AN APPRAISAL REPORT OF

A 1.148 ACRE TRACT OF LAND
LOCATED AT 2400 BRYAN STREET,
at the SOUTHWEST CORNER OF BRYAN
STREET and US 75
DALLAS, DALLAS COUNTY, TX 75201

FOR

MR. SCOTT GALBRAITH
VICE PRESIDENT
RMGM DEVELOPERS
320 WEST MAIN STREET
LEWISVILLE, TX 75057

AND

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS
221 EAST 11TH STREET
AUSTIN, TEXAS 78711

Date of Valuation “As Is”: January 6, 2018
Date of Report: January 22, 2018

BY

BBG, INC.
8300 DOUGLAS AVENUE, SUITE 600
DALLAS, TX 75225
877.524.1187

FOR QUESTIONS OR MORE INFORMATION ABOUT
THIS REPORT,
PLEASE CONTACT YOUR BBG CLIENT MANAGER,
MARY ANN BARNETT, MAI AT 214-269-0522
MBARNETT@BHGRES.COM
January 22, 2018

Mr. Scott Galbraith
Vice President
RMGM Developers
320 West Main Street
Lewisville, TX 75057

And

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78711

Re: File No. 0117011787

A 1.148 Acre Tract of Land
Located at 2400 Bryan Street
Southwest Corner of Bryan Street and US 75
Dallas, Dallas County, TX

Dear Mr. Galbraith:

We have prepared an appraisal on the above referenced property, the conclusions of which are set forth in the attached Appraisal Report. The purpose of this appraisal was to form an opinion of the as-is market value of the fee simple interest in subject property as of the date of inspection, which was January 6, 2018, subject to the general underlying assumptions and hypothetical and limiting conditions cited herein.

The intended use of this appraisal by our client and the intended user, RMGM Developers, is for collateral valuation for tax credit application purposes. The Texas Department of Housing and Community Affairs (TDHCA) is also deemed a user of the report. The intent of this report is conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) as set forth by the Appraisal Foundation and with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, as well as to conform to the 2017 Qualified Allocation Plan and Related Laws and Rules and the 2017 Real Estate Analysis Rules, as published by TDHCA. The Appraisers have read and understand the Department rules specific to the 2018 Qualified Allocation Plan and Related Laws and Rules as well as the rules found in §10.304 of the 2018 Real Estate Analysis Rules and Guidelines, as published by TDHCA. Per §10.304 of the 2018 Real Estate Analysis Rules and Guidelines, BBG, Inc. as well as the persons preparing the appraisal are disinterested parties and will not materially benefit from the Development in any other way than receiving a fee for performing
the appraisal and that the fee is in no way contingent upon the outcome of the appraisal. In addition, this report has been prepared to meet any further requirements of RMGM Developers, as well as Title XI, 12 CFR Part 323 (FDIC) of FIRREA and FIL-82-2010 Interagency Guidance Appraisal and Evaluation guidelines.

The subject property is a 1.148-acre tract of land located at 2400 Bryan Street, Dallas, Dallas County, Texas. It has frontage along the southeast side of Bryan Street and the west side of US 75 on the east side of the Dallas CBD. Per our inspection and a review of Dallas County records, the subject is currently improved with a 65-space, asphalt paved surface parking lot and a billboard; all improvements serve as an interim use and will be removed prior to construction of the proposed improvements. It is zoned “CA-1(A)”, Central Area District with an FAR of 20.0:1.00, according to the City of Dallas. According to searches of Dallas County records, the subject property is currently owned by Bryan Street Land Holdings, LLC.

The subject is under contract from Bryan Street Land Holdings, LLC to RMGM Developers, LLC for $7,500,000 in a non-arm’s length transaction between related entities. Despite the fact that this contract is between related entities, based on the analysis and opinions herein for the subject, the contract price appears to be near market levels.

In view of the following facts and data in conjunction with this appraisal, it is our opinion that the Market Value of the Fee Simple interest of the subject property, “as is,” as of January 6, 2018, subject to the general underlying assumptions and hypothetical and limiting conditions was

$7,750,000

**Hypothetical Condition**

The “as is” value conclusion is predicated on the assumption that the subject site is vacant and ready for development.

**Extraordinary Assumption**

None.

**Exposure Time/Marketing Time**

Based on exposure times of comparable sales and interviews with active participants in the local apartment market, the Market Value opinion could have been achieved within an exposure time of less than 12 months prior to the effective date of this appraisal. Furthermore, it is our opinion that a sale could be consummated at the Market Value opinion stated herein within a 12-month marketing time after the effective date of the appraisal.

This letter must remain attached to the report, which contains 63 pages plus related exhibits, in order for the value opinion set forth to be considered valid.
Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Respectfully submitted,

BBG, Inc.

Mary Ann Barnett, MAI
State Certified Appraiser
Texas- 1326580-G

Michael Nelson
State Certified Appraiser
Texas- 1380389-G
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## SUMMARY OF SALIENT FACTS

| Property | A 1.148 Acre Tract of Land  
Located at 2400 Bryan Street  
Southwest Corner of Bryan Street and US 75  
Dallas, Dallas County, TX 75201 |
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<tr>
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<tbody>
<tr>
<td>Date of Inspection</td>
<td>January 6, 2018</td>
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<tr>
<td>Date of Valuation</td>
<td>January 6, 2018</td>
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<td>Date of Report</td>
<td>January 22, 2018</td>
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<tr>
<td>Interest Appraised</td>
<td>Fee Simple</td>
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### Physical Data
- **Land Area**: 1.148 Acres (50,000 SF) (Per Site Dimension Map)
- **Floodplain**: Zone X, Panel No. 48113C0345J
- **Utilities**: All available to site
- **Zoning Classification**: CA-1(A), City of Dallas
- **Status**: a legal, conforming use
- **Highest and Best Use**: "As if Vacant" High-Density Multifamily development

### Value Conclusion
- **"As Is"**: $7,750,000
- **PSF**: $155.00
- **Exposure Time**: 12 months or less
- **Marketing Time**: 12 months or less

### Hypothetical Condition
The "as is" value conclusion is predicated on the assumption that the subject site is vacant and ready for development.

### Extraordinary Assumption
None
SUBJECT AT A GLANCE

Subject Photo

Site Dimension Map (Subject Tract outlined in Green)
CERTIFICATION

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

- The statements of fact contained in this report are true and correct.

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. Our engagement in this assignment was not contingent upon developing or reporting predetermined results. The racial/ethnic composition of the neighborhood surrounding the property in no way affected the appraisal determination.

- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

- Michael Nelson made an inspection of the property that is the subject of this report. Mary Ann Barnett, MAI, did not inspect the subject of this appraisal but has reviewed the analysis and opinions contained herein.

- Stephen Burgher provided significant real property appraisal assistance to the persons signing this certification in the form of research assistance.

- The undersigned 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.

- 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. This report has also been prepared to meet any further appraisal reporting requirements of the Texas Department of Housing and Community Affairs and RMGM Developers, as well as Title XI, 12 CFR Part 323 (FDIC) of FIRREA. Per §10.304 of the 2018 Real Estate Analysis Rules and Guidelines as prepared by TDHCA, BBG, Inc. as well as the persons preparing the appraisal are disinterested parties and will not materially benefit from the Development in any other way than receiving a fee for performing the appraisal and that the fee is in no way contingent upon the outcome of the appraisal.

- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

- We are under contract for this specific assignment and have no other side deals, agreements, or financial considerations with RMGM Developers in connections with this transaction.
As of the date of this report, Mary Ann Barnett, MAI has completed the requirements of the continuing education program of the Appraisal Institute. Michael Nelson has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Candidates for Designation. Mary Ann Barnett, MAI and Michael Nelson have completed the Appraiser Licensing requirements of the state in which the property is located.

Mary Ann Barnett, MAI
State Certified Appraiser
Texas - 1326580-G

Michael Nelson
State Certified Appraiser
Texas- 1380389-G
INTRODUCTION

Property Appraised
A 1.148 Acre Tract of Land
Located at 2400 Bryan Street
Southwest Corner of Bryan Street and US 75
Dallas, Dallas County, TX

Property Identification
The subject property is a 1.148-acre tract of land located at 2400 Bryan Street, Dallas, Dallas County, Texas. It has frontage along the southeast side of Bryan Street and the west side of US 75 on the east side of the Dallas CBD. Per our inspection and a review of Dallas County records, the subject site is currently improved with a 65-space, asphalt paved surface parking lot and a billboard. It is zoned "CA-1(A)", Central Area District.

