obvious signs that there are contaminants on or near the property. Therefore, I assume the subject is not adversely affected by environmental hazards.	
<b>Ground Stability</b>	
A soil report was not provided for review; however, based on my inspection of the property and observation of development on nearby sites, I assume that the subject is not affected by any adverse soil conditions that would restrict it from being developed to its highest and best use.	

## UTILITIES

<b>Utility</b>	<b>Provider</b>
<b>Water</b>	City of Rosenberg
<b>Sewer</b>	City of Rosenberg
<b>Electricity</b>	City of Rosenberg
<b>Natural Gas</b>	CenterPoint Energy
<b>Local Telephone</b>	Various providers

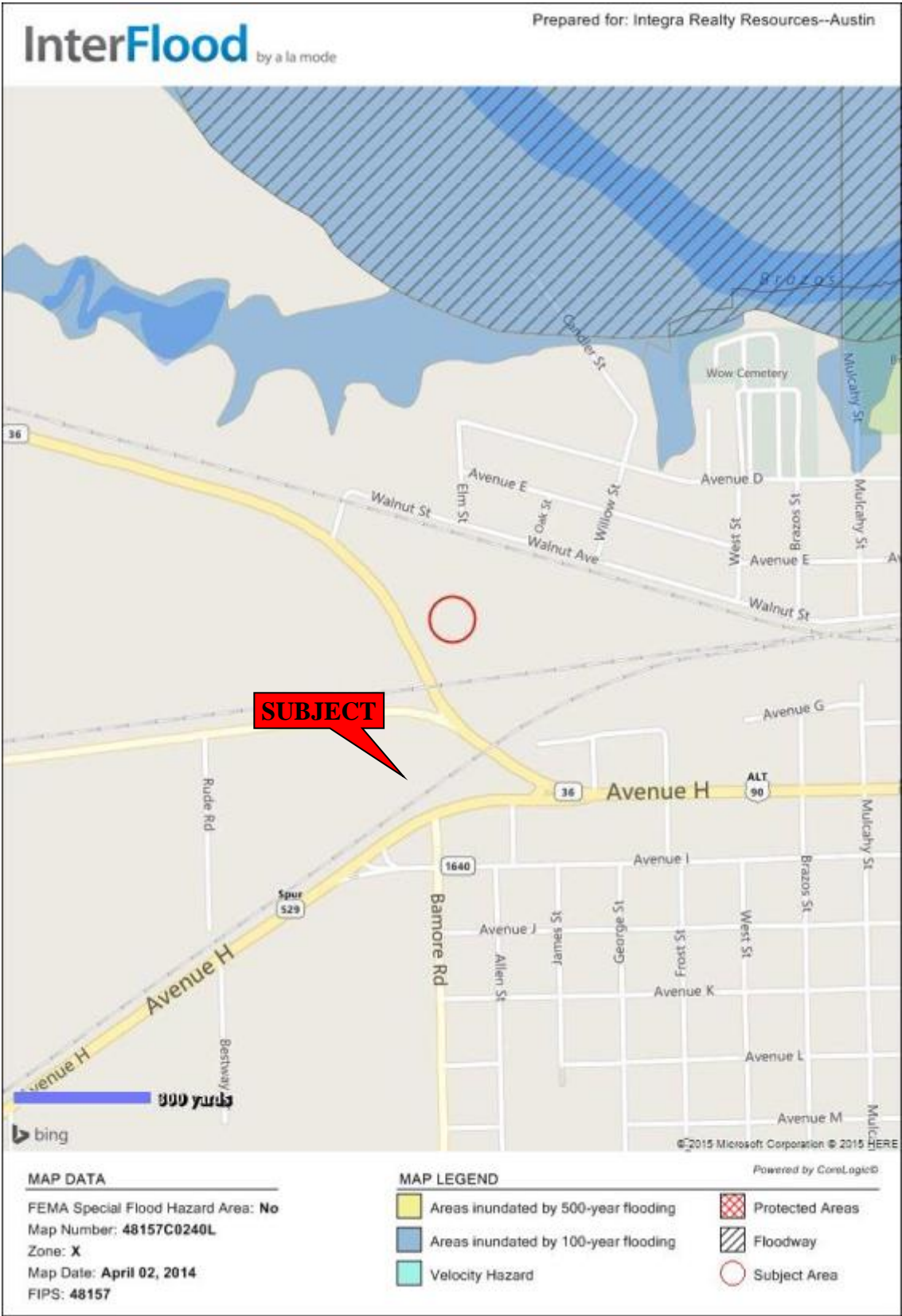
**STREETS, ACCESS, FRONTAGE**

<b>Street</b>	Avenue H (SP 529)	US 90A
<b>Frontage Feet</b>	419.23 feet	308.92 feet
<b>Paving</b>	Asphalt	Asphalt
<b>Curbs/Gutters</b>	No	Yes
<b>Sidewalks</b>	No	No
<b>Lanes</b>	Two lanes, one each direction	Two lanes, one each direction
<b>Direction of Traffic</b>	Northeast/Southwest	Northeast/Southwest
<b>Condition</b>	Average	Average
<b>Traffic Levels</b>	Average	Average
<b>Signals/Traffic Control</b>	Yes	Yes
<b>Access</b>	Yes	No
<b>Visibility</b>	Adequate	Adequate
<b>Driveways</b>	Two	None

**SUMMARY OF LAND DESCRIPTION**

The subject site is located at the northwest corner of US 90A and Avenue H. The overall site is irregular in shape, nearly level, and is situated at street grade. Public water and sewer service are available to the site. The subject property has access from Avenue H, but not from US 90A. Overall, the physical characteristics of the site are suitable for most developments.

FIRM (FEMA) MAP



**DESCRIPTION AND ANALYSIS OF THE IMPROVEMENTS**

The subject property is improved with a commercial building and related site improvements. This commercial building contains approximately 4,640 square feet according to field measurements taken on the date of inspection.

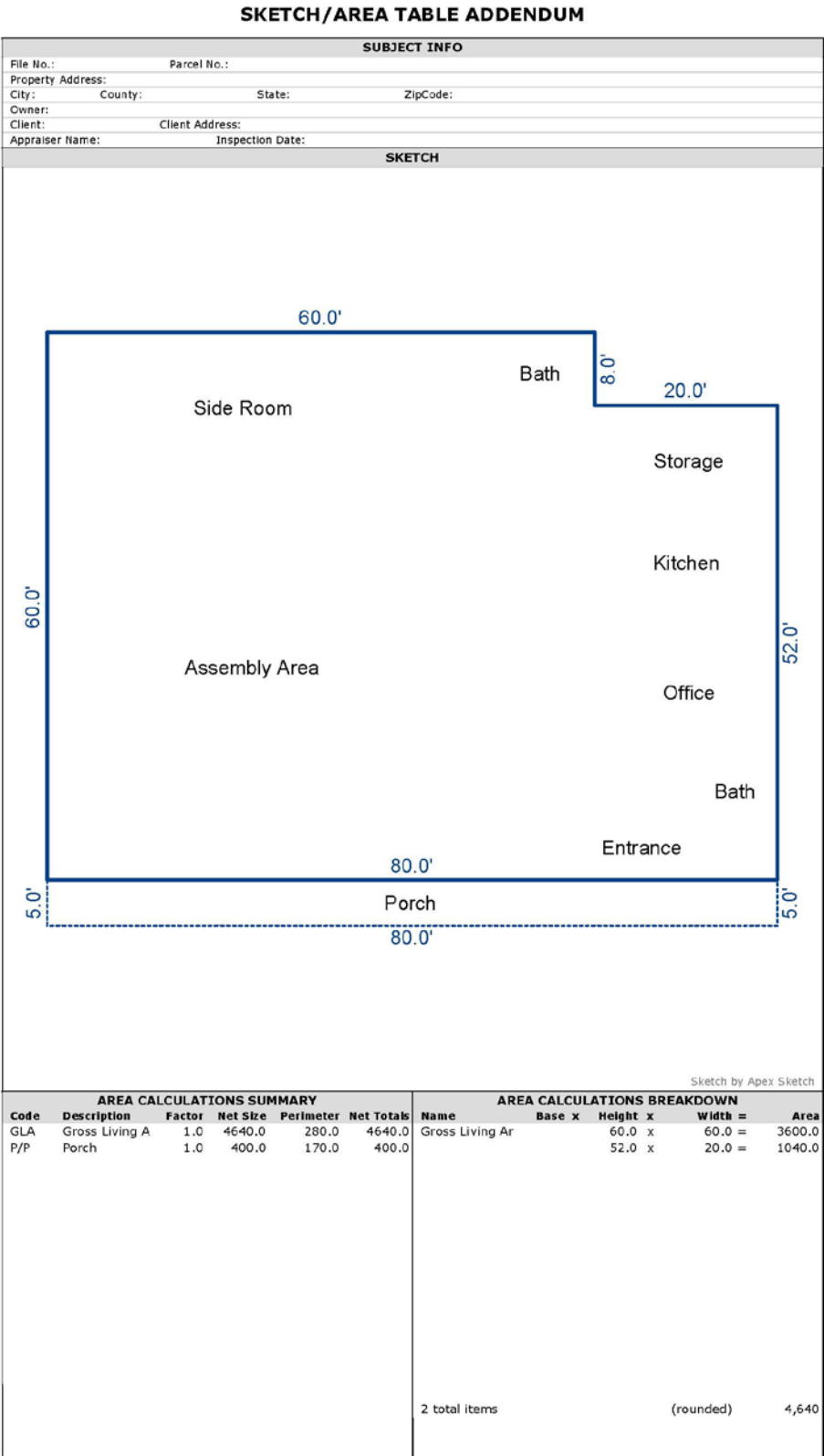
Size / Square Feet	4,640 square feet, with a 400 foot canopy at the front of building
Year Built:	Unknown, presumed to be 1980
Foundation:	Poured, reinforced concrete slab
Exterior Walls:	Steel frame with metal siding, partial brick veneer on front of building
Ceilings and Roof:	Exposed insulation, incandescent lighting in the main assembly area and side room, metal roof. Suspended acoustic tile with fluorescent and incandescent lighting in the office, kitchen, and storage areas.
Floor Covering – Type/Material	Carpet in office and assembly area, vinyl tile in side room, kitchen, and storage areas
Interior Walls:	Brick veneer and painted wood paneling
Plumbing/electrical– Sufficiency/Adequacy:	Assumed adequate
AC/Heating - # Units/Design/Condition:	Central HVAC
Doors – Type/Materials:	Metal security doors
Windows – Type/Materials:	Fixed glass on front of building
Restroom/Bath–Typ./NonTyp. Features:	Men's and women's restrooms, vinyl tile, wood paneling, suspended acoustic tile with fluorescent and incandescent lighting
Security:	None noted
Parking/Driveway – Type, Const:	2,700 square foot gravel driveway and parking area
Site Improvements:	35' flag pole, two parking poles, 13 linear feet of a wood fence, a 3' chain link fence, 560 square feet of a concrete sidewalk, 950 square feet of a concrete slab behind the building, 32 square feet of a concrete slab on the side of building, nine parking bollards, and four large shrubs located on the side of the building
Physical Condition:	Average condition
Highest and Best Use:	The highest and best use of the subject site as vacant is for commercial use. The existing improvements are consistent with the highest and best use as vacant.
Utilities – Location & sufficiency for H&BU:	Existing improvements are served by public water and wastewater service.

**SUMMARY OF IMPROVEMENTS DESCRIPTION**

In comparison to other similar properties in the region, the main improvements and related site improvements are rated as follows:

<b>IMPROVEMENTS RATINGS</b>	
<b>Visibility</b>	Good
<b>Exterior Appearance</b>	Average
<b>Landscaping</b>	Fair

Building Sketch





**ZONING**

The subject is located in the City of Rosenberg, which does not have zoning ordinances.

**OTHER LEGAL AND REGULATORY CONSTRAINTS**

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**Easements, Encumbrances, and Restrictions**

A title report was provided for review and did not reveal any easements. I am not aware of any easements, encumbrances, or restrictions that would adversely affect the use of the site. I assume that there are no other easements, encumbrances, or restrictions that would restrict the property from being developed to its highest and best use.

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**Encroachments**

I am not aware of any encroachments that would affect the property.

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**Other Land Use Regulations; Development Moratoriums**

I am not aware of any land use regulations, that would affect the property, nor are I aware of any moratoriums on development.

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**PROPERTY VALUATION SUMMARY**Whole: ☒Part to be Acquired: ☐Remainder After: ☐

**HIGHEST AND BEST USE ANALYSIS:** (The *Highest and Best Use* analysis should consider the reasonably probable and legal use of vacant land or improved property considering legally permissible, physically possible, financially feasible, and maximally productive. Use separate page, numbered accordingly, as necessary.) See attached page 3.1

**VALUATION APPROACHES**

Insert value estimate, then describe, analyze, and support each approach as required.

Cost Approach.....	\$ 318,502
Sales Comparison Approach (Land Only).....	\$ 210,600
Sales Comparison Approach (As-Improved).....	\$ 324,800
Income Approach.....	\$ 330,108

Reconciliation of Approaches to Value: Based on the analyses and conclusions for the valuation of the Whole Property, it is my opinion that a market value of approximately \$325,000 is appropriate for the subject property.

Contributory Value of Improvements (Itemized)	
Commercial building	\$100,690
Canopy	\$4,176
Gravel drive	\$1,172
35' Flag pole	\$930
Parking poles	\$217
Wood fence	\$162
3' Chain link gate	\$137
Concrete sidewalk	\$1,820
Back slab	\$2,850
Side slab	\$96
Bollards	\$1,350
Large Shrubs	\$800
<b>Total Value of Improvements</b>	<b>\$114,400</b>

Land Value.....46,800 square feet @ \$ 4.50/SF = \$210,600

**Reconciled Final Value.....\$325,000**

Each approach developed follows this page and is sequenced as shown below.

Land Value,  
pg 3.4

Cost Approach,  
pg 3.12

Sales Comparison Approach,  
pg 3.15

Income Approach,  
pg 3.22

**HIGHEST AND BEST USE ANALYSES – WHOLE PROPERTY**

Before an opinion of value can be developed, there must be a determination of the highest and best use of the property. The highest and best use must be:

Legally permissible under the zoning laws and other restrictions that apply to the site.

Physically possible for the site.

Financially feasible.

Capable of producing the highest value from among the permissible, possible, and financially feasible uses.

**LEGALLY PERMISSIBLE**

The subject is located in the City of Rosenberg, which does not have zoning ordinances. No deed restrictions were noted as affecting the subject property. From a legally permissible standpoint, a wide variety of uses are available to the subject property.

**PHYSICALLY POSSIBLE**

The physical characteristics of the site should reasonably accommodate a number of uses. The subject property of 1.074 acres has adequate frontage, access, accessibility and visibility to support any number of uses. The property is triangular in shape, sloping, and water and wastewater are available. The subject is not located within a flood plain and is considered to be fully developable.

**FINANCIALLY FEASIBLE**

Based on the information discussed in the Market Area Analysis of this report, there is currently good demand for new development in the eastern portion of the market area. Overall however, economic conditions have improved in the area. From a financially feasible perspective, the highest and best use of the subject property is for commercial use.

**MAXIMALLY PRODUCTIVE**

Considering all reasonably probable development scenarios and potential values that could be created versus the cost of development of each, I conclude that the maximally productive use of the property is for commercial use. The highest and best use of the subject property is considered to be the same.

**CONCLUSION –AS VACANT**

Commercial is the use that meets the four tests of highest and best use.

**CONCLUSION – AS IMPROVED**

The subject is improved with a 4,640 square foot metal commercial building and related site improvements. In the case of the subject, the improvements are believed to be consistent with the highest and best use of the property, as vacant. Thus, the highest and best use, as improved, is for continued use as a commercial building site.

**VALUATION METHODOLOGY – WHOLE PROPERTY**

The traditional methods of processing market data into a value indication include:

Cost Approach

Sales Comparison Approach

Income Capitalization Approach

The Cost Approach assumes that an informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land, or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The Sales Comparison Approach assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data that can be verified from authoritative sources. The Sales Comparison Approach is less reliable in an inactive market, or when estimating the value of properties for which no real comparable sales data is available. It is also questionable when sales data cannot be verified with principals to the transaction.