Legal Description
According to Dallas County records, the subject is legally described as a part of two tracts, being all of Tract 1, Blocks 264 & 4/312 and part of a 4.106-acre tract of land situated in Blocks 259, 264 & 1/312, J Grisby Abstract 495, City of Dallas, Dallas County, Texas. A metes and bounds legal description of both parent tracts was provided in the Purchase and Sale Agreement.

Type of Value, Intended Use and User of the Appraisal
The purpose of this appraisal was to form an opinion of the as-is market value of the fee simple interest in the property as of the date of inspection, which was January 6, 2018, subject to the general underlying assumptions and hypothetical and limiting conditions cited herein.

The intended use of this appraisal by our client and the intended user, RMGM Developers, is for collateral valuation for tax credit application purposes. The Texas Department of Housing and Community Affairs (TDHCA) is also deemed a user of the report. The intent of this report is conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) as set forth by the Appraisal Foundation and with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, as well as to conform to the 2018 Qualified Allocation Plan and Related Laws and Rules and the 2018 Real Estate Analysis Rules, as published by TDHCA. The Appraisers have read and understand the Department rules specific to the 2018 Qualified Allocation Plan and Related Laws and Rules as well as the rules found in §10.304 of the 2018 Real Estate Analysis Rules and Guidelines, as published by TDHCA. Per §10.304 of the 2018 Real Estate Analysis Rules and Guidelines, BBG, Inc. as well as the persons preparing the appraisal are disinterested parties and will not materially benefit from the Development in any other way than receiving a fee for performing the appraisal and that the fee is in no way contingent upon the outcome of the appraisal. In addition, this report has been prepared to meet any further requirements of RMGM Developers, as well as Title XI, 12 CFR Part 323 (FDIC) of FIRREA and FIL-82-2010 Interagency Guidance Appraisal and Evaluation guidelines.

Property Rights Appraised
The improved property is appraised in Fee Simple ownership, subject to other restrictions as noted herein.
Definition of Market Value

The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. \[^1\]

History of the Subject Property

According to the Dallas Central Appraisal District (DCAD), ownership of the subject is currently vested in Bryan Street Land Holdings, LLC According to the provided Purchase and Sale Agreement, the subject property is under contract from Bryan Street Land Holdings, LLC to RMGM Developers, LLC and a to-be-formed entity, 2400 Bryan Street, LP. for $7,500,000. According to the seller’s contact, this transaction is between related entities and is considered non-arm’s length. Despite this fact, based on the analysis and opinions herein for the subject, the transaction still appears to be near market levels.

The prospective purchaser intends to develop the site with a 15-story, mixed-use, mixed-income project that will feature 212 multifamily units (49% LIHTC income restricted units and 51% market rate units) and approximately 10,000 SF of ground floor retail space.

Prior to this, the property was purchased by the current owner in April 2016 from MSW Bryan Street LP for an undisclosed sum. MSW Bryan Street LP purchased this property from Bryan Central J V in December 2015 for an undisclosed sum. We are unaware of any other sale transactions involving the subject within the three-year period immediately preceding the effective date of appraisal, nor are we aware of any other listing agreements, purchase offers, and/or option contracts to be outstanding on the property as of the date of this report. Please note, however, that this information is included only to satisfy the requirements of USPAP. It is not intended as a guarantee to the chain of title, and a title search should be performed by a title company should a definitive abstract be desired.

Scope of Appraisal/Extent of the Data Collection Process

The scope of this assignment was to undertake an appraisal and provide the following market value conclusions:

[^1]: Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472
• Market Value of the Fee Simple interest in the subject property, “as is,” as of January 6, 2018, subject to the general underlying assumptions and hypothetical and limiting conditions.

The conclusions are reported herein follow generally accepted appraisal procedures as set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), as well as FIRREA. The procedures and methodologies employed in these approaches are outlined in the Appraisal Process section of this report. The appraisers completed the following steps.

1. Michael Nelson inspected the subject property and market area on January 6, 2018. The surrounding area and influences were also viewed at this time. Specific information relative to the subject property was provided by representatives of the owners. Mary Ann Barnett, MAI has reviewed the data and conclusions of the analysis and concurs with the value conclusions.

2. Gathered information from various public sources. Secondary data sources were utilized regarding the compilation of regional and economic data. U.S. Census, published demographic data, along with projections, and published market data was collected.

3. The subject property was identified using the provided as well as independently gathered information, which includes but is not limited to plats, aerial photographs, topography maps, floodplain maps, deed records, tax records, and sales history information.

4. Analyzed the highest and best use of the site “as vacant”. Supply, demand and absorption potential as well as construction costs and required yields were analyzed relative to the subject market and specifically the subject property. Alternative uses were also analyzed relative to their financial feasibility.

5. Researched land sales transactions and current listings throughout the subject area. Estimated the Market Value of the land, “as is,” as of January 6, 2018.

6. Opined to the exposure time and marketing time inherent in the value opinion concluded herein.


The client provided the appraisers with the following information with which to complete the appraisal assignment:

• Site Dimension Map; and
• Purchase and Sale Agreement.

Competency

The appraisers involved in this assignment have, collectively, considerable experience in appraising multifamily properties in Texas. This experience includes working with properties being financed under various TDHCA programs. The appraisers have historically been engaged in appraisal work in the geographical area of the subject property. The company maintains a database on this area for similar properties. We believe we have adequate knowledge of the property type and location to meet the competency requirements of USPAP.
ASSUMPTIONS AND LIMITING CONDITIONS

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

2. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.

3. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser’s staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.

4. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated.

5. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no trespasses or encroachments.

6. BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.

7. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.

8. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.

9. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during our inspection.

10. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.

11. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.

12. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.

13. Responsible ownership and competent property management are assumed.

14. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.

15. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.

16. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.

17. Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.

18. Unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.

19. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment
community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

20. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

21. BBG, Inc. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.

22. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent endangered species impact studies, research, and investigation that may be provided.

23. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.

24. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

25. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.

26. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.

27. If this report has been prepared in a so-called “public non-disclosure” state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a “non-disclosure” state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

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

29. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

30. The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.

31. The right is reserved by the appraiser to make adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional or more reliable data that may become available. No change
of this report shall be made by anyone other than the appraiser or appraisers. The appraiser(s) shall have no responsibility for any unauthorized change(s) to the report.

32. The submission of this report constitutes completion of the services authorized. It is submitted on the condition the client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, and judicial or administrative proceedings. In the event the appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the client immediately. The client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the estimate of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.

33. Use of this appraisal report constitutes acknowledgement and acceptance of the general assumptions and limiting conditions, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based.

Hypothetical Condition
The “as is” value conclusion is predicated on the assumption that the subject site is vacant and ready for development.

Extraordinary Assumption
None
Introduction

The Dallas-Fort Worth-Arlington Consolidated Metropolitan Statistical Area (CMSA), commonly referred to as “D/FW” or the “Metroplex,” is the fourth largest U.S. metropolitan area, in terms of population, as of 2010 estimates. It is the top financial and trade center in the Southwest. The Metroplex consistently ranks near the top of all U.S. metropolitan areas for population growth, job creation, business relocations, and housing construction. It is a major center for semiconductor manufacturing, telecommunications, defense, and technology services.

![Figure 1: Metropolitan Area Map](image)

Location

The D/FW CMSA covers 7,197 square miles in North Central Texas and is situated approximately 300 miles north of the Gulf of Mexico, 165 miles west of the Texas state border and 80 miles south of the Oklahoma state border. According to the US Census, the CMSA includes the Texas counties of Collin, Dallas (including the City of Dallas), Delta, Denton, Ellis, Hunt, Kaufman, Rockwall, Johnson, Parker, Tarrant (including the City of Fort Worth) and Wise.
Economy

The subject site is located in an area which is included within the Dallas/Fort Worth Metropolitan Statistical Area (MSA). The following pages are taken from Moody’s Economy.com November 2017 (most recent) Metropolitan Summary of the Dallas/Fort Worth MSA.
Recent Performance. The Dallas-Plano-Irving economy has recovered some from its pause in the spring, but the pace remains subdued compared with the boom from mid-2016 to early 2017. Except for a recent jump in manufacturing and construction, job growth in many industries has been weak. The unemployment rate fell to the low-3% range, but it was because of a decline in the labor force rather than employment gains. On the positive side, the important well-paying professional services industry has expanded at twice the national pace over the past year, contributing to comparably above-average growth in hourly earnings. Further, various indicators point to strength in the housing market.

Housing. The residential market will support overall growth in 2018. Despite a recent slowing, house price appreciation has significantly exceeded the national average, and the 8% annual pace over the past six years has resulted in a cumulative 50% increase. Homebuilders have responded, now building single family permits are working their way back up to the pre-boom levels of a decade ago. Moreover, although multifamily permits are down from their 2015 record peak, they are still elevated at nearly the highest level in more than 20 years. Job gains and strong demographics should continue to support new-home sales, but two downside risks are growing. The first is that costs of construction in terms of labor, drywall, framing lumber and raw land would rise more than anticipated. The unexpected increase in demand for construction workers to rebuild Houston after Hurricane Harvey is a factor in this regard. The second is that the higher house prices have translated into diminishing affordability that could reduce demand. DAL’s affordability is down 15% over the past three years, double the national decline.

Corporate expansion. Office development will also remain buoyant even though some enormous projects came on line in the past few years. Specifically, State Farm built out more than 2 million square feet in 2015 and 2016, and Toyota and JPMorgan Chase combined to build 3 million square feet in 2017. Despite this, the office vacancy rate has risen slightly, and other projects are still under way. For example, Liberty Mutual will complete its regional campus in Plano, which will add 1 million square feet and enable the company to house all of its 5,000 employees. These companies have chosen to expand in or relocate to DAL in part because of its well-developed transportation network and lower costs of living and doing business relative to most northern metro areas. Further, DAL is in the running to be the site of the second Amazon headquarters, a major upside risk, as the company has stated that 50,000 jobs could be created.

Demographics. Another factor that will encourage corporate relocations and expansions is the deep pool of well-trained labor. The proportions of the population with bachelor’s degrees and with graduate degrees are higher than the national averages and growing. Among the largest southern metro areas, only Austin ranks higher in both categories and Atlanta in the graduate category. The resulting in-migration to take new jobs should keep population growth well above the U.S. average.

Dallas-Plano-Irving will grow in 2018, led by gains in housing and professional services. However, the pace will be lower than in the past because the economy is at full employment. Longer term, the concentration of corporate headquarters, technology businesses and financial services as well as above-average population gains will contribute to above-average growth.

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Recent Performance. For once, the Fort Worth-Arlington metro division is outperforming Dallas. Over the course of 2017, job growth has been faster than that of FWV’s neighbor to the east, at nearly twice the national pace. The gains have been distributed across many industries, with professional services and core manufacturing leading the way. The unemployment rate has dropped by 4.5 percentage points, even as the labor force has grown strongly. However, wage growth has been below the national rate. Housing market indicators have in general been positive.

Manufacturers of Lockheed Martin’s F-35 aircraft will increase in 2018, raising demand for a variety of skilled workers. Rightsizing four to five planes are completed per month, and the aim is to more than double that figure by 2020 to meet the broad-based demand for a variety of foreign governments as well as the U.S. military. During the summer, the company hired upward of 2,000 mechanics, engineers, painters, and material handlers as well as financial and management professionals, and it expects to hire many more over the coming year. The F-35 program will extend for many years, during which time total cumulative production is expected to exceed 2,400 planes. With respect to motor vehicles, although GM has begun to trim some unprofitable lines and amid a downturn in auto sales, demand for SUVs remains strong, implying that the rate of activity at the Arlington truck plant will remain high. In contrast, energy-related manufacturing in FTW, much of it fabricated metals, has not fared as well, recovering only slowly from the 2015 oil price collapse. However, the recent rise in oil prices could improve that industry’s prospects.

Residential. The FWW housing market is strengthening, and home building should accelerate in 2018. House prices are up more than 9% year over year, well above the national rate and recently eclipsing growth even in fast-rising Dallas. The improving labor market and better affordability are factors. The rise in house prices has been a clear signal to developers, and new single-family permits have risen by nearly a third in 2017. Moreover, since this pace is not any higher than in 1999, there is room for further growth. The fact that new multifamily permits have dropped back to their historical average implies that builders believe that residents are at long last ready to own rather than rent.

DFW Airport. Growing cross-border travel will support hospitality and retail in DFW. International traffic is up more than 5% year over year, compared with less than 1% for domestic traffic. Over the past five years, dominant carrier American has added more than 20 flights to seven Latin American countries as well as to points in Asia and the Middle East. This trend should continue as Latin American economies rebound. DFW has the opportunity to grow its service to that region, as its share of the market is still small compared with that of Miami, the acknowledged gateway.

Local government. Several factors will lift local government, much of which is K-12 education. On the demand side, population growth has consistently been more than twice the national average. On the funding side, rising house prices have contributed to improved property tax revenues. Fort Worth-Arlington’s growth will exceed the national average, as military aircraft manufacturing and housing expand. Local government and transportation should also contribute to growth. Longer term, above-average population growth, a diversified manufacturing base, and lower business and living costs relative to Dallas will help support above-average gains.

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### Economic Health Check

<table>
<thead>
<tr>
<th>Employment change, ths</th>
<th>May 17</th>
<th>Jun 17</th>
<th>Jul 17</th>
<th>Aug 17</th>
<th>Sep 17</th>
<th>Oct 17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.2</td>
<td>0.5</td>
<td>2.2</td>
<td>2.3</td>
<td>2.8</td>
<td>2.7</td>
</tr>
<tr>
<td>Unemployment rate, %</td>
<td>4.3</td>
<td>4.2</td>
<td>4.0</td>
<td>3.8</td>
<td>3.6</td>
<td>3.4</td>
</tr>
<tr>
<td>Labor force participation rate, %</td>
<td>65.9</td>
<td>65.8</td>
<td>65.6</td>
<td>65.4</td>
<td>65.3</td>
<td>65.2</td>
</tr>
<tr>
<td>Employment-to-population ratio, %</td>
<td>63.1</td>
<td>63.0</td>
<td>63.0</td>
<td>62.9</td>
<td>62.9</td>
<td>62.9</td>
</tr>
<tr>
<td>Average weekly hours, #</td>
<td>38.0</td>
<td>38.0</td>
<td>37.6</td>
<td>38.0</td>
<td>38.1</td>
<td>38.1</td>
</tr>
<tr>
<td>Industrial production, 2012=100</td>
<td>104.5</td>
<td>104.9</td>
<td>105.0</td>
<td>104.9</td>
<td>104.9</td>
<td>105.1</td>
</tr>
<tr>
<td>Residential permits, single-family, #</td>
<td>9,279</td>
<td>9,166</td>
<td>9,457</td>
<td>9,291</td>
<td>8,647</td>
<td>7,738</td>
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<tr>
<td>Residential permits, multifamily, #</td>
<td>1,780</td>
<td>3,492</td>
<td>4,622</td>
<td>7,239</td>
<td>7,148</td>
<td>8,740</td>
</tr>
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</table>

- Better than prior 3-mo MA
- Unchanged from prior 3-mo MA
- Worse than prior 3-mo MA

Sources: BLS, Census Bureau, Moody's Analytics

### Business Cycle Index

**JAN 2007=100**

- FTW
- TX
- U.S.

### Current Employment Trends

<table>
<thead>
<tr>
<th>% Change Yr Ago</th>
<th>Oct 16</th>
<th>Apr 17</th>
<th>Oct 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1.7</td>
<td>2.5</td>
<td>2.7</td>
</tr>
<tr>
<td>Construction</td>
<td>-18.1</td>
<td>-29</td>
<td>10.6</td>
</tr>
<tr>
<td>Mining</td>
<td>6.6</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-14.1</td>
<td>0.1</td>
<td>4.2</td>
</tr>
<tr>
<td>Trade</td>
<td>1.3</td>
<td>1.0</td>
<td>1.4</td>
</tr>
<tr>
<td>Trans/Utilities</td>
<td>1.2</td>
<td>5.2</td>
<td>6.9</td>
</tr>
<tr>
<td>Information</td>
<td>-1.9</td>
<td>-3.9</td>
<td>-1.7</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>2.4</td>
<td>3.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Prof &amp; Business Svs.</td>
<td>0.0</td>
<td>0.2</td>
<td>4.0</td>
</tr>
<tr>
<td>Edu &amp; Health Svs.</td>
<td>2.7</td>
<td>3.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>3.9</td>
<td>9.7</td>
<td>3.4</td>
</tr>
<tr>
<td>Other Services</td>
<td>0.0</td>
<td>5.2</td>
<td>5.5</td>
</tr>
<tr>
<td>Government</td>
<td>1.8</td>
<td>1.5</td>
<td>1.9</td>
</tr>
</tbody>
</table>

Sources: BLS, Moody's Analytics

### Diffusion Index

**3-Digit NAICS Level, 6-MO MA**

- FTW
- TX
- U.S.

### Relative Employment Performance

**JAN 2007=100**

- FTW
- TX
- U.S.