The Income Capitalization Approach reflects the market's perception of a relationship between a property's potential income and its market value, a relationship expressed as a capitalization rate. This approach converts the anticipated benefits (dollar income or amenities) to be derived from the ownership of property into a value indication through capitalization. This approach is widely applied when appraising income-producing properties.

**APPLICABILITY OF VALUATION APPROACHES**

A discussion of the applicability of valuation approaches is required by USPAP.

The Cost Approach, Improved Sales Comparison Approach and Income Capitalization Approaches to value have been considered and all three approaches have been utilized.

**SALES COMPARISON APPROACH - LAND**Whole: ☒ Part to be Acquired: ☐ Remainder After: ☐Land: ☒ Improved: ☐**VALUATION GRID****Representative Comparable Sales**

	Subject	Comp. No. 1	Comp. No. 2	Comp. No. 3	Comp. No. 4
<b>Grantor</b>		Applied Petro Technologies, Inc.	Mehran Viseh, et al.	Frank D. Salinas, Jr. and wife, Juanita Salinas	South TX Medical Clinics, P.A.
<b>Grantee</b>		Los Chavez Autobuses, Inc.	Vibrant Property Management, LLC	Dalih Group, LLC	SWD Development of Rosenberg, LP
<b>Date of Sale</b>		05/15/2015	4/06/2013	3/19/2014	2/6/2014
<b>Unit Price</b>		\$4.08/SF	\$4.02/SF	\$6.35/SF	\$4.35/SF
<b>Relative Location</b>	Northwest corner of US 90A and Avenue H, Rosenberg, Texas 77471	E/L of Kentucky Street, North of IH-69, Rosenberg, Texas	3602 US 90A, Rosenberg, Texas	1601-1605 Avenue I, Rosenberg, Texas	2510 B.F. Terry Blvd, Rosenberg, Texas
<b>Financing</b>		Similar	Similar	Similar	Similar
<b>Conditions of Sale</b>		Similar	Similar	Similar	Similar
<b>Market Conditions</b>		Similar	Similar	Similar	Similar
<b>Adjusted for Market Conditions</b>		\$4.08/SF	\$4.02/SF	\$6.35/SF	\$4.35/SF
<b>Physical Characteristics</b>					
<b>Location</b>		Inferior 10%	Inferior 15%	Similar 0%	Similar 0%
<b>Size</b>	46,800 SF 1.074 AC	10,780 SF 0.2475 AC -10%	16,679 SF 0.3829 AC -10%	20,250 SF 0.4649 AC -10%	77,232 SF 1.773 AC 5%
<b>Usable Area</b>		Similar 0%	Similar 0%	Similar 0%	Similar 0%
<b>Utilities</b>	All available	Similar 0%	Similar 0%	Similar 0%	Similar 0%
<b>Floodplain</b>	No	Similar 0%	Similar 0%	Similar 0%	Similar 0%
<b>Net Adjustment</b>		0%	5%	-10%	5%
<b>Adjusted</b>		\$4.08/SF	\$4.22/SF	\$5.72/SF	\$4.57/SF
<b>Estimated Unit Value</b>					<b>\$4.50/SF</b>

Explanation of Adjustments with Reconciliation (*Attach Comparable Data Supplement and Map; use separate page, numbered accordingly, as necessary.*):  
See Pages 3.4 to 3.10.

**Estimated Value by Sales Comparison Approach ..... 46,800 SF @ \$4.50/SF .....\$210,600**



## COMPARABLE DATA SUPPLEMENT

District: Houston
   
 County: Fort Bend

Parcel No.: 8
   
 ROW CSJ: 0027-06-054

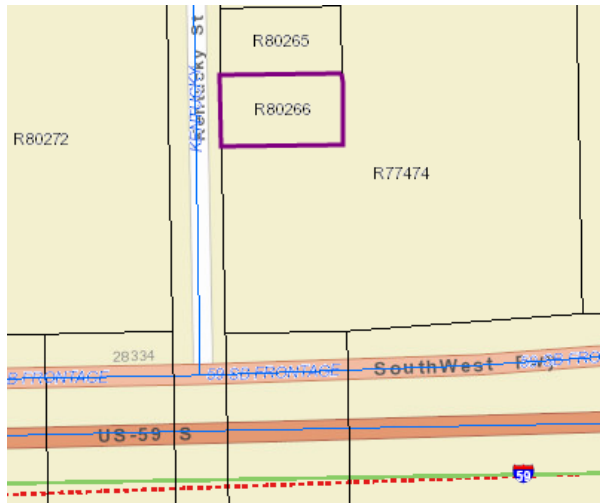
Highway: US 90A

### Land Sale 1



### Improved Sale

### Rental Data



Grantor/Lessor: Applied Petro Technologies, Inc.

Grantee/Lessee: Los Chavez Autobuses, Inc.

Date: 05/15/2015

Recording Information: Document No. 2015052950

Key Map: 604Y

Address: E/L of Kentucky Street, North of IH-69, Rosenberg, Texas

Zip Code: 77471

Legal Description: Lot 5, Block 1, of the J.H. Subdivision, Fort Bend County, Texas

Confirmed Price \$: 44,000

Verified with: Regina Janneck, 281-870-0000

Terms and Conditions of Sale: Cash to seller

Rental Data: N/A

Land Size: 0.2475 AC/10,780 SF

Unit Price as Vacant \$: 177,778/AC or 4.08/SF

Type Street: Arterial

Utilities: All available

Improvement(s) Description: N/A

Improvement(s) Size: N/A (GBA) N/A (NRA)

Unit Price as Improved \$: 0.00

Condition and Functional Design: N/A

Current Use: Vacant land

Highest & Best Use: Commercial

Date of Inspection: 11/17/2015

Zoning: N/A

Flood Plain: No

Attach additional information as necessary: ID# 1239267

Appraiser: Randy A. Williams, MAI, SR/WA, FRICS
   
 (Typed, not signed)

January 6, 2016
   
 Date

## COMPARABLE DATA SUPPLEMENT

District: Houston  
 County: Fort Bend

Parcel No.: 8  
 ROW CSJ: 0027-06-054

Highway: US 90A

Land Sale 2

Improved Sale

Rental Data



Grantor/Lessor: Mehran Viseh, et al

Grantee/Lessee: Vibrant Property Management, LLC

Date: 04/06/2013

Recording Information: Document No. 2013041914

Key Map:

Address: 3602 US 90A, Rosenberg, Texas

Zip Code: 77471

Legal Description: 0.3829 Acres situated in J.W. Moore 1/4 League, Abstract 275, Fort Bend County, Texas

Confirmed Price \$: 67,000

Verified with: William Benton, 281-633-1252

Terms and Conditions of Sale: Cash to seller

Rental Data: N/A

Land Size: 0.3829 AC/16,679 SF

Unit Price as Vacant \$: 174,980/AC or \$4.02/SF

Type Street: Highway

Utilities: All available

Improvement(s) Description: N/A

Improvement(s) Size: N/A (GBA) N/A (NRA)

Unit Price as Improved \$: 0.00

Condition and Functional Design: N/A

Current Use: Vacant land

Highest & Best Use: Commercial

Date of Inspection: 06/29/2015

Zoning: N/A

Flood Plain: No

Attach additional information as necessary: ID # 1240179

Appraiser: Randy A. Williams, MAI, SR/WA, FRICS  
 (Typed, not signed)

January 6, 2016  
 Date

## COMPARABLE DATA SUPPLEMENT

District: Houston  
 County: Fort Bend

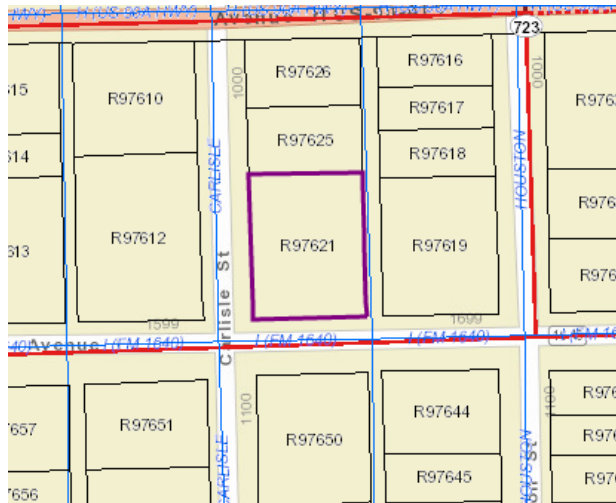
Parcel No.: 8  
 ROW CSJ: 0027-06-054

Highway: US 90A

Land Sale 3

Improved Sale

Rental Data



Grantor/Lessor: Frank D. Salinas, Jr. and wife, Juanita Salinas

Grantee/Lessee: Dalih Group, LLC

Date: 03/19/2014

Recording Information: Document No. 2014026199

Key Map: 604L

Address: 1601-1605 Avenue I, Rosenberg, Texas

Zip Code: 77471

Legal Description: Lots 7, 8, and 9, Block 12, of the R.T. Mulcahy's Addition, Fort Bend County, Texas

Confirmed Price \$: 128,500

Verified with: Barkley Preschel, 281-242-2300

Terms and Conditions of Sale: Cash to seller

Rental Data: N/A

Land Size: 0.4649 AC/20,250 SF

Unit Price as Vacant \$: \$276,404/AC or \$6.35/SF

Type Street: Arterial

Utilities: All available

Improvement(s) Description: N/A

Improvement(s) Size: N/A (GBA) N/A (NRA)

Unit Price as Improved \$: 0.00

Condition and Functional Design: N/A

Current Use: Single family residence (rented)

Highest & Best Use: Commercial

Date of Inspection: 11/17/2015

Zoning: N/A

Flood Plain: No

Attach additional information as necessary: ID# 1239248 This commercial lot is improved with two rental houses constructed in 1910 and 1972, and contain 1,534 square feet and 748 square feet, respectively. The houses produce limited income which offsets the cost of ownership until such time the property can be developed. The actual sale price of this property was \$120,000 and this sale was adjusted upwards to account for demolition costs estimated at \$8,500, for an effective sale price of \$128,500.

Appraiser: Randy A. Williams, MAI, SR/WA, FRICS  
 (Typed, not signed)

January 6, 2016  
 Date

## COMPARABLE DATA SUPPLEMENT

District: Houston  
 County: Fort Bend

Parcel No.: 8  
 ROW CSJ: 0027-06-054

Highway: US 90A

Land Sale 4

Improved Sale

Rental Data



Grantor/Lessor: South TX Medical Clinics, P.A

Grantee/Lessee: SWD Development of Rosenberg, LP

Date: 02/06/2014

Recording Information: Document No. 2014012863

Key Map:

Address: 2510 B.F. Terry Blvd, Rosenberg, Texas

Zip Code: 77471

Legal Description: 1.773 Acres, Restricted Reserve "B", Block 1, STTMC Commercial, Fort Bend County, Texas

Confirmed Price \$: 335,911

Verified with: Joe Rosa, 281-265-7356

Terms and Conditions of Sale: Cash to seller

Rental Data: N/A

Land Size: 1.773 AC/77,232 SF

Unit Price as Vacant \$: \$189,459/AC or \$4.35/SF

Type Street: Arterial

Utilities: All available

Improvement(s) Description: N/A

Improvement(s) Size: N/A (GBA) N/A (NRA)

Unit Price as Improved \$: 0.00

Condition and Functional Design: N/A

Current Use: Office

Highest & Best Use: Commercial

Date of Inspection: 06/29/2015

Zoning: N/A

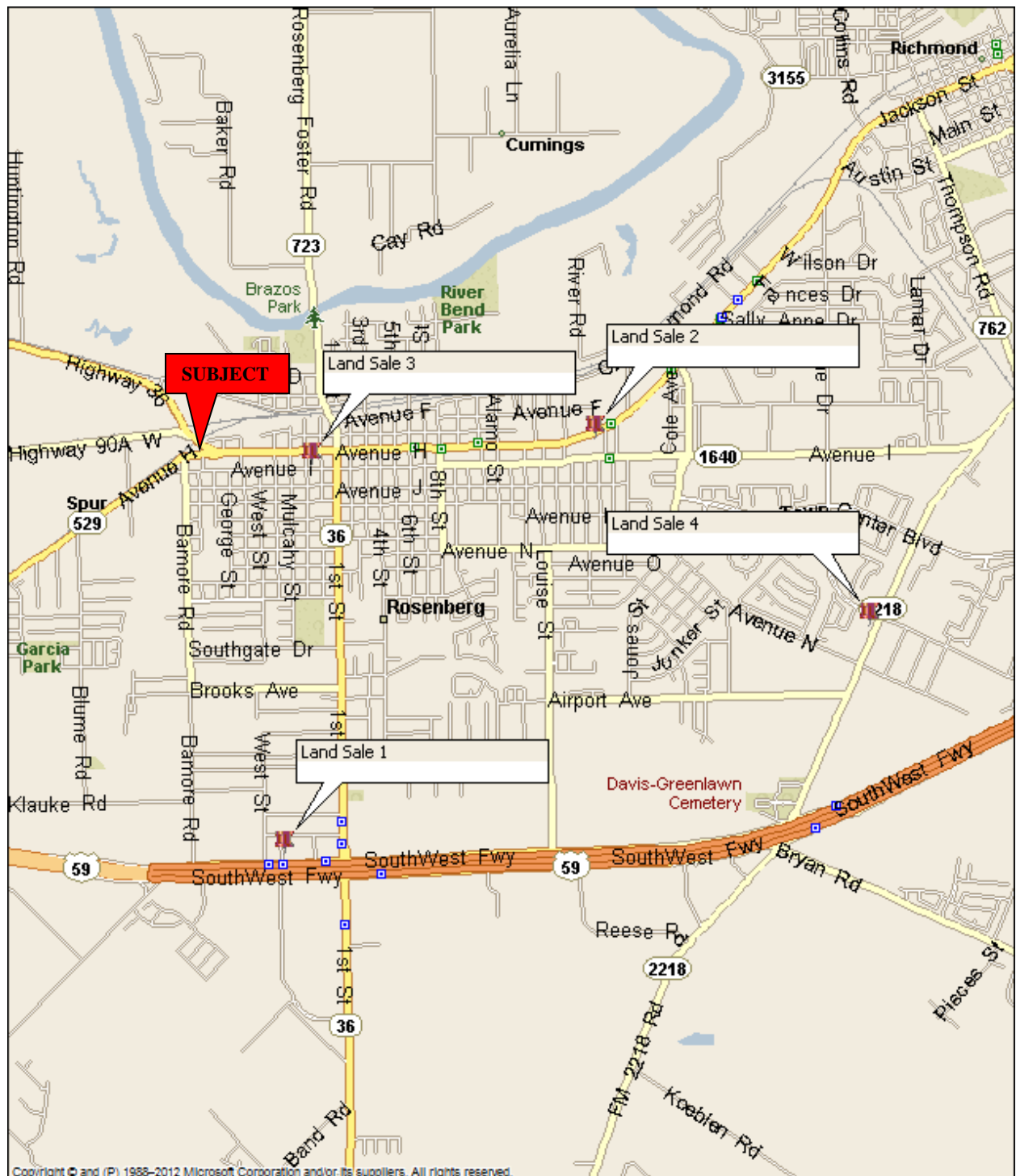
Flood Plain: No

Attach additional information as necessary: ID # 1240165

Appraiser: Randy A. Williams, MAI, SR/WA, FRICS  
 (Typed, not signed)

January 6, 2016  
 Date

COMPARABLE LAND SALES MAP





## ANALYSIS AND ADJUSTMENT OF SALES

My rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative inferiority; if the comparable is inferior, its price is adjusted upward. The elements of comparison are:

### Real Property Rights Conveyed

This adjustment is generally applied to reflect the transfer of property rights different from those being appraised, such as differences between properties owned in fee simple and in leased fee. For this analysis, no adjustments are required.