Sources: BLS, Moody's Analytics

### House Price

**1998Q1=100, NSA**

- FTW
- TX
- U.S.

Sources: FHFA, Moody's Analytics

### Vacancy Rates

- Homeowner, % houses for sale
- Rental, % inventory for rent

Sources: Census Bureau, ACS, Moody's Analytics, 2016

### House Price Trends

**%**

Sources: FHFA, Moody's Analytics

### Housing Affordability

**%**

Sources: NAS, Moody's Analytics
### Employment and Industry

**Top Employers**
- AMR/American Airlines: 25,000
- Lockheed Martin: 13,680
- Fort Worth ISD: 12,000
- Texas Health Resources: 12,000
- NAB - Fort Worth - JB: 10,000
- Arlington ISD: 8,500
- University of Texas at Arlington: 7,111
- JPS Health Network: 6,500
- City of Fort Worth: 6,161
- Cook Children’s Health Care System: 6,042
- Tarrant County College: 5,999
- Alcon Laboratories Inc.: 5,393
- Bell Helicopter Textron: 4,953
- BNSF Railway: 4,500
- Tarrant County Government: 4,310
- General Motors: 4,120
- GM Financial: 3,820
- Fidelity: 3,700
- JPMorgan Chase: 3,678

Source: Fort Worth Chamber of Commerce, 2016

**Comparative Employment and Income**

<table>
<thead>
<tr>
<th>Sector</th>
<th>FTW</th>
<th>TX</th>
<th>U.S.</th>
<th>Average Annual Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>1.4</td>
<td>1.8</td>
<td>0.4</td>
<td>$120,371</td>
</tr>
<tr>
<td>Construction</td>
<td>5.6</td>
<td>5.8</td>
<td>4.7</td>
<td>$73,637</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9.2</td>
<td>7.0</td>
<td>8.6</td>
<td>$86,644</td>
</tr>
<tr>
<td>Durable</td>
<td>70.9</td>
<td>63.9</td>
<td>62.5</td>
<td>$68,884</td>
</tr>
<tr>
<td>Non-Residential</td>
<td>29.1</td>
<td>16.1</td>
<td>37.5</td>
<td>$77,768</td>
</tr>
<tr>
<td>Transportation/Utilities</td>
<td>8.0</td>
<td>4.3</td>
<td>3.8</td>
<td>$68,506</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>4.9</td>
<td>4.8</td>
<td>4.1</td>
<td>$57,315</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>11.4</td>
<td>11.0</td>
<td>11.0</td>
<td>$34,855</td>
</tr>
<tr>
<td>Information</td>
<td>1.2</td>
<td>1.7</td>
<td>1.9</td>
<td>$67,765</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>9.1</td>
<td>9.1</td>
<td>9.7</td>
<td>$41,531</td>
</tr>
<tr>
<td>Prof. and Bus. Services</td>
<td>11.0</td>
<td>13.3</td>
<td>14.0</td>
<td>$48,899</td>
</tr>
<tr>
<td>Educ. and Health Services</td>
<td>13.0</td>
<td>13.6</td>
<td>15.7</td>
<td>$54,159</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>11.4</td>
<td>10.7</td>
<td>10.8</td>
<td>$26,734</td>
</tr>
<tr>
<td>Other Services</td>
<td>3.9</td>
<td>3.5</td>
<td>3.9</td>
<td>$32,680</td>
</tr>
<tr>
<td>Government</td>
<td>13.4</td>
<td>16.0</td>
<td>15.4</td>
<td>$70,481</td>
</tr>
</tbody>
</table>

Source: Percent of total employment — BLS, Moody’s Analytics, 2016. Average annual earnings — BEA, Moody’s Analytics, 2016

### Entrepreneurship

**Employment in New Companies, % of Total**

<table>
<thead>
<tr>
<th>FTW</th>
<th>TX</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0</td>
<td>0.5</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Sources: Census Bureau, Moody’s Analytics, avg 2010-2014

### Exports

Not Available

### Productivity

<table>
<thead>
<tr>
<th>FTW</th>
<th>TX</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>84,056</td>
<td>90,920</td>
<td>86,500</td>
</tr>
</tbody>
</table>

Sources: BEA, Moody’s Analytics, 2015

### Business Costs

<table>
<thead>
<tr>
<th>U.S. = 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Unit labor</td>
</tr>
<tr>
<td>Energy</td>
</tr>
<tr>
<td>State and local taxes</td>
</tr>
<tr>
<td>Office rent</td>
</tr>
</tbody>
</table>

Source: Moody’s Analytics

### Leading Industries by Wage Tier

<table>
<thead>
<tr>
<th>NAICS Industry</th>
<th>Location Quotient</th>
<th>Employees (ths)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4811 Scheduled air transportation</td>
<td>8.3</td>
<td>24.2</td>
</tr>
<tr>
<td>3364 Aerospace product &amp; parts manuf.</td>
<td>5.9</td>
<td>19.9</td>
</tr>
<tr>
<td>6211 Offices of physicians</td>
<td>0.9</td>
<td>15.8</td>
</tr>
<tr>
<td>4551 Other general merchandise stores</td>
<td>1.5</td>
<td>18.8</td>
</tr>
<tr>
<td>4511 Grocery stores</td>
<td>0.8</td>
<td>15.3</td>
</tr>
</tbody>
</table>

Source: Moody’s Analytics, 2016
Labor Force

The following tables show a recent snapshot of labor statistics in terms of the Dallas and Fort Worth Metropolitan Divisions’ employment, unemployment, and labor force.
Government

City and county entities govern municipalities within the D/FW CMSA. City governments vary greatly within the Metroplex. Several of the larger cities utilize the city council/city manager form of government. The city council and mayor are elected, usually with some council seats elected by district and the mayor and remaining seats elected at large. The city manager is appointed by the city council to act as administrator for the city. The cities of Dallas and Fort Worth use this form of government.

Education

The majority of cities within the D/FW area provide their own independent school districts with the majority generally coinciding with the respective city boundaries. D/FW also offers a multitude of graduate and postgraduate level educational facilities.

Forty-eight college and university campuses are located within 65 miles of Dallas including 19 two-year schools, 29 four-year schools, 3 graduate schools, 3 medical/dental schools and 2 law schools. Graduate programs are available at 22 universities. According to the Texas Higher Education Coordinating Board, based on current population projections and recent patterns in college and university attendance, enrollment by 2015 expects to add 630,000 more students (compared to the number of students in 2000).

Health Care

The D/FW MSA has 60 hospitals with 14,231 licensed hospital beds. Parkland Memorial Hospital, a county-run facility and teaching hospital, serves the Dallas region. The new 862-bed hospital is currently under construction across Harry Hines Boulevard from the current 675-bed facility that was constructed in 1954. The new hospital broke ground in October 2010 and opened in 2014. The total budget is $1.271 Billion.

Other large medical facilities include Baylor University Medical Center, Humana Medical City Hospital, University of Texas Southwestern Medical Center, Methodist Medical Center, Presbyterian Hospital, St. Paul Medical Center, and the V.A. Medical Center. Tarrant County is also host to major regional health care centers.

Major hospitals in the Fort Worth/Arlington area include All Saints Episcopal Hospital, Cook Fort Worth Children’s Hospital, Fort Worth Osteopathic Medical Center, Harris Methodist Hospital, Huguley Memorial Hospital, John Peter Smith Hospital, Medical Plaza Hospital and Saint Joseph Hospital.

Transportation

The D/FW Metropolitan Area has excellent interstate transportation facilities. The most significant facility is the D/FW International Airport, the second busiest airport in the world with over 2,100 daily departures and arrivals serving over 50 million passengers annually to 276 domestic and international destinations. Five international and 18 domestic airlines serve the area. This facility has been the single most important factor in the growth/development of this region. Currently under way is a $2.6 billion, five-year capital development program that is expected to have a $34 billion economic impact on North Texas over the next 15 years and create 77,000 jobs.
Alliance Airport, north of Fort Worth, is the nation’s first large airport devoted exclusively to commercial use. Air travel is also available at Dallas Love Field, Addison Airport, Fort Worth’s Meacham Airfield and other smaller municipal airports. Meacham Airfield provides limited passenger service and Addison Airport is primarily for private and general aviation use. Dallas Love Field, located in northwest Dallas, is served by three airlines, Southwest, Delta Connection ASA, and Continental Express. The Airport has over 100 daily flights to 17 destinations. A large-scale renovation was recently completed at Love Field with the opening of a new terminal in anticipation of the Wright Amendment, which has restricted air travel from this airport to the adjoining states, being lifted as of October 2014. As such, now passengers can fly directly to all destinations served by airlines from Love Field.