### Financing Terms

This adjustment is generally applied to a property that transfers with atypical financing, such as having assumed an existing mortgage at a favorable interest rate. Conversely, a property may be encumbered with an above-market mortgage which has no prepayment clause or a very costly prepayment clause. Such atypical financing often plays a role in the negotiated sale price. For this analysis, no adjustments are required.

### Conditions of Sale

This adjustment category reflects extraordinary motivations of the buyer or seller to complete the sale. Examples include a purchase for assemblage involving anticipated incremental value or a quick sale for cash. This adjustment category may also reflect a distress-related sale, or a corporation recording a non-market price. For this analysis, no adjustments are required.

### Expenditures at Purchase

This adjustment is appropriate in situations where the sale price has been influenced by expenditures that the buyer intended to make immediately after purchase. Examples include buyer-paid sales commissions, buyer-paid back taxes, and costs to demolish obsolete structures to clear a site for redevelopment. For this analysis, no adjustments are required.

The previous adjustments, if required, are applied sequentially in the order discussed.

### Market Conditions

Based upon the land sales data available as of the time of this writing, it appears that values have remained relatively stable over the last 3-4 years. Based upon the information available, a market condition adjustment is not considered necessary.

The previous adjustments, if required, are applied sequentially in the order discussed.

### Location

Location can have a great impact on property values. This adjustment category considers general market area influences such as the nature of surrounding properties, population trends and income trends as well as a property's visibility from a main thoroughfare. The subject property is located in the northwest area of Rosenberg. Sale 1 is located on a secondary street in an inferior location, warranting an upward adjustment. Sale 2 is located on US 90A, east of the subject, in an area that is considered to be inferior for location and an upward adjustment has been applied. Sales 3 and 4 are considered comparable in regards to location and no adjustments were warranted.

### Size

The subject and sales have been analyzed based on a price per square foot basis. Typically, economies of scale indicate that as the incremental units of comparison increase the price per unit decreases and likewise would increase as the increment units of comparison decrease. Sale 4 is larger than the subject and considered inferior for size and an upward adjustment has been applied. Sales 1-3 are smaller than the subject and considered superior for size and downward adjustments have been applied.

### Usable Area

This adjustment category gives consideration to the amount of area a site has that is usable and/or developable by the owner. The subject and all comparable sales are considered similar in this regard, with no adjustments warranted.

**Utilities**

This adjustment category gives consideration to the availability of water and sewer services to a property in order to facilitate development. The subject property currently has access to public water and sewer. All comparable sales have both public water and public sewer making them comparable in this regard, with no adjustment being required.

**Flood Plain**

Tracts located in the floodplain and/or floodway typically sell for lower per unit prices than otherwise similar tracts not so affected. This fact is attributed to the increased development costs and restrictions often associated with such properties. The subject property and the comparable sales are not located within a flood plain and are considered similar in this regard, with no adjustments required

**Land Value Conclusion**

Based on the preceding analysis and adjustments, the comparable sales provide a range of value indications from \$4.08 per square foot to \$5.72 per square foot. Given the above adjustments and, it is my opinion that the applicable unit value is \$4.50 per square foot. This results in a concluded property value as follows:

Parcel 8	
Unit Price (Per Square Foot)	\$4.50
Land Area (Square Feet)	46,800
Concluded Land Value	\$210,600

**COST APPROACH**Whole: ☒Part to be Acquired: ☐Remainder After: ☐

Estimated Replacement/ Reproduction Cost					
Improvement	Number of Units	\$ per Unit	Cost New	Depreciation	Value
Commercial building	4,640 SF	\$35.00/SF	\$162,400	\$68,208 (42%)	\$94,192
Total					\$94,192
Accessory Improvements					
Canopy	400 SF	\$18.00/SF	\$7,200	\$3,024 (42%)	\$4,176
Total					\$4,176
Site Improvements					
Gravel drive	2,700 SF	\$1.40/SF	\$3,780	\$2,608 (69%)	\$1,172
35' Flag pole	1 EA	\$3,000.00/EA	\$3,000	\$2,070 (69%)	\$930
Parking poles	2 EA	\$350.00/EA	\$700	\$483 (69%)	\$217
Wood fence	13 LF	\$25.00/LF	\$325	\$163 (50%)	\$162
3' Chain link gate	1 EA	\$275.00/EA	\$275	\$138 (50%)	\$137
Concrete sidewalk	560 SF	\$6.50/SF	\$3,640	\$1,820 (50%)	\$1,820
Back slab	950 SF	\$6.00/SF	\$5,700	\$2,850 (50%)	\$2,850
Side slab	32 SF	\$6.00/SF	\$192	\$96 (50%)	\$96
Bollards	9 EA	\$300.00/EA	\$2,700	\$1,350 (50%)	\$1,350
Large Shrubs	4 EA	\$200.00/EA	\$800		\$800
Contributory Value of the Site Improvements					\$9,534
Contributory Value of all Improvements					\$107,902
Fee land	46,800 SF X \$4.50/SF				\$210,600
Estimated Value by Cost Approach					\$318,502

Furnish sources of cost data and support for depreciation factors (physical, functional, and economic. Use separate page, numbered accordingly, as necessary.):

Please see the following pages.

**COST APPROACH - IMPROVEMENTS**

The replacement cost new of the affected improvements was estimated using the *Marshall Valuation Service* Cost Manual and discussions with local contractors. The replacement cost sources are found in the following chart.

Item	Source
Commercial building	Marshall Valuation Service, Section 14, Page 26, Feb. 2014
Canopy	Marshall Valuation Service, Section 14, Page 37, Feb. 2014
Gravel drive	Marshall Valuation Service, Section 66, Page 2, Dec. 2013
35' Flag pole	Marshall Valuation Service, Section 66, Page 3, Dec. 2013
Parking poles	Marshall Valuation Service, Section 66, Page 3, Dec. 2013
Wood fence	Marshall Valuation Service, Section 66, Page 5, Dec. 2013
3' Chain link gate	Marshall Valuation Service, Section 66, Page 4, Dec. 2013
Concrete sidewalk	Marshall Valuation Service, Section 66, Page 2, Dec. 2013
Back slab	Marshall Valuation Service, Section 66, Page 2, Dec. 2013
Side slab	Marshall Valuation Service, Section 66, Page 2, Dec. 2013
Bollards	Marshall Valuation Service, Section 66, Page 3, Dec. 2013
Large Shrubs	Marshall Valuation Service, Section 66, Page 8, Dec. 2013

**Direct Costs**

Direct costs are expenditures for labor, materials, equipment and contractor's overhead and profit. I use *Marshall Valuation Service (MVS)* and local contracts' costs as the basis of my direct cost estimate. The MVS number includes adjustments for local and regional multipliers and indirect costs, if any, that are not included by the services such as: taxes and carrying costs on the land during construction; legal and accounting fees; and marketing and finance costs prior to stabilization. The cost estimates from local contractors represents all local costs including indirect costs. The final component of the replacement cost estimate is entrepreneurial incentive, the profit that a developer would expect to receive in addition to recovering all direct and indirect costs. This is the economic reward that would be necessary to motivate a developer to undertake a project. Entrepreneurial profit for area projects typically ranges from 10% to 20%. In this report, I have projected an entrepreneurial profit of 15%. The combined cost is indicated on the previous page. Unit costs for all of the subject improvements were obtained from the sources shown above.

**Physical Deterioration**

Accrued depreciation is a loss in value from any cause and is defined as "the loss in property value from any cause, the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date"<sup>1</sup> Physical deterioration is the result of wear, tear, and weathering of improvements. This form of depreciation can be divided into two categories: curable and incurable. Curable physical deterioration refers to items of deferred maintenance that are in need of repair on the date of the appraisal in order to maintain occupancy or restore marketability. Component depreciation for the improvements is calculated based on the Depreciation Tables in the Marshall Valuation Service, Section 97, Page 25, November 2014.

<sup>1</sup>The Dictionary of Real Estate Appraisal, Fifth Edition, (Chicago: The Appraisal Institute, 2010) p.56.



Item	Economic Life	Effective Age
Commercial building	30 Years	17 Years
Canopy	30 Years	17 Years
Gravel drive	20 Years	16 Years
35' Flag pole	20 Years	16 Years
Parking poles	20 Years	16 Years
Wood fence	20 Years	12 Years
3' Chain link gate	20 Years	12 Years
Concrete sidewalk	20 Years	12 Years
Back slab	20 Years	12 Years
Side slab	20 Years	12 Years
Bollards	20 Years s	12 Years
Large Shrubs	N/A	N/A

### Functional Obsolescence

Functional obsolescence refers to a loss in value from defects in design, or changes over time in designs or building materials that render the current design or materials obsolete. It may be curable or incurable depending on the dollar value of the cost to cure relative to the anticipated increase in value. The improvements could suffer from functional obsolescence due to possible changes in market preferences or the increase in land value.

### External Obsolescence

External obsolescence is a loss in value caused by negative factors outside the property such as changes in supply and demand, general property uses in the area, zoning, changing market conditions, etc. This form of obsolescence cannot be cured by the actions of the owner or tenant. Based on an analysis of current market conditions, external obsolescence is not considered to be applicable to the subject property.

### Cost Approach Conclusions

The final step in the Cost Approach is to add the market value of the land to the depreciated cost (contributory value) of the improvements. The value conclusion from the Cost Approach is calculated as follows:

Depreciated Value of Improvements		Market Value of Land		Concluded Value
<b>\$107,902</b>	+	<b>\$210,600</b>	=	<b>\$318,502</b>

**SALES COMPARISON APPROACH**Whole: ☒ Part to be Acquired: ☐ Remainder After: ☐Land: ☐ Improved: ☒**VALUATION GRID****Representative Comparable Sales**

	Subject	Imp. Sale No. 1	Imp. Sale No. 2	Imp. Sale. No. 3
<b>Grantor</b>		Marlene Keplinger, Trustee of the Keplinger Family Trust	Frank D. Salinas and Juanita G. Salinas	Deltex Pharmaceuticals, Inc.
<b>Grantee</b>		Diego Pablo Iorio and spouse, Lidia Patricia Iorio	Hunter L. Martin, III	Marquez Enterprises, LLC
<b>Date of Sale</b>		12/11/2014	8/28/2013	6/17/2013
<b>Unit Price</b>		\$61.46/SF	\$67.83/SF	\$65.63/SF
<b>Relative Location</b>	Northwest corner of US 90A and Avenue H, Rosenberg, Texas 77471	3307 West Street, Rosenberg, Texas	1408 Leaman Avenue, Rosenberg, Texas	1700 Bamore Street, Rosenberg, Texas
<b>Financing</b>		Similar	Similar	Similar
<b>Conditions of Sale</b>		Similar	Similar	Similar
<b>Market Conditions</b>		Similar	Similar	Similar
<b>Adjusted for Condition</b>		\$61.46/SF	\$67.83/SF	\$65.63/SF
<b>Physical Characteristics</b>				
<b>Location</b>		Similar 0%	Similar 0%	Similar 0%
<b>Size</b>	4,640 SF	Similar 0%	Similar 0%	Inferior 5%
<b>Age/Condition</b>	Average	Similar 0%	Similar 0%	Superior -10%
<b>Quality of Construction</b>	Average	Inferior 10%	Inferior 5%	Similar 0%
<b>Land to Building Ratio</b>	9.36:1	Inferior 5%	Inferior 10%	Similar 0%
<b>Net Adjustment</b>		15%	15%	-5%
<b>Adjusted</b>		\$70.68/SF	\$78.00/SF	\$62.35/SF
<b>Estimated Unit Value</b>	<b>\$70.00/SF</b>			

Explanation of Adjustments with Reconciliation (*Attach Comparable Data Supplement and Map*; use separate page, numbered accordingly, as necessary.):

**Concluded Value by Sales Comparison Approach: 4,640 SF @ \$70.00/SF = = \$324,800**

## COMPARABLE DATA SUPPLEMENT

District: Houston  
 County: Fort Bend

Parcel No.: 8  
 ROW CSJ: 0027-06-054

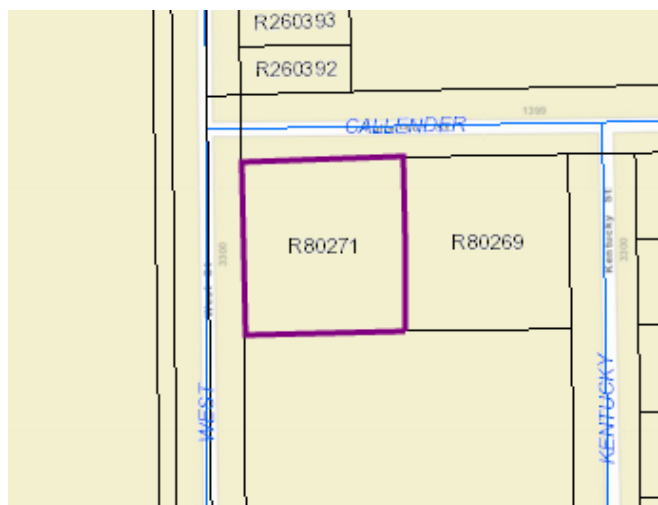
Highway: US 90A

### Land Sale



### Improved Sale 1

### Rental Data



Grantor/Lessor: Marlene Keplinger, Trustee of the Keplinger Family Trust

Grantee/Lessee: Diego Pablo Iorio and spouse, Lidia Patricia Iorio

Date: 12/11/2014

Recording Information: Doc# 2014134873

Key Map: N/A

Address: 3307 West Street, Rosenberg, Texas

Zip Code: 77471

Legal Description: Lots 12 & 13, Block 2, of the J.H. Lane Subdivision, Fort Bend County, Texas

Confirmed Price \$: 230,000

Verified with: Marlene Keplinger, 281-543-0863

Terms and Conditions of Sale: Seller financed at market terms

Rental Data: N/A

Land Size: 0.519 AC/22,591 SF

Unit Price as Vacant \$: 0.00

Type Street: Arterial

Utilities: All available

Improvement(s) Description: One-story office/industrial building, built in 1981, land to building of 6.04:1.

Improvement(s) Size: 3,742 (GBA) 3,742 (NRA)

Unit Price as Improved \$: 61.46

Condition and Functional Design: Average

Current Use: Office

Highest & Best Use: Industrial/Commercial

Date of Inspection: 12/17/2015

Zoning: None

Flood Plain: None

Attach additional information as necessary: N/A

Appraiser: Randy A. Williams, MAI, SR/WA, FRICS  
 (Typed, not signed)

January 6, 2016  
 Date

## COMPARABLE DATA SUPPLEMENT

District: Houston  
 County: Fort Bend

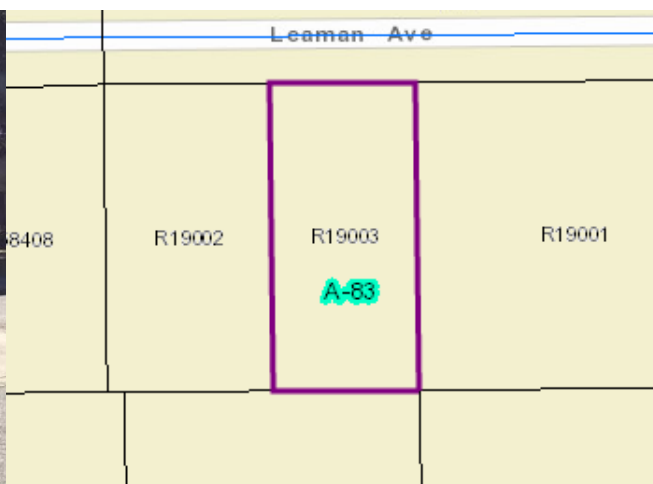
Parcel No.: 8  
 ROW CSJ: 0027-06-054

Highway: US 90A

Land Sale

Improved Sale 2

Rental Data



Grantor/Lessor: Frank D. Salinas and Juanita G. Salinas

Grantee/Lessee: Hunter L. Martin, III

Date: 08/28/2013

Recording Information: Doc. # 2013111483

Key Map: N/A

Address: 1408 Leaman Avenue, Rosenberg, Texas

Zip Code: 77471

Legal Description: 0.213 Acres, Henry Scott Survey, Abstract 83 and the easterly portion of Lot 10, Block 2, Ward Leaman Subdivision, Fort Bend County, Texas

Confirmed Price \$: 234,000

Verified with: Barkley Peschel, 281-242-2300

Terms and Conditions of Sale: Cash to seller

Rental Data: N/A

Land Size: 0.213 AC/9,278 SF

Unit Price as Vacant \$: 0.00

Type Street: Neighborhood

Utilities: All available

Improvement(s) Description: One-story industrial building, built in 1979, land to building ratio of 2.69:1, with approximately 50% office.

Improvement(s) Size: 3,450 (GBA) 3,450 (NRA)

Unit Price as Improved \$: 67.83

Condition and Functional Design: Average

Current Use: Unknown

Highest & Best Use: Industrial/Commercial

Date of Inspection: 12/17/2015

Zoning: None

Flood Plain: None

Attach additional information as necessary: N/A

Appraiser: Randy A. Williams, MAI, SR/WA, FRICS  
 (Typed, not signed)

January 6, 2016  
 Date



## COMPARABLE DATA SUPPLEMENT

District: Houston  
 County: Fort Bend

Parcel No.: 8  
 ROW CSJ: 0027-06-054

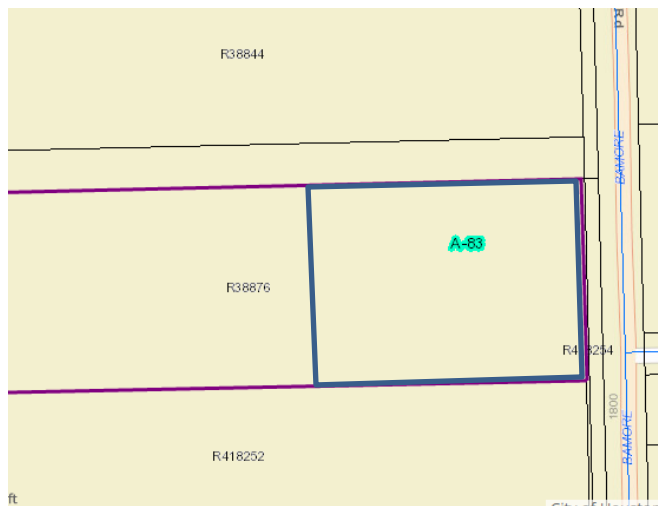
Highway: US 90A

### Land Sale



### Improved Sale 3

### Rental Data



Grantor/Lessor: Deltex Pharmaceuticals, Inc.

Grantee/Lessee: Marquez Enterprises, LLC

Date: 06/17/2013

Recording Information: Doc# 2013074817

Key Map:

Address: 1700 Bamore Street, Rosenberg, Texas

Zip Code: 77471

Legal Description: 2 acres, of Reserve A, Final Plat of Deltex Center Subdivision, Fort Bend County, Texas

Confirmed Price \$: 525,000

Verified with: Carlos Bujosa, 713-272-1289

Terms and Conditions of Sale: Cash to seller

Rental Data: N/A

Land Size: 2.00 AC/87,120 SF

Unit Price as Vacant \$: 0.00

Type Street: Arterial

Utilities: All available

Improvement(s) Description: One-story industrial building, built in 2001, land to building ratio of 10.89:1.

Improvement(s) Size: 8,000 (GBA) 8,000 (NRA)

Unit Price as Improved \$: 65.63

Condition and Functional Design: N/A

Current Use: Unknown

Highest & Best Use: Industrial/Commercial

Date of Inspection: 12/17/2015

Zoning: None

Flood Plain: None

Attach additional information as necessary: According to the broker, only 2 acres was purchased with the building in this transaction.

An addition 4.50 acres, west of the comparable, was purchased at a later date.

Appraiser: Randy A. Williams, MAI, SR/WA, FRICS  
 (Typed, not signed)

January 6, 2016  
 Date

COMPARABLE IMPROVED SALES MAP



**Analysis and Adjustment of Sales**

Our rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative inferiority; if the comparable is inferior, its price is adjusted upward. The elements of comparison are:

**Real Property Rights Conveyed**

This adjustment is generally applied to reflect the transfer of property rights different from those being appraised, such as differences between properties owned in fee simple and in leased fee. For this analysis, no adjustments are required.

**Financing Terms**

This adjustment is generally applied to a property that transfers with atypical financing, such as having assumed an existing mortgage at a favorable interest rate. Conversely, a property may be encumbered with an above-market mortgage which has no prepayment clause or a very costly prepayment clause. Such atypical financing often plays a role in the negotiated sale price. For this analysis, no adjustments are required.

**Conditions of Sale**

This adjustment category reflects extraordinary motivations of the buyer or seller to complete the sale. Examples include a purchase for assemblage involving anticipated incremental value or a quick sale for cash. This adjustment category may also reflect a distress-related sale, or a corporation recording a non-market price. For this analysis, no adjustments are required.

**Expenditures at Purchase**

This adjustment is appropriate in situations where the sale price has been influenced by expenditures that the buyer intended to make immediately after purchase. Examples include buyer-paid sales commissions, buyer-paid back taxes, and costs to demolish obsolete structures to clear a site for redevelopment. For this analysis, no adjustments are required.

The previous adjustments, if required, are applied sequentially in the order discussed.

**Market Conditions**

Based upon the sales data available and the amount of commercial and industrial properties in the area available for sale and lease, it appears that values have remained relatively stable over the last 3-4 years. Based upon the information available, a market condition adjustment is not considered necessary.

The previous adjustments, if required, are applied sequentially in the order discussed.

**Location**

Location can have a great impact on property values. This adjustment category considers general market area influences such as the nature of surrounding properties, population trends and income trends as well as a property's visibility from a main thoroughfare. The subject property is located in the northwest area of Rosenberg. The comparable sales are considered similar for location when compared to the subject and no adjustments are warranted.

**Size**

The subject and sales have been analyzed based on a price per square foot of gross building area basis. Economies of scale indicate that as the incremental units of comparison increase the price per unit decreases and likewise would increase as the increment units of comparison decrease. The building improvements for Sales 1 and 2 are considered similar for size and no adjustment is applied. The building improvement for Sale 3 is larger than the subject property and considered inferior for size and given an upward adjustment.

**Age/Condition**

This adjustment generally reflects differences in the actual or effective age and the degree of maintenance relative to the Subject Property. Sales 1 and 2 were constructed in 1981 and 1979, respectively, and are considered comparable to the subject for age and condition and require no adjustment. Sale 3 was built in 2001 and is considered superior for this factor and given a downward adjustment.

**Quality of Construction**

The adjustment for this set is concerned with the type of materials and the quality of construction an improvement is constructed with. The subject and Sale 3 are considered comparable for this factor and no adjustment is warranted. Sale 1 is inferior for quality of construction and given an upward adjustment for this factor. Sale 2 is approximately 50% warehouse and was adjusted upward for this factor.

**Land to Building Ratio**

The amount of land on a property relative to the amount of improvements can have a positive or negative influence on a property. Typically, properties with more land area are desirable because they can allow for future expansion and allow for greater utility. The subject has a land to building ratio of 9.36 to 1. Sale 3 has a similar land to building ratio and no adjustment is necessary. Sales 1 and 2 have land to building ratio of 6.04:1 and 2.69:1, respectively, and are considered inferior to the subject for land to building ratio and an upward adjustment is applied.

**Value Conclusion**

Based on the preceding analysis and adjustments, the improved sales provide a range of value indications from \$62.35 per square foot to \$78.00 per square foot. Given the above adjustments and analysis, it is our opinion that the applicable unit value is \$70.00 per square foot for improvements (gross building area). This results in a concluded property value via the Sales Comparison Approach as follows:

Parcel 8	
Unit Price (Per Square Foot)	\$70.00
Gross Building Area (Square Feet)	4,640
Concluded Value via Sales Comparison Approach	\$324,800

**INCOME APPROACH**Whole: ☒Part to be Acquired: ☐Remainder After: ☐

Potential Gross Income	.....	\$	7.25/SF	4,640 SF	\$	33,640
Vacancy	5 %				\$	1,682
Effective Gross Rental Income	.....				\$	31,958
Reimbursable Expenses	(Insurance, Taxes, Structural Maintenance)				\$	8,120
Effective Gross Income	.....				\$	40,078
Expenses:						
Fixed Taxes .....		\$	1.25/SF	5,800		
Insurance .....		\$	0.40/SF	1,856		
Variable Management .....		\$	3.0% of EGRI	959		
Other		\$				
Structural Maintenance		\$	0.10/SF	464		
Replacement Reserves		\$	0.10/SF	464		
		\$				
					\$	
Total Expenses	.....	\$			\$	9,543
Net Operating Income					\$	30,535
Income Capitalized @	9.25	%	.....		\$	330,108
Plus: Value of Excess Land (if any)			.....		\$	
<b>Estimated Value by Income Approach</b>					\$	<b>330,108</b>

Explanation of Adjustments with Reconciliation (*Attach Comparable Data Supplement and Map*; use separate page, numbered accordingly, as necessary.):



## COMPARABLE DATA SUPPLEMENT

District: Houston  
 County: Fort Bend

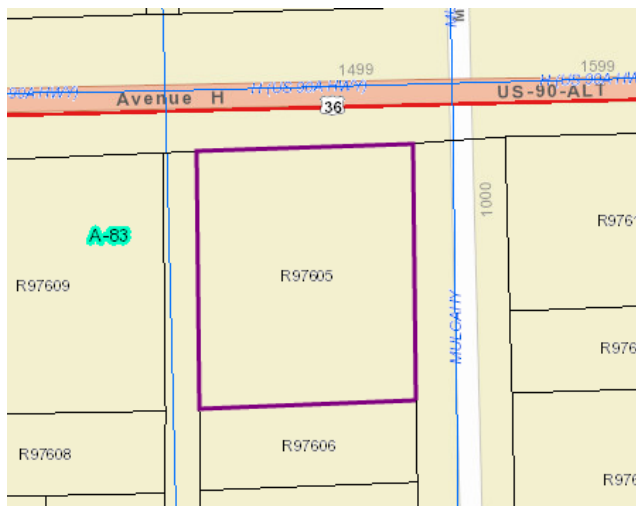
Parcel No.: 8  
 ROW CSJ: 0027-06-054

Highway: US 90A

Land Sale

Improved Sale

Rental Data 1



Grantor/Lessor: Jeff Whitten Parts and Machine, Inc.

Grantee/Lessee: Gray-Walker Building Materials

Date: 03/03/2015

Recording Information: N/A

Key Map:

Address: 1420 Avenue H, Rosenberg, Texas

Zip Code: 77471

Legal Description: Lots 1, 2, and 3, Block 10, of the R.T. Mulcahy Addition, Fort Bend County, Texas

Confirmed Price \$: 0.00

Verified with: Jennifer Hartmann, 713-829-0568

Terms and Conditions of Sale: N/A

Rental Data: \$6.00/SF/YR, triple net, 36 month term, no escalations disclosed

Land Size: 0.44 AC/19,170 SF

Unit Price as Vacant \$: 0.00

Type Street: Arterial

Utilities: All available

Improvement(s) Description: One-story industrial building, built in 1947

Improvement(s) Size: 7,185 (GBA) 7,185 (NRA)

Unit Price as Improved \$: 0.00

Condition and Functional Design: Average-Fair

Current Use: Industrial/Retail

Highest & Best Use: Industrial/Commercial

Date of Inspection: 12/17/2015

Zoning: None

Flood Plain: None

Attach additional information as necessary: The property consists of two buildings of 6,200 square feet and 985 square feet, according to the tax records.

Appraiser: Randy A. Williams, MAI, SR/WA, FRICS  
 (Typed, not signed)

January 6, 2016  
 Date

## COMPARABLE DATA SUPPLEMENT

District: Houston  
 County: Fort Bend

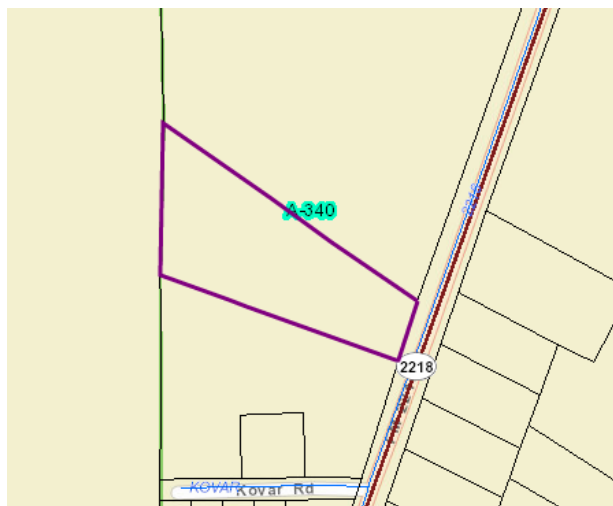
Parcel No.: 8  
 ROW CSJ: 0027-06-054

Highway: US 90A

Land Sale

Improved Sale

Rental Data 2



Grantor/Lessor: Transwestern Capital-I, LP

Grantee/Lessee: Unknown

Date: 12/01/2015

Recording Information: N/A

Key Map:

Address: 4316 FM 2218, Richmond, Texas

Zip Code: 77469

Legal Description: 4.0006 acres, J.D. Vermillion Survey, Abstract 340, Fort Bend County, Texas

Confirmed Price \$: 0.00

Verified with: Bud Friedman, 281-242-2200

Terms and Conditions of Sale: N/A

Rental Data: \$10.20/SF/YR, gross rent, 60 month term, no escalations disclosed

Land Size: 4.0006 AC/174,266 SF

Unit Price as Vacant \$: 0.00

Type Street: Highway

Utilities: All available

Improvement(s) Description: One-story industrial building, built in 2013

Improvement(s) Size: 7,000 (GBA) 7,000 (NRA)

Unit Price as Improved \$: 0.00

Condition and Functional Design: Good

Current Use: Industrial

Highest & Best Use: Industrial

Date of Inspection: 12/17/2015

Zoning: None

Flood Plain: None

Attach additional information as necessary: Building is located on a larger parcel with three other industrial buildings of similar design and use, leased to different tenants.