An extensive freeway system enhances the Metroplex. The area is a hub of the interstate highway system. D/FW has four major interstate highways: IH 20, IH 30, IH 35E and IH 35W, and IH 45. US 75 (Central Expressway) provides north-south access through east Dallas, and IH 635 (LBJ Freeway) forms a partial loop around Dallas. The Bush Tollway/190/161 project involves a second loop road around the outer ring of Dallas connecting to IH 30 to the east and IH 20 on the west. The North/South Freeway (IH 35W) provides north/south access through western Fort Worth and Loop 820 (Jim Wright Freeway) loops around Fort Worth.

The Dallas Area Rapid Transit (DART) provides a wide range of public transit services and customer facilities tailored to make travel fast, comfortable, and economical. Dallas Area Rapid Transit (DART) serves 13 cities with rail, bus, paratransit, and rideshare services. DART serves DFW International Airport and Fort Worth via the Trinity Railway Express (TRE). The service area consists of 13 cities: Addison, Carrollton, Cockrell Hill, Dallas, Farmers Branch, Garland, Glenn Heights, Highland Park, Irving, Plano, Richardson, Rowlett and University Park.

In Fort Worth, the Fort Worth Transit Authority (TEA) provides mass transit. TEA currently provides the operation of a bus system within cities and High Occupancy Vehicle (HOV) lanes.

Environment

The Trinity River, which consists of three forks and its tributaries, is the primary natural waterway in the area. To prevent flooding, major flood zones were created in some areas. These zones are concentrated along the Elm Fork to the north in the cities of Carrollton and Lewisville and along the western fork in Grand Prairie. The region’s water supply is provided by lakes and reservoirs located within and near the area.

Summary

According to Moody’s, “Dallas-Plano-Irving will grow in 2018, led by gains in housing and professional services. However, the pace will be lower than in the past because the economy is at full employment. Longer term, the concentration of corporate headquarters, technology businesses and financial services as well as above-average population gains will contribute to above-average growth.

Fort Worth-Arlington’s growth will exceed the national average, as military aircraft manufacturing and housing expand. Local government and transportation should also contribute to gains. Longer term, above-average population growth, a diversified manufacturing base, and lower business and living costs relative to Dallas will help support above-average gains.”
PRIMARY MARKET AREA OVERVIEW

Introduction

A market area is defined as being “a combination of factors—e.g., physical features, the demographic and socioeconomic characteristics of the residents or tenants, the condition of the improvements (age, upkeep, ownership, and vacancy rates), and land use trends.”

The purpose of a market area analysis is to provide a bridge between the study of general influences on all property values and the analysis of a particular subject. Market area boundaries are identified by determining the area in which the four forces that affect value (social, economic, governmental, and environmental) operate in the same way they affect the subject property.

General Description

The subject property is situated in the Dallas Central Business District PMA, between Texas State Highway Spur 366/Woodall Rodgers Freeway (north boundary), US 75 (east boundary), IH-30 (south boundary) and IH-35E (west boundary) in the heart of downtown Dallas.

Figure 2: Primary Market Area

---

Access

The PMA has good regional accessibility. IH-30 (or R.L. Thornton) provides direct access to the downtown area and east/west regional access to IH 635, which encircles the city. US 75, or North Central Expressway is a six-lane, bi-directional, controlled access freeway that serves as one of Dallas' major traffic arteries. The Dallas North Tollway is a six-lane, controlled access freeway that stretches from the Central Business District through Plano to US 380 to the north. Other primary thoroughfares include Ervay Street, Bryan Street, Ross Avenue, San Jacinto, Elm Street, Pacific Avenue, and Commerce Street, which run east/west through the CBD. Also, just north of the CBD, Turtle Creek Boulevard, Maple Avenue, Lemmon Avenue, Oak Lawn Avenue and Wycliff Avenue/Fitzhugh Avenue are primary thoroughfares through Uptown.

The Dallas Area Rapid Transit (DART) provides a wide range of public transit services and customer facilities tailored to make travel fast, comfortable, and economical. The DART rail line runs throughout the CBD along Main Street. A bus transfer station is located in the eastern portion of the CBD which serves the east and west sides of Central Expressway and provides convenient access to DART’s light rail system. DART has continued expansion of its light rail system with several major segments opened in the past two years. The most recent line expansion, the 14-mile Orange Line, provides access to DFW International Airport from the Dallas CBD. The McKinney Avenue Trolley provides access from Downtown Dallas to Uptown Dallas free of charge. The Trinity Railway Express commuter train, which connects downtown Fort Worth with downtown Dallas, terminates at Union Station approximately one mile west of the subject. Union Station also features Amtrak service, with trains connecting to Chicago and Los Angeles.

Love Field Airport is only a 10-minute drive northwest of the market area. Southwest Airlines is the primary commercial airline with flights to the majority of the major Texas cities, as well as numerous US cities. The airport recently finished a $500-million renovation that includes a new 20-gate concourse and expanded baggage facilities. In conjunction with the repeal of the Wright Amendment in October 2014, Southwest Airlines announced direct service to many new destinations including Atlanta, Nashville, Washington-Reagan, Los Angeles, New York-LaGuardia, San Diego, and Tampa. Virgin America also features two gates in Love Field, with plans for future destinations added to its existing Dallas-Los Angeles and Dallas-San Francisco routes.

D/FW International Airport, home of American Airlines, is a 25-minute drive northwest of the market area. D/FW airport is one of the four busiest in the world and the largest hub for American Airlines. The airport currently features five main terminals, with tentative planning to begin on a sixth terminal in 2017.

Downtown Dallas is the site one of the world’s largest elevated vertiport. This 169,000 SF public-use facility features a separate terminal and elevators. It was built as part of the Dallas convention Center expansion. It allows five helicopters and two vertical-takeoff-and-landing aircraft to simultaneously use this roof level “port” and is designed for tilt-rotor aircraft.

The Bullington Truck Terminal, one of the key features in the Ponte-Travers-designed plan for downtown circulation, was constructed to consolidate street-level delivery trucks following Dallas’ rapid growth in the 1960s. By placing truck traffic below-grade, it was estimated that 350 trucks per day would be removed from ground-level streets. The city issued .5 million for the project as part of the 1972 city bond program; construction was finished in 1977. The truck terminal lies 50 feet below ground and contains 43 spaces for trucks, which enter from a portal located at Patterson Street. Adjacent buildings such as the Republic Center, Energy Plaza, Thanksgiving Tower and Fidelity Union Tower built connections to the truck terminal.
at their own expense and use it as their primary loading dock. Thanks-Giving Square was designed as the first of three truck facilities in the Dallas Central Business District; however, it was the only one funded and completed.

In addition to the above ground access in the area, the CBD has a below ground, pedestrian walkway system with commercial and restaurant outlets. This walkway system connects many of the buildings in the CBD, as shown in the following map.
Land Use and Supportive Development

The Downtown Residents Council (DRC) committee, made up of representatives from each Downtown residential building, acts as a conduit for information regarding quality of life issues affecting Downtown residents and is led by voluntary chairman Steve Shepherd. The committee remains visible in many public policy and advocacy issues that affect the livability of Downtown. With more than 1,000 members, the entire Council meets every other month and has several social events such as happy hours, a summer pool party and a holiday reception. Downtown residents are evolving and having children. They are staying Downtown and want their children to experience an urban lifestyle. DDI is working with community partners and Downtown stakeholders to create and foster family-friendly initiatives and activities.

The Dallas Arts District continues to grow as a regional and national destination. With more than 2.5 million visitors each year, the existing neighborhood continued to benefit from the openings of Klyde Warren Park, the Perot Museum and City Performance Hall.

Developer Matthews Southwest has been working for more than a year to redevelop the more than century-old Dallas High School building on the eastern edge of downtown. The school has about 78,000 square feet of office space and 10,000 of retail space. More than half of the office space being constructed in the old school house has been rented to architect Perkins + Will. Working with Merriman Anderson/Architects and Balfour Beatty Construction, the developer is spending $50 million to convert the long-vacant high school on Bryan Street into four floors of office and retail space. Built in 1907, the building has been empty since the 1990s. Matthews Southwest bought the landmark in 2015 and has been working with the architects and preservationists to restore the cherished building. The subject will be located adjacent to this development.