Appraiser: Randy A. Williams, MAI, SR/WA, FRICS  
 (Typed, not signed)

January 6, 2016  
 Date

## COMPARABLE DATA SUPPLEMENT

District: Houston  
 County: Fort Bend

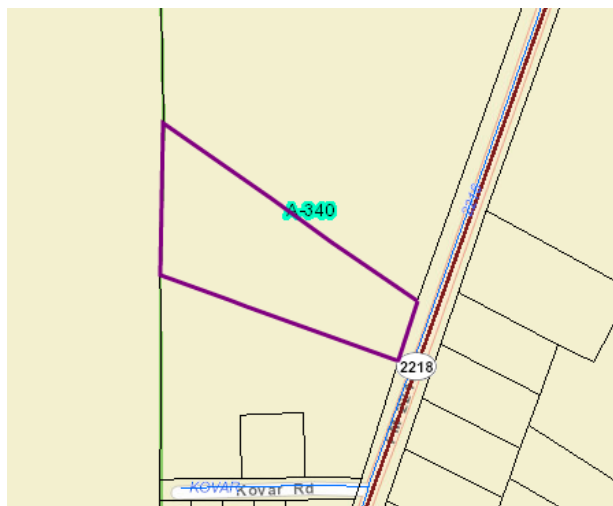
Parcel No.: 8  
 ROW CSJ: 0027-06-054

Highway: US 90A

Land Sale

Improved Sale

Rental Data 3



Grantor/Lessor: Transwestern Capital-I, LP

Grantee/Lessee: Texas Irrigation Supply

Date: 12/01/2015 Recording Information: N/A

Key Map:

Address: 4314 FM 2218, Richmond, Texas

Zip Code: 77469

Legal Description: 4.0006 acres, J.D. Vermillion Survey, Abstract 340, Fort Bend County, Texas

Confirmed Price \$: 0.00

Verified with: Bud Friedman, 281-242-2200

Terms and Conditions of Sale: N/A

Rental Data: \$10.20/SF/YR, gross rent, 60 month term, no escalations disclosed

Land Size: 4.0006 AC/174,266 SF

Unit Price as Vacant \$: 0.00

Type Street: Highway

Utilities: All available

Improvement(s) Description: One-story industrial building, built in 2010

Improvement(s) Size: 7,500 (GBA) 7,500 (NRA)

Unit Price as Improved \$: 0.00

Condition and Functional Design: Good

Current Use: Industrial

Highest & Best Use: Industrial

Date of Inspection: 12/17/2015

Zoning: None

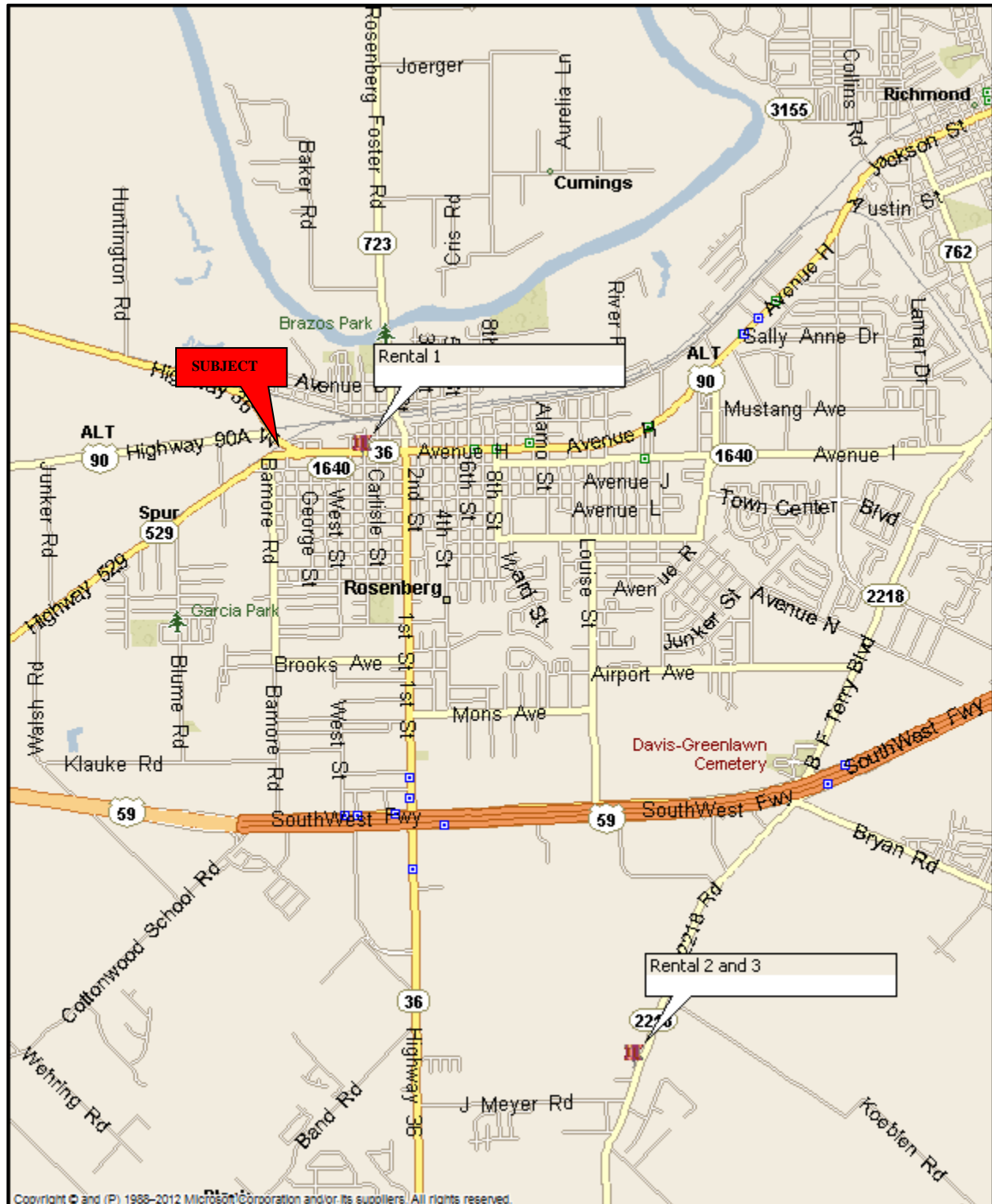
Flood Plain: None

Attach additional information as necessary: Building is located on a larger parcel with three other industrial buildings of similar design and use, leased to different tenants.

Appraiser: Randy A. Williams, MAI, SR/WA, FRICS  
 (Typed, not signed)

January 6, 2016  
 Date

COMPARABLE RENTAL MAP



### Analysis of Comparable Rentals

In analyzing the rental data, we have selected the rent per square foot per year as the operative unit of comparison. Which is typical of properties in the area. Potential adjustments considered include the following.

### Expense Structure

This adjustment category is used to convert expense structures different from the subject to generic or "like-kind" market terms. For example, an adjustment is made to a comparable rental if its lease requires the landlord to pay all expenses, but the subject's lease requires tenant payment of expenses. In this case, the expenses in question would be subtracted from the comparable property's rental rate to make it "like-kind" relative to the subject's projected expense structure (triple net).

The lease structure for properties similar to the subject varies greatly. Based on the comparable leases analyzed, we have estimated the market rent and expenses based on a triple net structure, where the tenant pays the majority of the property expenses.

		1	2	3
City	Rosenberg	Rosenberg	Richmond	Richmond
Address	US 90A and Avenue H	1420 Avenue H	4316 FM 2218	4314 FM 2218
Grantor	Subject Property			
Grantee				
Date	11/17/15	3/3/15	11/15/15	11/15/15
Size (SF)	4,640	7,185	7,000	7,500
Terms		NNN	Gross	Gross
Year built		1950	2013	2010
<b>Rental Rate (\$/SF/Year)</b>		<b>\$5.85</b>	<b>\$10.20</b>	<b>\$10.20</b>
Property Rights	Leased Fee	0.00%	0.00%	0.00%
Financing	normal	0.00%	0.00%	0.00%
Conditions of Sale	normal	0.00%	0.00%	0.00%
Market Conditions	0%	0.00%	0.00%	0.00%
Total Adjustments		0.00%	0.00%	0.00%
<b>Rental Rate (\$/SF/Year)</b>		<b>\$5.85</b>	<b>\$10.20</b>	<b>\$10.20</b>
Location		0.00%	5.00%	5.00%
Access/Frontage		0.00%	0.00%	0.00%
Size (SF)	4,640	0.00%	0.00%	0.00%
Age/Condition	Average	10.00%	-15.00%	-15.00%
Lease Structure	NNN	0.00%	-15.00%	-15.00%
Total Adjustments		10.00%	-25.00%	-25.00%
<b>Rental Rate (\$/SF/Year)</b>		<b>\$6.44</b>	<b>\$7.65</b>	<b>\$7.65</b>

An analysis of the market does not indicate an upward trend in rental rates for similar property types as the subject and therefore, no market conditions adjustment has been utilized. Rental 1 is considered to be in poorer condition than the subject property and has been adjusted upwards for this factor. Rentals 2 and 3 are located south of the main commercial and industrial areas of Rosenberg and Richmond and have been adjusted upwards for location. Rentals 2 and 3 are newer buildings than the subject property and have been adjusted downward for their superior age/condition. In addition, Rentals 2 and 3 are adjusted downward for their superior lease structure, being a gross lease, where the property owner pays the property expenses.



**Market Rental Rate Conclusion**

The rental rates for the comparable rentals indicate a market rental rate range for the subject between \$6.44 to \$7.65 per square foot on a yearly basis. We conclude to a market rental rate of \$7.25 per square foot, per year, triple net. In addition, since the subject property is being analyzed under a triple net lease structure, operating expenses are directly paid by the tenant and therefore no reimbursement income is due the owner; however to account for expenses during vacancy the operating expenses are treated as reimbursable expenses, and then are deducted later as noted on page 3.22.

**Vacancy & Collection Loss**

Research of the area market found very few single-tenant office/warehouses for lease on the market. Accordingly, we consider a stabilized vacancy and collection loss of 5% to be reasonable for the subject.

**Analysis of Operating Expenses**

We have projected the subject to be leased on a triple net basis, wherein the tenant pays the majority of the property expenses. In order to estimate the expenses for the subject, we have utilized expense information from TREPP, LLC, which surveys properties for income and expense information.

**Real Estate Taxes**

Real estate tax expense includes the ad valorem taxes paid on the real estate. The subject has estimated property taxes of \$2,649, or \$0.57 per square foot, rounded, however it does not appear that subject's improvements are included in this estimate and the property is otherwise exempt, being owned by Fort Bend County. Based on our analysis and the concluded value of the subject property, the assessed value for the subject appears below market. The TREPP survey has a range of \$0.61 to \$3.14 per square foot, with an average of \$1.41 per square foot. The estimated property taxes for the comparable sales and rentals, along with several other properties, indicates a range of \$0.52- \$1.40 per square foot, with the majority of the properties being above \$1.00. In this instance, we have utilized a real estate tax expense of \$5,800, or \$1.25 per square foot.

**Insurance**

Insurance expense encompasses the insurance for the building structure. The TREPP survey has a range of \$0.15 to \$0.91 per square foot, with an average of \$0.38 per square foot. We have estimated an insurance expense of \$0.40 per square foot, or \$1,856.

**Management**

This is an expense item representing the sum paid for the value of management service provided. Management fees are considered to be an expense of operation, whether management services are contracted or provided by the property owner. This expense is typically quoted as 2% to 6% of the effective gross income. Due to the size of the subject and single-tenant occupancy, we have applied a 3% management fee in our analysis to the base rental income after accounting for vacancy and collection loss.

**Maintenance**

Maintenance expense is for the general maintenance and repairs made to the property. The TREPP survey has a range of \$0.01 to \$0.21 per square foot, with an average of \$0.06 per square foot. We have estimated a maintenance expense of \$0.10 or per square foot due to the age of the building, for an expense of \$464.

**Replacement Reserves**

Replacement reserves provides for the periodic replacement of building components that wear out faster than the building itself and must be replaced during the building's economic life. Typically, a replacement reserve is not reflected in an operating statement. As such, the appraiser is required to estimate an annual amount that should be set aside to account for the replacement of the long-lived items. Due to the age of the improvements, it is believed the long-lived items will need to be replaced more quickly, and that a larger amount should be set aside to replace these items. We have estimated a replacement reserve expense of \$0.10 per square foot, or \$464.

**Net Operating Income**

The net operating income for the subject is \$30,535 per year.

### Capitalization Rate Analysis

Several methods are available for estimating a capitalization rate to apply to the stabilized net operating income for the subject. We have utilized published surveys to determine a capitalization rate for the subject, since comparable sale capitalization rates for the subject property area and property type could not be resourced. In this instance, the subject property improvements are typically bought and sold by owner-users and capitalization rates at the higher end of the range below could be expected.

### Published Surveys

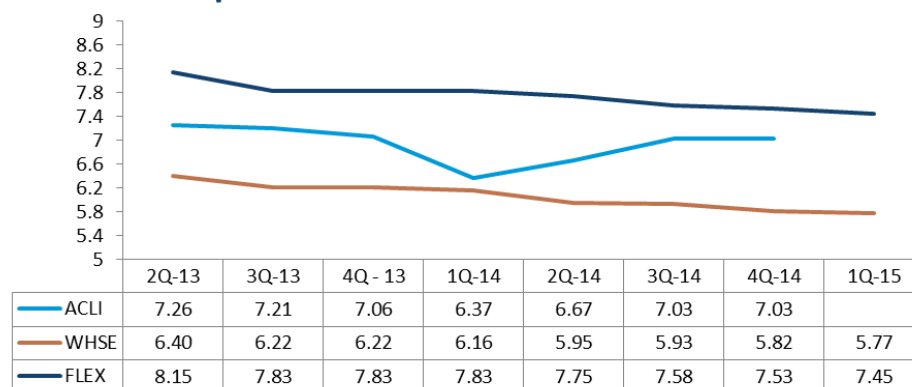
Various market participants were also surveyed from the general market. Data pertaining to investment grade properties from the PwC, ACLI, and Viewpoint surveys are summarized in the exhibits that follow.

#### Capitalization Rate Surveys – Industrial Properties

	IRR-Viewpoint Year End 2014 National Industrial	IRR-Viewpoint Year End 2014 National Flex Industrial	PwC 1Q-2015 National Warehouse	PwC 1Q-2015 National Flex/R&D	ACLI 4Q-2014 National Industrial
Range	5.0% - 9.5%	4.55% - 10.0%	4.50 - 7.00%	6.0% - 10.0%	NA
Average	7.11%	7.79%	5.77%	7.45%	7.03%

Source: IRR-Viewpoint 2014; PwC Real Estate Investor Survey; American Council of Life Insurers Investment Bulletin.

#### Industrial Capitalization Rate Trends



ACLI - American Council of Life Insurers Investment Bulletin - Capitalization Rates - Industrial Properties  
 WHSE - PwC - National Warehouse Market  
 FLEX - PwC - National Flex/R&D Market

The most current national survey data indicates that a capitalization rate for industrial properties ranges from 5.0% to 9.50% and averages 7.11%. As previously mentioned, the subject property improvements are typically bought and sold by owner-users and given the survey data, capitalization rates at the higher end of the range could be expected.

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2015*						
INDUSTRIAL - ALL TYPES						
Item	Input					OAR
<b>Minimum</b>						
Spread Over 10-Year Treasury	1.05%	DCR Technique	1.15	0.044493	0.90	<b>4.61</b>
Debt Coverage Ratio	1.15	<b>Band of Investment Technique</b>				
Interest Rate	3.22%	Mortgage	90%	0.044493	0.040044	
Amortization	40	Equity	10%	0.074554	0.007455	
Mortgage Constant	0.044493	OAR				<b>4.75</b>
Loan-to-Value Ratio	90%	<b>Surveyed Rates</b>				<b>4.51</b>
Equity Dividend Rate	7.46%					
<b>Maximum</b>						
Spread Over 10-Year Treasury	6.27%	DCR Technique	2.15	0.117747	0.50	<b>12.66</b>
Debt Coverage Ratio	2.15	<b>Band of Investment Technique</b>				
Interest Rate	8.44%	Mortgage	50%	0.117747	0.058874	
Amortization	15	Equity	50%	0.166560	0.083280	
Mortgage Constant	0.117747	OAR				<b>14.22</b>
Loan-to-Value Ratio	50%	<b>Surveyed Rates</b>				<b>13.50</b>
Equity Dividend Rate	16.66%					
<b>Average</b>						
Spread Over 10-Year Treasury	2.72%	DCR Technique	1.49	0.069937	0.70	<b>7.33</b>
Debt Coverage Ratio	1.49	<b>Band of Investment Technique</b>				
Interest Rate	4.89%	Mortgage	70%	0.069937	0.049287	
Amortization	25	Equity	30%	0.125157	0.036955	
Mortgage Constant	0.069937	OAR				<b>8.62</b>
Loan-to-Value Ratio	70.5%	<b>Surveyed Rates</b>				<b>9.72</b>
Equity Dividend Rate	12.52%					

\*3rd Quarter 2015 Data

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Based on an analysis of the preceding data, a capitalization rate for the subject is indicated within a range of 4.51% to 13.50%, with an average of 9.72%. To reach a capitalization rate conclusion, we consider each of the following investment risk factors to gauge its impact on the rate. The direction of each arrow in the following table indicates our judgment of an upward, downward, or neutral influence of each factor.

Risk Factor	Issues	Impact on Rate
Income Characteristics	Rollover risk, escalation pattern, above/below market rents, major tenant credit strength.	↓
Competitive Market Position	Construction quality, appeal, condition, effective age, functional utility.	↔
Location	Market area demographics and life cycle trends; proximity issues; access and support services.	↓
Market	Vacancy rates and trends; rental rate trends; supply and demand.	↓
Highest & Best Use	Upside potential from redevelopment, adaptation, expansion.	↓
Overall Impact		↓

**Value Indication - Direct Capitalization**

The range of expected capitalization rates ranges from 4.51% to 13.50%. We would expect the rate appropriate to the subject to be at the higher end of this range, as the subject property's improvements are typically bought and sold by owner-users and also, not located in a strong market for commercial projects. Therefore, we conclude to a capitalization rate of 9.25%. Applying the capitalization rate of 9.25% to the subject's stabilized net operating income indicates a value for the subject by direct capitalization as shown:

<b>Net Operating Income</b>	<b>\$30,535</b>
<b>Overall Capitalization Rate</b>	<b>9.25%</b>
<b>Value Indication by Direct Capitalization</b>	<b>\$330,108</b>
<b>Value Indication by Income Approach</b>	<b>\$330,108</b>

## RECONCILIATION AND CONCLUSION OF VALUE

Reconciliation involves the analysis of alternative value indications to determine a final value conclusion. The value indicated by the traditional approaches is as follows:

<b>Cost Approach</b>	<b>\$318,502</b>
<b>Sales Comparison Approach – Land Only</b>	<b>\$210,600</b>
<b>Sales Comparison Approach - Improved</b>	<b>\$324,800</b>
<b>Income Capitalization Approach</b>	<b>\$330,108</b>

### COST APPROACH

The cost approach, particularly for newer construction with well documented cost and well supported land value estimates, provides a reliable indicator of real property value. In this case, the Subject Property is of older construction where accrued depreciation is more difficult to estimate. As such, the Cost Approach is considered a less reliable method of valuation for the subject property and it has been given less weight in our analysis. The cost approach has been included to provide additional support to the other approaches.

### SALES COMPARISON APPROACH – AS VACANT

The Sales Comparison Approach – As Vacant is most reliable in an active market when a number of similar properties have recently sold. In this case, reliable data in sufficient quantity is available to value the subject as vacant land; therefore, the Sales Comparison Approach was employed to value the site as vacant.

### SALES COMPARISON APPROACH – AS IMPROVED

The Sales Comparison Approach – Improved is based upon the principle of substitution, which states that a person will not pay more for a property than the cost of acquiring an equally desirable substitute in the open market. This approach was considered in our valuation analysis. The improved sales presented provided an adequate indication for the subject as improved and are considered in developing a value estimate. In this analysis, this approach was given considerable weight in the final value estimate.

### INCOME CAPITALIZATION APPROACH

The income capitalization approach is typically employed in an appraisal of an office/warehouse facility. The Income Approach is based upon the estimated income the property could achieve in the open market. In this instance, there is sufficient rental, vacancy, and operating expense information as well as reasonably adequate capitalization rate data with which to conduct a credible income approach to value. However, given that most of this information is from published sources referring to investment grade properties, this approach was given less weight in the final value estimate.

### CONCLUSION OF VALUE

After considering the strengths of each approach, primary weight was afforded to the Sales Comparison Approach, as Improved. Based on the analyses and conclusions in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in this report, it is my opinion that the market value of the fee simple estate of the whole property, as of November 17, 2015 is:

**\$325,000**

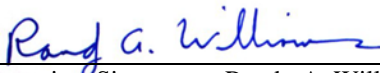


**ADDENDUM A**  
**Certification**  
**Qualifications of Appraiser(s)**  
**Assumptions and Limiting Conditions**

## CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. 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.
4. I have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Randy A. Williams, MAI, SR/WA, FRICS, Richard W. Scholtz, and Matthew H. Mitchell made a personal inspection of the property that is the subject of this report on November 17, 2015 and other dates.
10. Randy A. Williams, MAI, SR/WA, FRICS has performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.
11. Significant real property appraisal assistance, consisting of participating in the property inspection, conducting research on the subject, competitive markets and comparable data, all under the appropriate supervision, was provided by Richard W. Scholtz and Matthew H. Mitchell who have not signed this certification.
12. This appraisal is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
13. I have not relied on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.
14. It is my opinion that the subject does not include any enhancement in value as a result of any natural, cultural, recreational or scientific influences retrospective or prospective.
15. I have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
16. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
17. As of the date of this report, Randy A. Williams, MAI, SR/WA, FRICS has completed the continuing education program of the Texas Appraiser Licensing and Certification Board and the Appraisal Institute.



Appraiser Signature – Randy A. Williams, MAI, SR/WA, FRICS

TX-1320297-G

Certification Number

# Randy A. Williams, MAI, SR/WA, FRICS

## Experience

Randy Williams is the Senior Managing Director for Integra Realty Resources-Austin. Actively engaged in real estate valuation and consulting since 1977. Background includes appraisal and management in the real estate banking industry and appraisal, testimony, and appraisal review in private practice. Recent experience is concentrated in major urban/suburban development and eminent domain. Valuations have been performed on various properties including, but not limited to, neighborhood and community shopping centers, apartment complexes, single and multi-tenanted industrial buildings, low to high rise office buildings, mixed used facilities, vacant land for different uses and condemnation and right-of-way. Eminent domain experience includes design build projects such as SH 130 and SH 45, power line projects for the City of Austin, and pipeline projects ranging from sewer and waterlines to oil and gas pipelines. Mr. Williams recently completed a pipeline valve study and evaluation for a multiple county acquisition of valve sites in an existing petroleum line easement. Currently Mr. Williams is providing appraisal oversight and litigation support for a multiple county high pressure gas line in South Texas as well as performing appraisals on over 120 parcels for a proposed toll road in Southeast Virginia.

Mr. Williams was the lead appraiser for large Central Texas highway projects and coordinated four Integra offices (including Austin) that worked on this project. Clients served include accountants, investment firms, law firms, lenders, private and public agencies. Valuations have been performed for condemnation purposes, estates, financing, equity participation and due diligence support. Valuations and market studies have been completed on proposed, partially completed, renovated, and existing structures.

Mr. Williams is a past president of the International Right of Way Association (IRWA). Mr. Williams is a certified IRWA instructor and is also Chair of the IRWA International Relations Group. During his term as president, he taught the first IRWA eminent domain courses in China and South Africa. In Beijing, Mr. Williams taught Course 103 (Ethics and the Right of Way Profession) and Course 421 (The Valuation of Partial Acquisitions). In Johannesburg, he taught Course 103 while attending the South African Right of Way Association annual conference. Mr. Williams also spoke before the American Bar Association-American Law Institute at their 2012 Eminent Domain and Land Valuation Program.

While in China, Mr. Williams met with both the Ministry of Land and Ministry of Construction to discuss ways to further the ethical development of public and private infrastructure. Mr. Williams has since been engaged to teach appraisal and consulting theory in Beijing for BOUSCC. While in South Africa, Mr. Williams met with Dr. Mkhize, Premier of KwaZulu-Natal, and Cabinet Minister Patel, Minister of Economic Development, to discuss furthering infrastructure development in South Africa.

## Professional Activities & Affiliations

IRWA: Region Chair, June 2005 - May 2007

IRWA: Region Vice-Chair, June 2003 - May 2005

IRWA: Region Secretary, June 2001 - May 2003

IRWA: International President, June 2011 - June 2012

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## Integra Realty Resources

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## Randy A. Williams, MAI, SR/WA, FRICS

IRWA: International President Elect, June 2010  
IRWA: International Vice-President, Treasurer, June 2009  
IRWA: International Secretary, June 2008  
IRWA: International Executive Committee Member, November 2007  
IRWA: Chapter 74 President, January 1997  
IRWA: Chapter Professional of the Year, January 1997  
IRWA: Chapter Professional of the Year, January 2003  
AI: Austin Chapter President, January 2001  
FIABCI: Member of Education and Academic Members Committee  
IRWA: Co-Chair IRWA 2008 Austin Conference, June 2008  
IRWA: Past International President  
Appraisal Institute, Member (MAI) Appraisal Institute, July 1986  
International Right of Way Association, Senior Member (SR/WA) , April 1999  
Royal Institute of Chartered Surveyors, Fellow (FRICS) , August 2008

### Licenses

Texas, General Appraiser, 1320297-G, Expires March 2017  
Texas, Real Estate Broker, 0341018, Expires July 2017  
Virginia, Certified General Appraiser, 015384, Expires February 2017

### Education

Successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, the International Right of Way Association, accredited universities and others.

Uniform Appraisal Standards for Federal Land Acquisition for Fee Appraisers sponsored by the Appraisal Institute.

Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.

### Qualified Before Courts & Administrative Bodies

Qualified as an expert witness and testified before various judicial bodies including Federal Bankruptcy Court and Texas State District Court. Mr. Williams has also successfully testified as an expert in Travis, Williamson, Caldwell, Hays, Guadalupe, Comal, Bell, Hill and Austin County Commissioner's Court.

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# **Texas Appraiser Licensing and Certification Board**

P.O. Box 12188 Austin, Texas 78711-2188

## **Certified General Real Estate Appraiser**

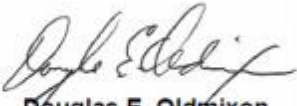
Number: **TX 1320297 G**

Issued: **02/19/2015**

Expires: **03/31/2017**

Appraiser: **RANDY ALLEN WILLIAMS**

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

  
Douglas E. Oldmixon  
Commissioner



## **Assumptions and Limiting Conditions**

In conducting this appraisal, I have assumed, except as otherwise noted in my report, as follows:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
5. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

My appraisal report is subject to the following limiting conditions, except as otherwise noted in my report:

1. An appraisal is inherently subjective and represents my opinion as to the value of the property appraised.
2. The conclusions stated in my appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and I reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. I am not required to give testimony or to be in attendance in court or any government or other hearing with reference to the property without written contractual arrangements having been made relative to such additional employment.
6. I have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and I have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in my appraisal.
8. I accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.
9. The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. This appraisal report shall be considered only in its entirety. No part of this appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without prior written consent from Integra Realty Resources.
11. Information, estimates and opinions contained in this report, obtained from sources outside of the office of the undersigned, are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in this appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.

14. No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in my appraisal; I have assumed that no extreme fluctuations in economic cycles will occur.
16. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in this report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by my analysis will vary from my estimates, and the variations may be material.
18. A study has been provided to us indicating the presence or absence of hazardous materials on the site or in the improvements, and my valuation is predicated upon the property being free and clear of any environment hazards.
19. I have not been provided with any evidence or documentation as to the presence or location of any flood plain areas and/or wetlands. Wetlands generally include swamps, marshes, bogs, and similar areas. I am not qualified to detect such areas. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
20. If condemnation proceedings become necessary, this appraiser will testify to an opinion reflecting the value of the whole property, the Part to be Acquired, the value of the entire remainder prior to the acquisition and the value of the entire remainder after the acquisition, reflecting any change in the size or character of the land and/or changes in number and/or conditions of the improvements located thereon.

# INTEGRA REALTY RESOURCES, INC.

## CORPORATE PROFILE

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in the United States with 61 independently owned and operated offices in 34 states and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and virtually all are headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Senior Managing Directors follows:

ATLANTA, GA - Sherry L. Watkins, MAI, FRICS  
AUSTIN, TX - Randy A. Williams, MAI, SR/WA, FRICS  
BALTIMORE, MD - G. Edward Kerr, MAI, MRICS  
BIRMINGHAM, AL - Rusty Rich, MAI, MRICS  
BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS  
BOSTON, MA - David L. Cary, Jr., MAI, MRICS  
CHARLESTON, SC - Cleveland "Bud" Wright, Jr., MAI  
CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE, FRICS  
CHICAGO, IL - Eric L. Enloe, MAI, FRICS  
CINCINNATI, OH - Gary S. Wright, MAI, FRICS, SRA  
CLEVELAND, OH - Douglas P. Sloan, MAI  
COLUMBIA, SC - Michael B. Dodds, MAI, CCIM  
COLUMBUS, OH - Bruce A. Daubner, MAI, FRICS  
DALLAS, TX - Mark R. Lamb, MAI, CPA, FRICS  
DAYTON, OH - Gary S. Wright, MAI, FRICS, SRA  
DENVER, CO - Brad A. Weiman, MAI, FRICS  
DETROIT, MI - Anthony Sanna, MAI, CRE, FRICS  
FORT WORTH, TX - Gregory B. Cook, SR/WA  
GREENSBORO, NC - Nancy Tritt, MAI, SRA, FRICS  
GREENVILLE, SC - Michael B. Dodds, MAI, CCIM  
HARTFORD, CT - Mark F. Bates, MAI, CRE, FRICS  
HOUSTON, TX - David R. Dominy, MAI, CRE, FRICS  
INDIANAPOLIS, IN - Michael C. Lady, MAI, SRA, CCIM, FRICS  
JACKSON, MS - J. Walter Allen, MAI, FRICS  
JACKSONVILLE, FL - Robert Crenshaw, MAI, FRICS  
KANSAS CITY, MO/KS - Kenneth Jagers, MAI, FRICS  
LAS VEGAS, NV - Charles E. Jack IV, MAI  
LOS ANGELES, CA - John G. Ellis, MAI, CRE, FRICS  
LOS ANGELES, CA - Matthew J. Swanson, MAI  
LOUISVILLE, KY - Stacey Nicholas, MAI, MRICS  
MEMPHIS, TN - J. Walter Allen, MAI, FRICS

MIAMI/PALM BEACH, FL - Anthony M. Graziano, MAI, CRE, FRICS  
MINNEAPOLIS, MN - Michael F. Amundson, MAI, CCIM, FRICS  
NAPLES, FL - Carlton J. Lloyd, MAI, FRICS  
NASHVILLE, TN - R. Paul Perutelli, MAI, SRA, FRICS  
NEW JERSEY COASTAL - Halvor J. Egeland, MAI  
NEW JERSEY NORTHERN - Matthew S. Krauser, CRE, FRICS  
NEW YORK, NY - Raymond T. Cirz, MAI, CRE, FRICS  
ORANGE COUNTY, CA - Larry D. Webb, MAI, FRICS  
ORLANDO, FL - Christopher Starkey, MAI, MRICS  
PHILADELPHIA, PA - Joseph D. Pasquarella, MAI, CRE, FRICS  
PHOENIX, AZ - Walter 'Tres' Winus III, MAI, FRICS  
PITTSBURGH, PA - Paul D. Griffith, MAI, CRE, FRICS  
PORTLAND, OR - Brian A. Glanville, MAI, CRE, FRICS  
PROVIDENCE, RI - Gerard H. McDonough, MAI, FRICS  
RALEIGH, NC - Chris R. Morris, MAI, FRICS  
RICHMOND, VA - Kenneth L. Brown, MAI, CCIM, FRICS  
SACRAMENTO, CA - Scott Beebe, MAI, FRICS  
ST. LOUIS, MO - P. Ryan McDonald, MAI, FRICS  
SALT LAKE CITY, UT - Darrin W. Liddell, MAI, CCIM, FRICS  
SAN DIEGO, CA - Jeff A. Greenwald, MAI, SRA, FRICS  
SAN FRANCISCO, CA - Jan Kleczewski, MAI, FRICS  
SARASOTA, FL - Carlton J. Lloyd, MAI, FRICS  
SAVANNAH, GA - J. Carl Schultz, Jr., MAI, FRICS, CRE, SRA  
SEATTLE, WA - Allen N. Safer, MAI, MRICS  
SYRACUSE, NY - William J. Kimball, MAI, FRICS  
TAMPA, FL - Bradford L. Johnson, MAI, MRICS  
TULSA, OK - Owen S. Ard, MAI  
WASHINGTON, DC - Patrick C. Kerr, MAI, SRA, FRICS  
WILMINGTON, DE - Douglas L. Nickel, MAI, FRICS  
CARIBBEAN/CAYMAN ISLANDS - James Andrews, MAI, FRICS

### Corporate Office

Eleven Times Square, 640 Eighth Avenue, 15th Floor, Suite A, New York, New York 10036  
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## **ADDENDUM B**

### **Definitions**

## DEFINITIONS

In most cases, the following definitions have been extracted, solely or in combination, from definitions and descriptions printed in:

- The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010 (Dictionary).
- The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, Chicago, Illinois, 2008 (Thirteenth Edition).
- Marshall Valuation Service, Marshall & Swift, Los Angeles, California, (MVS).
- Standard Method for Measuring Floor Area in Office Buildings, Building Owners and Managers Association International, Washington, DC, 1996 (BOMA Standard).