As part of the Downtown Dallas 360 Plan and in partnership with the City of Dallas, DDI completed the Main Street District Retail Activation Strategy in August 2014, which provides recommendations for Downtown’s primary retail core that address urban design, property management, retail recruitment and future incentives. Further, Phase One of the overall Dallas 360 Plan was completed at the end of 2015. Phase One focused on the development of “neighborhood needs analysis and community conversations about priorities, assets, as well as vision, physical and social connectivity,” according to the Downtown Dallas 360 plans. Phase One included workshops, forums and various outreach events that were tailored to each individual neighborhood of the Downtown Dallas area to discover the best development tactics for each area. Phase Two began at the beginning of 2016, with its focus on the implementation of the needs for each neighborhood discovered in Phase One, including increased “walkability, mobility, urban design, housing, parks and open space, technology and education.”

Hospitality investors and current sites are taking note of the rising tide of travel business in the region, primarily aimed at Downtown and anchored by the new Omni Dallas Hotel, which opened in November 2011. The 23-story, 1,001-room Omni Dallas Hotel has changed the Downtown skyline and will increase the number of new visitors Downtown. The Dallas Convention and Visitors Bureau anticipates a record-breaking year for future “citywide” conventions and impressive projections for the next two years that will fill multiple hotels throughout the area. The expansion of The Joule hotel, which opened in 2013, added additional hotel rooms, a roof deck, event space, a new restaurant and a spa. The hotel underwent an extensive renovation, including a complete remodeling of the guest rooms, the addition of a concierge lounge, creation of a state-of-the-art fitness facility and extensive upgrades to the restaurant, lobby and meeting rooms.
A number of major renovation projects are in the works along Ross Avenue in downtown Dallas. Arguably the most significant is the redevelopment of Fountain Place, where owner Goddard Investment Group was the first to kick off activity in this cycle. The $70 million renovation includes office tower enhancements and a new 10-story garage with four plaza-level restaurants at its base.

The redevelopment of Fountain Place has been a key factor in securing renewals from five major office tenants. The latest to recommit is Bracewell LLP, which recently extended its lease for nearly 40,000 square feet. This follows renewals from Wells Fargo (123,650 square feet) and Gerald Ray (11,500 square feet) earlier this year. The first two big tenants to recommit were Tenet Healthcare (240,000 square feet) and Hunton & Williams (87,800 square feet), which inked long-term lease extensions in 2015.

Additionally, AMLI Residential is developing a stunning new 45-story, luxury apartment high-rise at the corner of Field Street and Munger Avenue.

Creating and promoting a positive quality of life and building an active, engaged community are key goals of Downtown Dallas, Inc. From education and services to parks, activities and events, these are the elements that make Downtown “home” for everyone. There are more than 20 parks and plazas Downtown. Each park and plaza provides community space for recreation, rest and relaxation.

Main Street Garden, located at the corner of Main Street and St. Paul, has completely changed the face of Downtown since opening in 2009. The T. Boone Pickens Downtown YMCA and DDI continued its very successful DDI/YMCA Outdoor Sports Leagues at Main Street Garden, which included volleyball and kickball leagues. The park has replaced Pegasus Plaza as the site for major downtown events throughout the year. Belo Garden, located between Main Street and Commerce, east of Griffin, offers Downtown residents, employees and visitors a tranquil, reflective space with meandering landscaped paths, perennial groves, plaza spaces and fountains. The space opened in the spring of 2012.

With over 36 million SF of space in over 150 buildings, the Dallas CBD represents the largest concentration of office space in Dallas/Fort Worth market. Class A space represents approximately 75% of the total inventory. Because downtown Dallas is home to the highest concentration of office space in the entire Dallas/Fort Worth market, the CBD’s daytime population exceeds 155,000, although, until the early 1990’s there were only 478 housing units within a one-mile radius of downtown. Since the early 1990’s nearly 10,000 units have been constructed in or near Downtown. The broader downtown area claims about 30,000 residents according to the Downtown Improvement District. Over 5,000 jobs have been added to the downtown market pool in the past quarter alone. The Downtown resident is primarily of the “young professional” demographic, between the ages of 25-36. However, an “empty nester” component is also present as more baby boomers look to downsize and transition into an urban environment. There is also a growing sector of families. The vast majority of new residential product has been rental units although a growing demand for condominiums has developed in the Intown marketplace, particularly in the Uptown area.

Downtown Dallas continues to be the largest workforce in North Texas, with the employment population holding strong at 135,000. Over the past three years, the area has seen more than 70 relocations, making up approximately 3-million-square-feet of space and more than 7,000 jobs. Recent relocations, including Citibank, BB&T and PFSweb, and major renewals like Deloitte are strengthening the urban commercial market. Crescent Court reports that its tenants now comprise more than 80 financial institutions, an effect of Downtown re-emerging as a major financial and money center.
A recent high-profile move to Downtown is Page Southerland Page, who renovated the second floor of the historic Mercantile building. A key reason AT&T relocated their world headquarters and 700 people to Downtown Dallas was the energy and immediacy the area brings to a firm’s corporate environment.

Comerica moved its corporate headquarters from Detroit to Dallas to position itself for future growth. Others, including Tenet Healthcare, 7-Eleven, D Magazine, Capital One Bank, Cushman Wakefield, Colliers International and TM Advertising, decided that a move to a resurgent Downtown was in their best interests. Another move to the Dallas CBD was Satander Consumer USA, Inc. In May 2014 the company announced that it was bringing 1,150 jobs to downtown Dallas, and will occupy 14 floors (350,000 SF) of the Thanksgiving Tower located at North Ervay Street and Elm Street. Renovations are currently in progress on some floors, while some employees have already relocated to the Thanksgiving Tower. Further, Law firm Greenberg Traurig, LLP plans to keep growing in downtown Dallas, signing a 35,000 SF lease in the Chase Tower. The Dallas office features 65 employees. Another firm, Brewer, Attorneys & Counselors leased the top two floors of Comerica Bank Tower, totaling 35,000 SF of space.

The majority of residential developments in the PMA are multifamily-family projects but there are several new condominium projects that have recently been developed in the subject’s area with units typically starting just under $200,000 for smaller 1BR units and increasing to well over $1,000,000 for large penthouse units. The majority of apartment units have been built since 1990. Several historic residential districts are located around the market area including State-Thomas, Munger Place, and Swiss Avenue; all which were originally developed near the turn of the century and recently rehabilitated. The central core has become an appealing place to reside as the result of close commutes to employment centers and increasing levels of retail development and the ongoing redevelopment of historic buildings into mixed use developments containing residential lofts, street level retail and structure parking. There have been a significant number of older historic buildings that had been redeveloped in to high-quality residential projects over the last several years within the Dallas CBD. The projects have been concentrated along the Elm/Main/Commerce Street corridor within the old financial district of the CBD. Several older historic buildings have also been redeveloped as boutique hotels.

Commercial/retail development within the CBD is typical of central business districts within large cities consisting primarily of large office towers with some street level and basement retail serving service-oriented business. This type of high intensity development is located primarily along major thoroughfares such as Ross, Live Oak, and Bryan in the northern portion of the CBD and Elm, Main and Commerce in the southern portion of the CBD. Local retail is located in small shops in the CBD and the Downtown Tunnel System. Additional regional shopping is provided north of the market area boundaries.

Although availability of traditional retail/grocery establishments are limited in the downtown area, a number of retail and grocery is available just north of the subject PMA in the Uptown area and along US 75, including a Walmart Neighborhood Market located along the west side of US 75 between Lemmon Avenue and Hall Street, and Albertsons located along Lemmon Avenue and McKinney Avenue. Additionally, there is a Whole Foods Market in the Uptown area along McKinney Avenue between Routh Street and Fairmount Street, which opened in 2015. Uptown also includes the West Village shopping center with upscale retail and dining including Brooks Brothers, Victoria’s Secret, The Magnolia movie theater, Mi Cocina restaurant, Club Monaco, Banana Republic, Gap, and Ann Taylor Loft. In addition, the Urbanmarket (full-service downtown grocery and deli) is located in the Southside neighborhood.
Along the east side of US 75 and Lemmon Avenue is Cityplace Market, a retail center anchored by Target and includes Ross Dress for Less, Payless shoes, and Big Lots. In addition, the Deep Ellum area east of the market area consists of renovated older buildings with a variety of shopping, restaurants and nightclubs for entertainment.

The CBD is dominated by office uses with supporting garage and surface parking. The undeveloped land consists of small, tracts located on the periphery of the downtown core. Much of the land in Dallas' CBD that is not developed with offices or parking garages is utilized as open surface parking lots. There is a limited amount of urban green space maintained by the Dallas Parks and Recreation Department although the city has plans to create additional parks within the CBD.