### Accrued Depreciation

The difference between the reproduction or replacement cost of the improvements on the effective date of the appraisal and the market value of the improvements on the same date. (*Dictionary*)

### Class of Office Building (*Dictionary*)

For the purposes of comparison, office space is grouped into three classes. These classes represent a subjective quality rating of buildings, which indicates the competitive ability of each building to attract similar types of tenants. Combinations of factors such as rent, building finishes, system standards and efficiency, building amenities, location/accessibility, and market perception are used as relative measures. (Note that national cost estimating services may classify office buildings differently than local markets.)

Class A office buildings are the most prestigious office buildings competing for the premier office users, with rents above average for the area. Buildings have high-quality standard finishes, state-of-the-art systems, exceptional accessibility, and a definite market presence.

Class B office buildings compete for a wide range of users, with rents in the average range for the area. Building finishes are fair to good for the area and systems are adequate, but the buildings do not compete with Class A buildings at the same price.

Class C office buildings compete for tenants requiring functional space at rents below the average for the area.

### Deferred Maintenance

Curable, physical deterioration that should be corrected immediately, although work has not commenced; denotes the need for immediate expenditures, but does not necessarily suggest inadequate maintenance in the past. (*Dictionary*)

### Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams as well as the quantity and timing of the reversion and discounts each to its present value at a specified yield rate. DCF analysis can be applied with any yield capitalization technique and may be performed on either a lease-by-lease or aggregate basis. (*Dictionary*)

### Disposition Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

1. Consummation of a sale will occur within a limited future marketing period specified by the client.
2. The actual market conditions currently prevailing are those to which the appraised property interest is subject.
3. The buyer and seller is each acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made in the limited time allowed for the completion of a sale.

8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. See also distress sale; forced price; liquidation value; market value. (*Dictionary*)

**Easement**

The right to use another's land for a stated purpose. (*Dictionary*)

**Effective Date**

The date at which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. (*Dictionary*)

**Entrepreneurial Incentive**

The amount that an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is an amount anticipated, prior to development, whereas entrepreneurial profit is an amount earned, estimated after completion. (*Thirteenth Edition*)

**Entrepreneurial Profit**

A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. (*Dictionary*)

**Excess Land; Surplus Land (*Dictionary*)**

**Excess Land:** In regard to an improved site, the land not needed to serve or support the existing improvement. In regard to a vacant site or a site considered as though vacant, the land not needed to accommodate the site's primary highest and best use. Such land may be separated from the larger site and have its own highest and best use, or it may allow for future expansion of the existing or anticipated improvement.

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

**Exposure Time**

The time a property remains on the market. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (*Dictionary*)

**Fee Simple Estate**

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (*Dictionary*)

**Floor Area Ratio (FAR)**

The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. (*Dictionary*)

**Gross Building Area (GBA)**

The total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded. (*Dictionary*)



**Highest and Best Use**

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 legal permissibility, physical possibility, financial feasibility, and maximum productivity. (*Dictionary*)

**Insurable Value**

Value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and noninsurable items. Sometimes cash value or market value, but often entirely a cost concept. (*MVS*)

**Larger Parcel**

In governmental land acquisitions, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use. (*Dictionary*)

**Leased Fee Interest**

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

**Leasehold Interest**

The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions. (*Dictionary*)

**Lease Type**

**Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay all or most of the property's operating expenses and real estate taxes. (*Dictionary*)

**Modified Gross Lease:** A lease in which certain types of expenses are paid by the landlord and other types are paid by the tenants. The meaning of the term "modified gross lease" varies from market to market; therefore the analyst should identify the specific expense responsibilities of the owner and tenant whenever the term is used. (Thirteenth Edition) The modified gross lease type is intended to include leases that are sometimes called net, single net, double net, partial net, and semi-gross.

**Net Lease:** A lease in which the tenant pays most but not all of the operating expenses of a property, and the landlord is responsible for some expenses. Sometimes called single net or double net lease. The net lease category is intended to include leases that do not meet the definition of a triple net or absolute net lease. Whenever the term net lease is used, an analyst should identify the specific expense responsibilities of the tenant and owner.

**Triple Net Lease:** A net lease under which the lessee assumes all expenses of operating a property, including both fixed and variable expenses and any common area maintenance that might apply, but the landlord is responsible for structural repairs. Also called net net net or NNN lease. (*Dictionary*)

**Absolute Net Lease:** A lease in which the tenant pays all expenses including structural maintenance and repairs; usually a long-term lease to a credit tenant. (*Dictionary*)

**Liquidation Value**

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

1. Consummation of a sale will occur within a severely limited future marketing period specified by the client.
2. The actual market conditions currently prevailing are those to which the appraised property interest is subject.
3. The buyer is acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.

6. The buyer is acting in what he or she considers his or her best interest.
7. A limited marketing effort and time will be allowed for the completion of a sale.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can be modified to provide for valuation with specified financing terms. (*Dictionary*)

### **Market Rent**

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the typical lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (*Thirteenth Edition*)

### **Market Value**

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition 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 best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in United States 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.

*Source: Office of the Comptroller of the Currency under 12CFR, Part 34, Subpart C-Appraisals, 34.42 Definition (f).*

The previous definition is used in support of City of Austin v. Cannizzo, 267 S.W. 2d 808, 815 (Texas 1954), which defines market value as:

...the price which the property would bring when it is offered for sale by one who desires, but is not obliged to sell, and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future.

### **Marketing Time**

The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. (*Dictionary*)

### **Partial Taking**

The taking of part of any real property interest for public use under the power of eminent domain; requires the payment of compensation. (*Dictionary*)

### **Rentable Area (RA)**

The amount of space on which rent is based. Under the *BOMA Standard*, rentable area equals usable area plus common areas such as lobbies, corridors, washrooms, and mechanical rooms; however, rentable area specifically excludes vertical penetrations such as elevator shafts, stairs, pipe shafts and their enclosing walls. (*BOMA Standard*)

**Replacement Cost**

The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design and layout. (*Dictionary*)

**Reproduction Cost**

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. (*Dictionary*)

**Stabilized Occupancy**

Occupancy at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property; the optimum range of long-term occupancy which an income-producing real estate project is expected to achieve under competent management, after exposure for leasing in the open market for a reasonable period of time at terms and conditions comparable to competitive offerings. (*Dictionary*)

**Usable Area**

The actual occupied area, calculated by measuring the area enclosed by: the finished surface of the office side of corridor and other permanent walls; the inside finished surface of the permanent outer building wall or a major vertical penetration; and the center of partitions that separate the area being measured from adjoining usable areas. No deductions shall be made for columns and projections necessary to the building. Usable area does not include mechanical rooms, janitorial rooms, restrooms, upper level floor lobbies, and any major vertical penetrations of a multi-tenant floor. (*BOMA EER and BOMA Standard*)

**Value After the Taking**

In condemnation, the market value of the remainder parcel in the partial taking. (*Dictionary*)

**Value Before the Taking**

In eminent domain, the market value of the whole property prior to the taking. (*Dictionary*)

**Zoning**

Public regulation of the use of private land through application of police power; accomplished by establishing districts or areas with uniform requirements relating to lot coverage, setbacks, type of improvement, permitted activities, signage, structure height, minimum lot area, density, landscaping, and other aspects of land use and development. Zoning regulations are established by enactment of a local (city, town, or county) zoning ordinance. (*Dictionary*)

**ADDENDUM C**

**Project/Survey Maps And Legal Descriptions**

**EXHIBIT A**

County: Fort Bend  
Highway: U.S. 90A  
Project Limits: at UPRR in Rosenberg  
RCSJ: 0027-06-054

**PROPERTY DESCRIPTION FOR PARCEL 8**

Being a 1.074 acre (46,800 square feet) parcel of land out of the Henry Scott Survey, Abstract No. 83, in Fort Bend County, Texas, same being the remaining portion of that tract described as 1.82 acres in a deed from H. Blase and Fred Blase to the County of Fort Bend as executed on September 3, 1929 and recorded in Volume 127, Page 420 of the Deed Records of Fort Bend County (D.R.F.B.C.), Texas, said 1.074 acre parcel of land being more particularly described by metes and bounds as follows:

COMMENCING at a point in the existing northwest right-of-way line of S.P. 529 (width varies) and the southeast right-of-way line of the Union Pacific Railroad (100 feet wide), from which a 1/2-inch iron rod found bears North 36°35'17" West a distance of 0.43 feet;

THENCE, North 53°24'43" East, along the existing northwest right-of-way line of S.P. 529 and the southeast right-of-way line of the Union Pacific Railroad, a distance of 34.60 feet to a 5/8-inch iron rod found for the POINT OF BEGINNING having Coordinates of North=13,766,051.57, East=2,979,864.33;

- 1) THENCE, North 53°24'43" East, along the existing southeast right-of-way of the Union Pacific Railroad, a distance of 261.86 feet to a point in the existing southwest right-of-way line of U.S. 90A (100 feet wide), from which a 5/8-inch iron rod found bears North 53°32'47" East a distance of 4.89 feet;
- 2) THENCE, South 56°33'57" East, with the existing southwest right-of-way line of U.S. 90A, a distance of 131.67 feet to a point, same being the beginning of a curve to the left from which a TxDOT Type 1 concrete monument found bears South 22°40'53" West 3.54 feet;
- 3) THENCE, southeasterly, along the existing southwest right-of-way line of U.S. 90A, along said curve to the left, with an arc distance of 177.25 feet, a central angle of 10°06'20", a radius of 1,004.95 feet, and a chord which bears South 61°58'26" East, a distance of 177.02 feet to a point in the existing northwest right-of-way line of S.P. 529;

**EXHIBIT A**

- 4) THENCE, South  $87^{\circ}11'36''$  West, with the existing northwest right-of-way line of S.P. 529, a distance of 59.25 feet to a point, same being the beginning of a curve to the left;
- 5) THENCE, southwesterly, along the existing northwest right-of-way line of S.P. 529, along said curve to the left, with an arc distance of 359.98 feet, a central angle of  $13^{\circ}54'38''$ , a radius of 1,482.70 feet, and a chord which bears South  $80^{\circ}14'17''$  West, a distance of 359.09 feet to a point in the existing northwest right-of-way line of S.P. 529;
- 6) THENCE, North  $44^{\circ}57'27''$  West, along the existing northwest right-of-way line of S.P. 529, passing at 1.86 feet a 5/8-inch iron rod found, continuing 87.77 feet for a total distance of 89.63 feet to the POINT OF BEGINNING and containing 1.074 acres (46,800 square feet) of land.



**EXHIBIT A**

All bearings are based on the Texas State Plane Coordinate System, South Central Zone, North American Datum 1983, 1993 Adjustment. All distances and coordinates shown are surface and may be converted to grid by dividing by a combined scale factor of 1.00013. Source of bearings – the following stations were held horizontally: TXAC, TXHE, TXLM, TXRS.

**\*\*** The monument described and set in this call may be replaced with a TxDOT Type II right-of-way marker upon completion of the highway construction project under the supervision of a Registered Professional Land Surveyor, either employed or retained by TxDOT.

A parcel plat of even date was prepared in conjunction with this property description.

Access will be permitted to the remainder property abutting the highway facility.

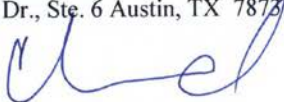
STATE OF TEXAS       §  
                                  §       KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF TRAVIS   §

That I, Chris Conrad, a Registered Professional Land Surveyor, do hereby certify that the above description is true and correct to the best of my knowledge and belief and that the property described herein was determined by a survey made on the ground under my direction and supervision.

WITNESS MY HAND AND SEAL at Austin, Travis County, Texas, this the 10th day of April, 2015 A.D.

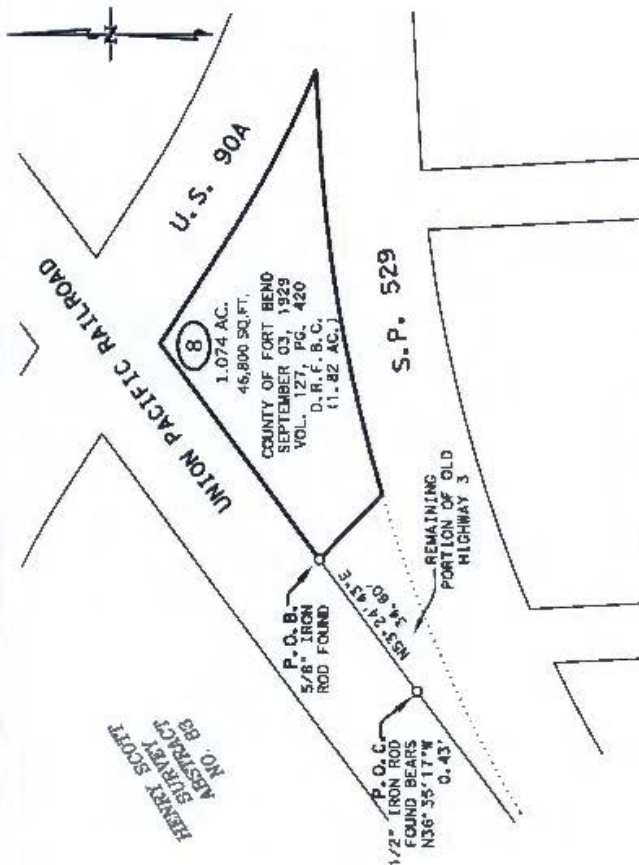
SURVEYED BY:

**McGRAY & McGRAY LAND SURVEYORS, INC.**  
3301 Hancock Dr., Ste. 6 Austin, TX 78731 (512) 451-8591



Chris Conrad, Reg. Professional Land Surveyor No. 5623

- NOTES:
1. ALL BEARINGS AND COORDINATES SHOWN HEREON ARE BASED ON THE TEXAS COORDINATE SYSTEM, SOUTH CENTRAL ZONE, NORTH AMERICAN DATUM OF 1983. 1993 ADJUSTMENT. ALL DISTANCES AND COORDINATES SHOWN ARE SURFACE AND MAY BE CONVERTED TO GRID BY DIVIDING BY A COMBINED ADJUSTMENT FACTOR OF 1.00013. SOURCE OF BEARINGS - THE FOLLOWING STATIONS WERE HELD HORIZONTALLY: TAC, TXEL, TXLM, TXRS.
  2. DRAWINGS ARE BASED ON ABSTRACTING PERFORMED OCTOBER 2013 THROUGH FEBRUARY 2014.
  3. DRAWINGS ARE BASED ON FIELD SURVEYS PERFORMED OCTOBER 2013 THROUGH FEBRUARY 2014.
  4. A PROPERTY DESCRIPTION OF EVEN DATE WAS PREPARED IN CONJUNCTION WITH THIS PARCEL PLAT.
  5. THE ACREAGE CALCULATED AND SHOWN HEREON IS CONVERTED FROM THE SQUARE FOOTAGE SHOWN HERE ON AND IS FOR INFORMATIONAL PURPOSES ONLY.
  6. \*\* THE MONUMENT DESCRIBED AND SET MAY BE REPLACED WITH A TxDOT TYPE II ROW MARKER UPON COMPLETION OF THE HIGHWAY CONSTRUCTION PROJECT UNDER SUPERVISION OF A REGISTERED PROFESSIONAL LAND SURVEYOR EITHER EMPLOYED OR RETAINED BY TxDOT.
  7. ACCESS WILL BE PERMITTED TO THE REMAINDER PROPERTY ADJUTING THE HIGHWAY FACILITY.



INSET PARCEL 8  
NOT TO SCALE

I HEREBY CERTIFY THAT THIS PLAT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF AND THAT THE PROPERTY SHOWN HEREIN WAS DETERMINED BY A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION.