The Arts District, a main subsection of Downtown Dallas, is situated in the north section of the CBD and is bounded by the Woodall Rodgers Freeway access road on the north, St. Paul Street on the west, Ross Avenue on the south, and Routh Street on the west. The Arts District is a prime 60-acre section of downtown Dallas that is being developed through public and private investments into a mixed-use area with strong emphasis in the arts. The 1983 Dallas city ordinance details standards placed on development in the area. Designed to be a people-oriented area, the Arts District will eventually feature a varied atmosphere, reflected in numerous festivals and special events, aesthetically pleasing building design and construction, office buildings, limited residential structures and facilities devoted to the arts, and numerous landscaped outdoor spaces—with Flora Street serving as the area's interconnecting link. Existing cultural facilities within the Arts District include the, the Dallas Museum of Art, the Morton H. Myerson Symphony Center, The AT&T Performing Arts Center, the Margot and Bill Winspear Opera House, and the Booker T. Washington High School for the Performing and Visual Arts. The Nasher Sculpture Center, a new institution dedicated to the display and study of modern sculpture, was also recently completed in the Arts District. Historic buildings include the Belo Mansion, the Cathedral Santurio de Guadalupe Cathedral and St. Paul United Methodist Church. The Arts District is also home to some of Dallas' most significant Class A office towers including Trammell Crow Center, Hunt Oil Tower and the Chase Bank Tower. Museum Tower, a 42-story residential high-rise in the Dallas Arts District, was completed in early 2012 and includes 122, for-sale, luxury condominiums.

The AT&T Performing Arts Center, preliminarily referred to as the Dallas Center for the Performing Arts is a $354 million multi-venue center in the Dallas Arts District for performances of opera, musical theater, classic and experimental theater, ballet and other forms of dance. It opened with a dedication by city leaders on October 12, 2009. The center provides homes for five resident companies: The Dallas Opera, Dallas Theater Center, Texas Ballet Theater, Dallas Black Dance Theatre, and Anita N. Martinez Ballet Folklorico. First-run Broadway productions can be presented in the new performance halls, which, because of their quality, will attract acclaimed singers, dancers, actors, conductors and other performers. Consultants working with the Dallas Center for the Performing Arts Foundation have estimated that the Center will infuse more than $170 million annually into the Dallas economy and generate as many as 2,000 new jobs in Dallas' arts and hospitality industries. The Center’s theaters are engineered acoustically and in other ways to provide unprecedented settings for performances of opera, musical theater and classic and experimental theater.

Klyde Warren Park (formerly Woodall Rodgers Park) is a 5.2-acre (2.1 ha) public park located in downtown Dallas, Texas, USA, over the existing lanes of Woodall Rodgers Freeway. Utility construction began in
January 2009 with a ground-making ceremony held on September 14, 2009. The park opened on October 27th 2012. The Park creates an urban green space over the existing Woodall Rodgers Freeway between Pearl and St. Paul streets, and provides connectivity to the city’s flourishing Arts District, bring cultural offerings together and serve as a central gathering space for Dallas and its visitors to enjoy. In addition to a restaurant and performance pavilion, the park includes jogging trails, a dog park, a children’s playground, a water sculpture, and an area for games. Construction was funded through a public, private partnership including $20 million in bond funds from the city of Dallas, $20 million in highway funds from the state and federal government through TxDOT and $20 million from private donations. In March 2010, the Park was selected to receive $16.7 million in stimulus funds that are specifically for transportation enhancement construction. The design and construction of the park was managed by Bjerke Management Solutions and the design led by two nationally-recognized design firms, The Office of James Burnett and Jacobs Engineering Group, Inc.

The West End Historic District is located in the western section of the CBD and is bounded on the north by Woodall Rodgers Freeway, on the east by Lamar Street, on the south by Commerce Street, and on the west by the MKT railroad tracks. A 1976 Dallas city ordinance details standards placed on development and redevelopment in the area. The West End Historic District is located where two distinct periods of growth in the history of the city occurred. These include evidence of the founding and early settlement of Dallas as well as early 19th century commercial development. Distinguishable as a district unified by its visually cohesive architecture, the West End Historic District is comprised of buildings constructed primarily during the first two decades of the 20th century. In 1972, the Old Spaghetti Warehouse became the first urban pioneer to recognize the West End's possibilities for redevelopment. Since 1975, the 55 acres comprising the West End have been listed on the National Register of Historic Places. In the 1980s, other pioneering merchants and restaurateurs joined the urban renaissance. Today, the West End is enjoying its greatest period of growth since its mercantile heyday at the turn of the century. Existing selected facilities within the West End Historic District include the West End Marketplace, the Dallas County Courthouse, the JFK Memorial, Dallas Alley, numerous redeveloped offices, more than 100 specialty shops, restaurants and nightclubs, and the former Texas School Book Depository with its sixth floor educational exhibit on the life, death, and legacy of President John F. Kennedy. Fairfield West End is also located in the subject PMA but is more oriented to the West End and should not directly compete with the subject.

The Financial Center is the hub or “core” area of the Dallas CBD. The primary east-west thoroughfares of Elm, Main, and Commerce Street, which travel through the Financial Center, are densely developed with high-rise offices that range from the city's earliest skyscraper, the Magnolia Building (constructed in 1921 and topped by the red neon Pegasus), to more recent skyscrapers including Bank of America Plaza, which rises 72 stories and is outlined at night with over two miles of green argon tubing.

In March 2011, Ricchi Investments purchased the Statler Hilton Hotel and old Dallas Public Library for redevelopment. The hotel has been vacant since 2001. The purchase also included the attached Dallas Public Library building. In early 2014 it was announced that the property redevelopment would begin in 2015 and include apartments, hotel rooms, office space, restaurants, and a movie theater. Redevelopment costs will total $175 million, including $46.5 million in TIF funds provided by the City of Dallas.

HRI Properties purchased 1600 Pacific on April 30, 2014, with plans to invest $70 million. The 32-story office building will be developed with parking and 171 hotel rooms that are currently planned as a Hilton Garden Inn. The hotel and parking will be located on lower floors with a swimming pool and meeting facilities.
located on the fifth floor. Upper floors will be converted into 186 luxury apartment units. The project began in mid-2014 and began pre-leasing in May 2015. Construction is expected to complete in August 2015.

1401 Elm is being redeveloped by Drever Capital Management approximately $240 million. Originally scheduled for completion in mid-2016, 1401 Elm is set to become a 225-room hotel, 348 residential units and a large amount of street-level retail space. Completion of the project is currently projected for early 2018.

The Reunion Area of the CBD is named for a French colony that settled near this site in 1855. The Reunion Area is in the southwest corner of the CBD. Facing Houston Street is the 1914 railroad terminal, Union Station, which even today is serviced by Amtrak and contains Dallas’ visitor information center. Behind the station and accessible by an underground walkway are the Hyatt Regency Hotel and Reunion Tower, an international landmark. Reunion Tower is a 50-story structure topped with a geodesic dome, which contains an observation deck and revolving restaurant. Reunion Arena (former home of the Dallas Mavericks NBA team) has been replaced by the AAC and was razed in 2009. The site is planned for redevelopment though details of any plans have yet to be determined.

The Civic Center area is located in the south-central section of the CBD. Included within this area is the Pioneer Park Cemetery on Young Street (where a number of the city’s early settlers are buried), the Dallas Convention Center (one of the nation’s largest with over two million square feet under one roof), Dallas’ City Hall, and the J. Erik Jonsson Central Library. A new convention center hotel, flagged as an Omni, opened in November 2011. According to Ed Netzhammer, regional VP of the Omni Hotel chain, there are over 120 conventions already booked at the hotel through 2017. The Dallas City Hall was designed by world-renowned architect I.M. Pei and features a futuristic design, which rises above an immense open plaza, reserved for various local arts and cultural activities. The Joule Hotel also underwent a major expansion starting in 2014 which included additions of 16,328 SF of hotel space at 1526 Main Street, another 3,072 SF at 1604 Main Street, and 10,300 SF of retail space. The retail space is home to four dining concepts: Americano, CBD Provisions, Midnight Rambler, and Weekend Coffee. In late 2016 it was also reported that a new restaurant, Mirador, was in development as part of the Joule.