CHRIS CONRAD, REG. PROF. LAND SURVEYOR NO. 5623  
DATE 04/10/2015

PAGE 4 OF 6

# REVISIONS

SURVEYED	TAKING	REMAINING RT
1.074 AC. 46,800 SQ.FT.	1.074 AC. 46,800 SQ.FT.	0

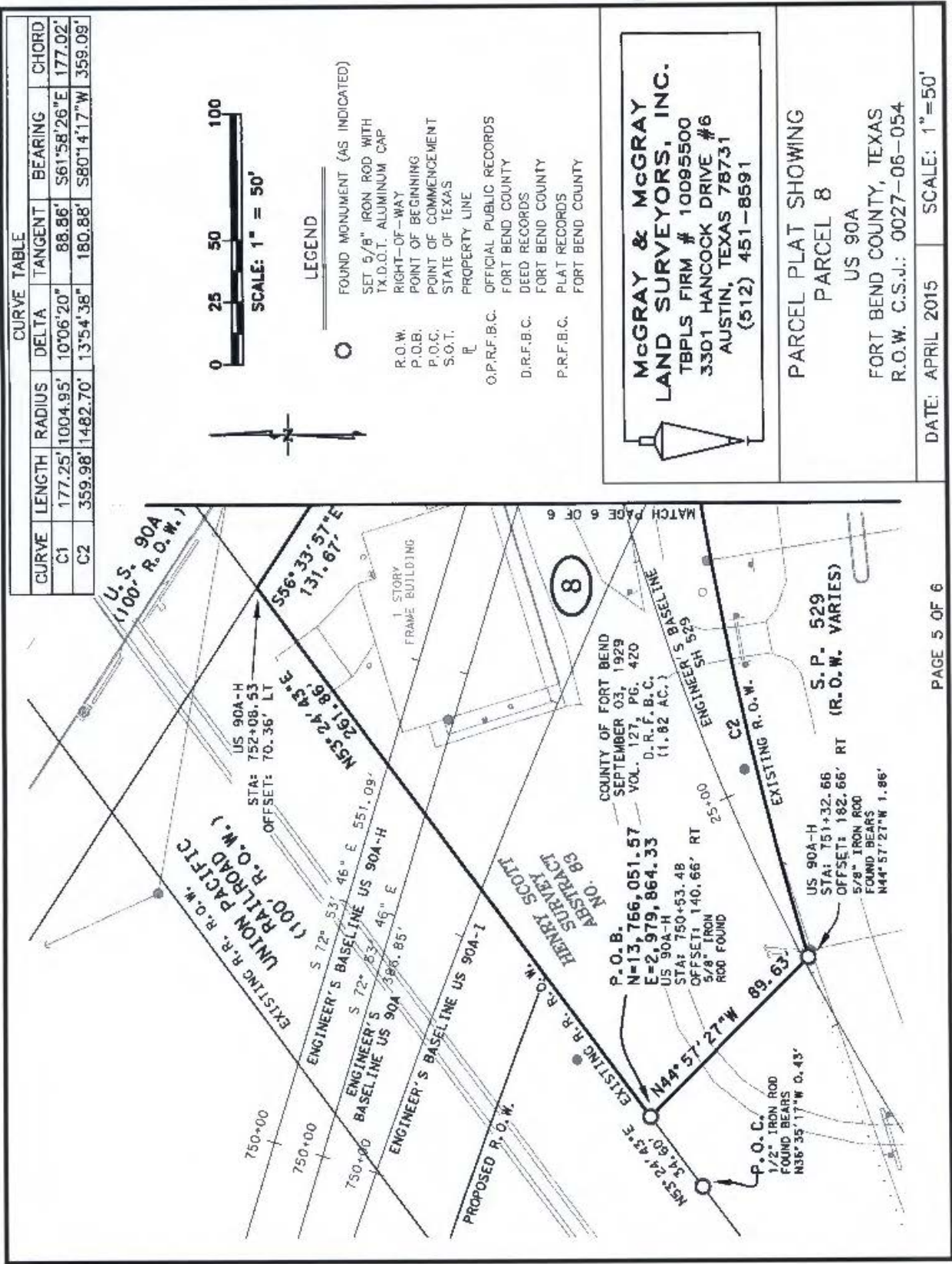
**McGRAY & McGRAY**  
**LAND SURVEYORS, INC.**  
TBPLS FIRM # 10095500  
3301 HANCOCK DRIVE #6  
AUSTIN, TEXAS 78731  
(512) 451-8591

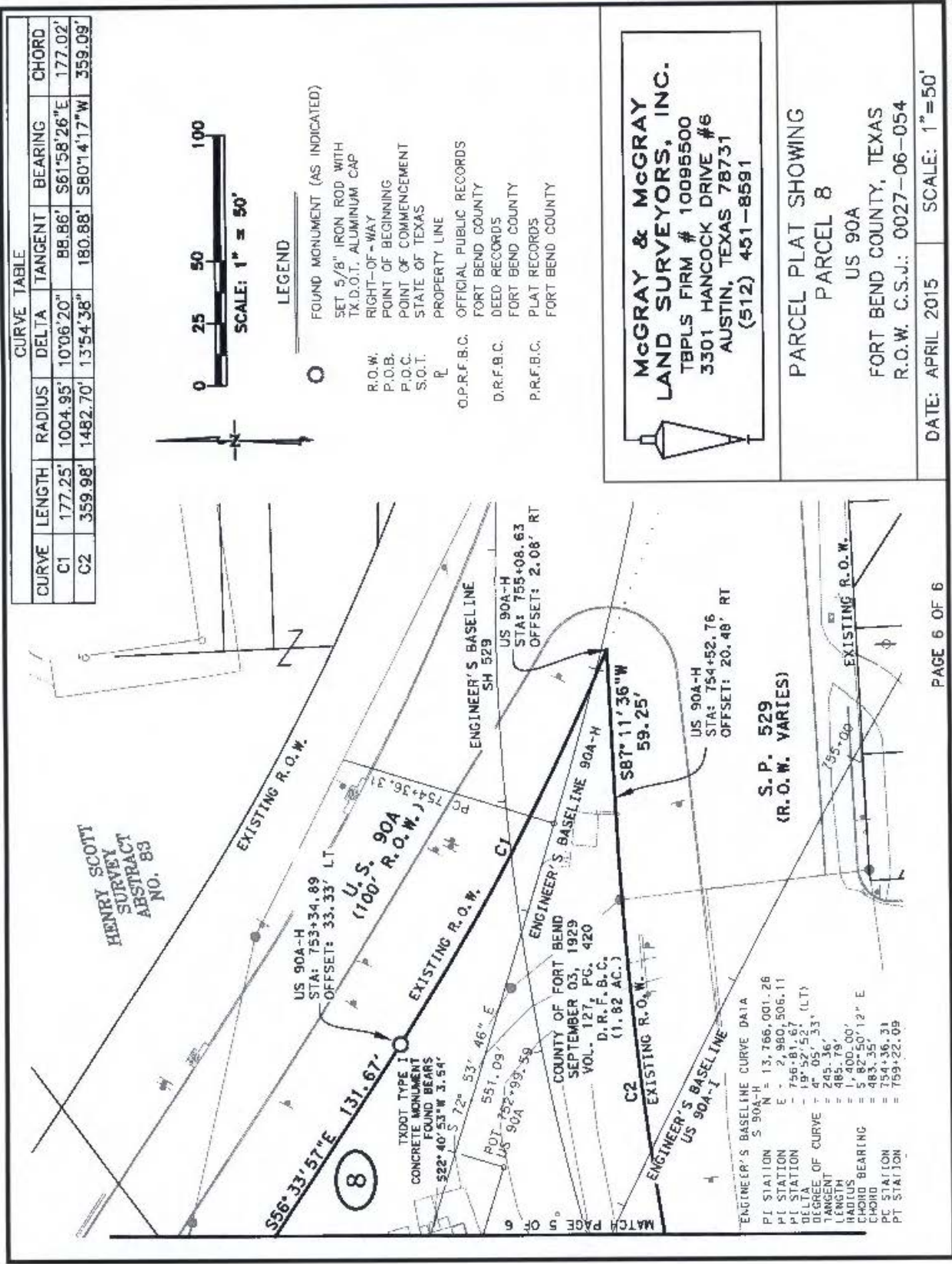
PARCEL PLAT SHOWING  
PARCEL 8  
U.S. 90A  
FORT BEND COUNTY, TEXAS  
R.O.W. C.S.J.: 0027-06-054

DATE: APRIL 2015 SCALE: N.T.S.

FILE: Parcel 8







**Calculation Sheet  
Parcel 8 (1.074 AC.)**

County: Fort Bend  
Highway: US 90A

Project Limits: US90A: AT UPRR IN ROSENBERG  
RCSJ: 0027-06-054

POC N North: 13766030.9464 East: 2979836.5482  
Course: N 53-24-43 E Distance: 34.6000  
North: 13766051.5700 East: 2979864.3300  
POB N North: 13766051.5700 East: 2979864.3300  
Course: N 53-24-43 E Distance: 261.8600  
North: 13766207.6536 East: 2980074.5883  
Course: S 56-33-57 E Distance: 131.6700  
North: 13766135.1063 East: 2980184.4695  
Arc Length: 177.2497 Radius: 1004.9500 Delta: -10-06-20  
Tangent: 88.8553 Chord: 177.0200 Ch Course: S 61-58-26 E  
Course In: N 33-04-44 E Out: S 22-58-24 W  
Ctr North: 13766977.1735 East: 2980732.9650  
End North: 13766051.9292 East: 2980340.7310  
Course: S 87-11-36 W Distance: 59.2500  
North: 13766049.0280 East: 2980281.5521  
Arc Length: 359.9734 Radius: 1482.7000 Delta: -13-54-37  
Tangent: 180.8760 Chord: 359.0900 Ch Course: S 80-14-17 W  
Course In: S 02-48-24 E Out: N 16-43-02 W  
Ctr North: 13764568.1066 East: 2980354.1559  
End North: 13765988.1425 East: 2979927.6614  
Course: N 44-57-27 W Distance: 89.6300  
North: 13766051.5675 East: 2979864.3305

Perimeter: 1079.6331

Area: 46,800 sf 1.0744 acres

**ADDENDUM D**

**Property Information**



## FORT BEND CENTRAL APPRAISAL DISTRICT

Property	Owner	Property Address	2015 Assessed Value
R403995	FORT BEND COUNTY	AVENUE H, ROSENBERG, TX 77471	\$112,920

## 2015 GENERAL INFORMATION

Property Status	Active
Property Type	Real Exempt
Legal Description	0083 HY SCOTT, ACRES 1.13
Neighborhood	Rosenberg Fraternal Hall
Account	0083-00-000-0015-901
Total Land Area	49,223 Sq. Ft
Total Improvement Main Area	0 Sq. Ft

## 2015 OWNER INFORMATION

Owner Name	Fort Bend County
Owner ID	O0009421
Exemptions	Exempt Property
Percent Ownership	100%
Mailing Address	Mail Center 301 Jackson ST #RM 101 Richmond, TX 77469-3108

## 2015 VALUE INFORMATION

Improvement Homesite Value	\$0
Improvement Non-Homesite Value	\$0
Total Improvement Market Value	\$0
Land Homesite Value	\$0
Land Non-Homesite Value	\$112,920
Land Agricultural Market Value	\$0
Total Land Market Value	\$112,920
Total Market Value	\$112,920
Agricultural Use	\$0
Total Appraised Value	\$112,920
Homestead Cap Loss	-\$0
Total Assessed Value	\$112,920

## 2015 ENTITIES &amp; EXEMPTIONS

TAXING ENTITY	EXEMPTIONS	AMOUNT	TAXABLE VALUE	TAX RATE PER 100	TAX CEILING
C17- City of Rosenberg	Other	\$112,920	\$0	0.47	0
 CAD- Fort Bend Central Appraisal District	Other	\$112,920	\$0	0	0
D01- Fort Bend Dmg	Other	\$112,920	\$0	0.021	0
G01- Ft Bend Co Gen	Other	\$112,920	\$0	0.465	0
S01- Lamar CISD	Other	\$112,920	\$0	1.39005	0
SM106- West Fort Bend Management District	Other	\$112,920	\$0	0	0
<b>TOTALS</b>			<b>2.34605</b>		

## 2015 LAND SEGMENTS

LAND SEGMENT TYPE	STATE CODE	HOMESITE	MARKET VALUE	AG USE LOSS	LAND SIZE
1 - Commercial Primary	XV - Other Exemptions (not reported elsewhere)	No	\$112,920	\$0	49,223 Sq. ft

## VALUE HISTORY

YEAR	IMPROVEMENT	LAND	MARKET	AG MARKET	AG LOSS	APPRAISED	HS CAP LOSS	ASSESSED
2014	\$0	\$112,920	\$112,920	\$0	\$0	\$112,920	\$0	\$112,920
2013	\$0	\$112,920	\$112,920	\$0	\$0	\$112,920	\$0	\$112,920
2012	\$0	\$112,920	\$112,920	\$0	\$0	\$112,920	\$0	\$112,920

## Disclaimer

*Every effort has been made to offer the most current and correct information possible on these pages. The information included on these pages has been compiled by County staff from a variety of sources, and is subject to change without notice. The Fort Bend Central Appraisal District makes no warranties or representations whatsoever regarding the quality, content, completeness, accuracy or adequacy of such information and data. The Fort Bend Central Appraisal District reserves the right to make changes at any time without notice. Original records may differ from the information on these pages. Verification of information on source documents is recommended. By using this application, you assume all risks arising out of or associated with access to these pages, including but not limited to risks of damage to your computer, peripherals, software and data from any virus, software, file or other cause associated with access to this application. The Fort Bend Central Appraisal District shall not be liable for any damages whatsoever arising out of any cause relating to use of this application, including but not limited to mistakes, omissions, deletions, errors, or defects in any information contained in these pages, or any failure to receive or delay in receiving information. sed or implied.*

## **ADDENDUM E**

### **Owner Contact Information**



October 28, 2015

County Of Fort Bend  
301 Jackson Street, Room 301  
Richmond, TX 77469-3108

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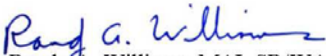
US Highway 90A: At UPRR in Rosenberg  
Property Identification: 8  
Tax Records Address: Avenue H, Rosenberg, TX 77471

Greetings:

Previously, the Texas Department of Transportation has developed plans to improve US Highway 90A at UPRR in Rosenberg and is now proceeding with the right of way acquisition process for certain segments of the project. Contract Land Staff has retained Integra Realty Resources to perform real estate appraisals of certain properties identified to be part of the project.

Inspection of the property is an important part of the appraisal process. We would like to give you the opportunity to schedule an appointment to re-inspect the property. If you have any additional questions please feel free to call me or my associates, Matthew Mitchell or Richard Scholtz at 512-459-3440.

Sincerely,  
INTEGRA REALTY RESOURCES

  
Randy A. Williams, MAI, SR/WA, FRICS  
Senior Managing Director  
Austin Office

U.S. Postal Service  
Certified Mail Receipt

ARTICLE NUMBER  
9414 7118 9956 3473 3388 63

ARTICLE ADDRESS TO:  
County of Fort Bend  
301 Jackson Street, Room 301  
Richmond TX 77469-3108

**FEES**

Postage per piece	\$0.485
Certified Fee	\$3.450
Return Receipt Fee	\$2.800
<b>Total Postage &amp; Fees:</b>	<b>\$6.735</b>

Postmark  
Here

Guenevere Cueva  
Integra Realty Resources-Austin  
3755 S. Capital of Tx Hwy. Suite 245  
Austin TX 78704-8810

PS Form 3800 6/02

**CERTIFIED MAIL**



9414 7118 9956 3473 3388 63

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature: ☒ Addressee or ☐ Agent

**X** *Guenevere Cueva*

B. Received By: (Please Print Clearly)

C. Date of Delivery

NOV 02 2015

D. Addressee's Address (If Different From Address Used by Sender)

Secondary Address / Suite / Apt. / Floor (Please Print Clearly)

Delivery Address

City State ZIP + 4 Code

RETURN RECEIPT REQUESTED

Article Addressed To:

County of Fort Bend  
301 Jackson Street, Room 301  
Richmond TX 77469-3108