The Dallas Farmers’ Market area is located in the southeast corner of the CBD between Central Expressway and Harwood Street. The Farmers Market, which was established in 1941 is 12 acres of barns and shops where farmers and buyers trade their goods seven (7) days a week. As previously mentioned, three sheds will remain after the renovation of the area with one being north of the subject and one being northeast. The new sheds have opened as of August 2014 and pedestrian traffic to vendors and food trucks has increased. New projects include Alta Farmers Market, a market rate multifamily community developed by Wood Partners (300 units). The project broke ground in June 2014 and completed in late 2015. The mid-rise property offers structured parking and competitive amenities but is not expected to compete with the subject due to design and location adjacent to the Farmers Market. Another project under construction is the HUD-insured Farmers Market Harvest Lofts. This project will feature 240 market rate units in one four-story midrise building over garage parking and ground level retail space. The project is scheduled to complete in 2017/2018. Currently, the project is in lease up and 70% occupied. Farmers Market Harvest Lofts are located in the Farmers Market district, south of the subject and are not expected to directly compete due to having a mid-rise design, rather than a high-rise construction.
Life Stages & Trends
The PMA as defined herein is approximately 95% built up. It began developing in the 1960’s, with most development occurring in the 1970’s and 1980’s, although new development and redevelopment continues today. Based upon development trends within the area, the life stage of the neighborhood is considered to be one of slow to steady growth.

Demographic Data
The Nielsen Company provided the following population characteristics and income levels within 1, 3-, and 5-mile radii from the subject, as well as the Primary Market Area and the Dallas MSA.

<table>
<thead>
<tr>
<th>Description</th>
<th>1 Mile Radius</th>
<th>3 Mile Radius</th>
<th>5 Mile Radius</th>
<th>Dallas - Fort Worth Metropolitan Area</th>
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</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2022 Projection</td>
<td>29,886</td>
<td>182,697</td>
<td>392,091</td>
<td>7,992,973</td>
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<tr>
<td>2018 Estimate</td>
<td>26,865</td>
<td>170,730</td>
<td>369,393</td>
<td>7,418,556</td>
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<td>2010 Census</td>
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<td>145,720</td>
<td>330,149</td>
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<td>144,819</td>
<td>342,464</td>
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<tr>
<td>2018 Est. Median Age</td>
<td>34.33</td>
<td>34.91</td>
<td>34.48</td>
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<tr>
<td>2018 Est. Average Age</td>
<td>37.33</td>
<td>36.85</td>
<td>36.10</td>
<td>36.40</td>
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<tr>
<td><strong>Households</strong></td>
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<td></td>
<td></td>
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<tr>
<td>2022 Projection</td>
<td>18,016</td>
<td>87,848</td>
<td>165,736</td>
<td>2,863,392</td>
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<tr>
<td>2018 Estimate</td>
<td>16,230</td>
<td>80,969</td>
<td>154,721</td>
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<tr>
<td>2010 Census</td>
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<td>66,675</td>
<td>134,868</td>
<td>2,320,283</td>
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<td>5,231</td>
<td>55,274</td>
<td>127,670</td>
<td>1,897,634</td>
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<td>2018 Est. Average Household Size</td>
<td>1.56</td>
<td>1.95</td>
<td>2.28</td>
<td>2.75</td>
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<td>2018 Est. Households by Household Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Less than $15,000</td>
<td>8%</td>
<td>11%</td>
<td>13%</td>
<td>8%</td>
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<tr>
<td>Income $15,000 - $24,999</td>
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<td>8%</td>
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<td>8%</td>
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<td>Income $25,000 - $34,999</td>
<td>4%</td>
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<td>Income $150,000 - $199,999</td>
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<td>Income $200,000 - $249,999</td>
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<td>4%</td>
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<td>4%</td>
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<tr>
<td>Income $250,000 - $499,999</td>
<td>7%</td>
<td>5%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Income $500,000 and more</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>2018 Est. Average Household Income</td>
<td>$122,338</td>
<td>$102,972</td>
<td>$105,627</td>
<td>$95,931</td>
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<td>2018 Est. Median Household Income</td>
<td>$89,471</td>
<td>$67,636</td>
<td>$62,149</td>
<td>$67,417</td>
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<td>2018 Est. Tenure of Occupied Housing Units</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>17%</td>
<td>27%</td>
<td>39%</td>
<td>62%</td>
</tr>
<tr>
<td>Renter Occupied</td>
<td>83%</td>
<td>73%</td>
<td>61%</td>
<td>38%</td>
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<tr>
<td>2018 Est. Median All Owner-Occupied Housing Value</td>
<td>$405,087</td>
<td>$405,087</td>
<td>$318,460</td>
<td>$190,923</td>
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</table>

Source: 2018 Claritas, Inc.
Public Facilities/Services

The market area is adequately serviced by all public utilities and services, as summarized in the following table.

<table>
<thead>
<tr>
<th>Utility</th>
<th>Supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>Various</td>
</tr>
<tr>
<td>Gas (natural)</td>
<td>Atmos</td>
</tr>
<tr>
<td>Water/Sewer</td>
<td>City of Dallas</td>
</tr>
<tr>
<td>Telephone</td>
<td>Various</td>
</tr>
<tr>
<td>Police/Fire</td>
<td>City of Dallas</td>
</tr>
<tr>
<td>Education</td>
<td>Dallas ISD</td>
</tr>
</tbody>
</table>

All utilities are available to the market area. Water and sewer are provided by the City of Dallas, natural gas is provided by Atmos Energy, electricity is provided by TXU, and telephone service is provided by AT&T. The City of Dallas also provides police and fire protection and refuse collection. Utilities reportedly are of sufficient capacity to adequately serve the market area as currently developed. No future capacity problems are foreseen at this time.

The market area is served by the Dallas Independent School District with City Park Elementary School, Dade Middle School, and Madison High serving the subject location. Educational facilities, provided by Dallas ISD, are rated as average Booker T. Washington High School for the Performing and Visual Arts is a public secondary school located in the Arts District of downtown Dallas, Texas. Booker T. Washington High School enrolls students in grades 9-12 and is the Dallas Independent School District's arts magnet school (thus, it is often locally referred to simply as Arts Magnet). Higher education is provided by several local and nearby universities including Southern Methodist University (just north of the PMA), El Centro College (located in the CBD) and Dallas Theological Seminary (east of PMA). The University of North Texas at Dallas College of Law opened in late 2014 in the Dallas Municipal Building.

Area recreational and park/plaza facilities are rated as average, although the addition of the Main Street Garden Park and the Woodall Rogers Park will greatly increase these facilities. Amenities of the Main Street Garden Park include a café and shade structure, splash fountain, playground, urban dog run, garden rooms and concert green. The shade structures contain a public art commission, "Spectroscope", containing bands of light that change throughout the year and at sunrise/sunset. Also, Dealey Plaza, Founders Square Park, Ferris Plaza, Lubben Plaza, May Park, Municipal Plaza, and the John W. Carpenter Plaza are located in the Downtown area. Churches of all denominational preferences are also located within the market area. Lakewood Country Club is just east of the area and White Rock Lake is four miles northeast of the market area. Fair Park, home to the Cotton Bowl, and the State Fair, is approximately 1.5 miles east of the PMA, south of IH 30.

Baylor Hospital provides major medical and emergency facilities, which is located to the northeast at Gaston Avenue and Hall Street. Also, Children’s Medical Center, UT Medical System and Parkland Hospital are just northwest of the market area, where comprehensive medical and emergency services are provided.
Conclusion

The subject is located within the Dallas CBD, which serves as a center for commercial activity within the city of Dallas. Access to and from the subject is considered excellent with four major freeways surrounding the CBD. Although the Dallas CBD has not seen growth as dynamic as the Uptown and Victory areas, it is experiencing some new development and significant levels of redevelopment. These redevelopment projects have occurred primarily in older buildings that offer the opportunity to develop a combination of residential units, ground floor retail and structured parking. The lack of supportive retail and other services and the condition and age of some older properties in the area is a negative influence, but this is offset by the growing number of property owners willing to purchase and renovate such properties for mixed use developments which typically include a retail component. One example of this redevelopment occurred in mid-2015 when the Corrigan Tower at 1900 Pacific Avenue was renovated to feature Class A apartments coupled with ground-floor retail space. The city’s significant commitment to several large capital projects including the Trinity River Corridor project and Klyde Warren Park should continue to create an appealing environment that will attract additional residential and commercial development within the downtown area. The central location and easy access to the areas transportation network and large employment base are positive draws for the subject market area. Overall, the market area should continue to benefit from the continued demand for urban living, which has become increasingly popular over the last five to ten years in the local market.
Physical Characteristics

Size/Shape/Dimensions

The subject site is located on the southeast side of Bryan Street and the west side of US 75 within the CBD of Dallas, Dallas County, Texas. The subject’s address is 2400 Bryan Street. The provided site plan indicated the site size is 1.148 acres. A provided site development plan is shown below.

Figure 3 : Site Development Plan (outlined in green)

Access/Visibility

The subject features average frontage along the south side of Bryan Street, approximately 0.1 miles northeast of the DART Pearl/Arts District Station. Ingress and egress of the site are facilitated via two curb cuts along the south line of Bryan Street. At the site, Bryan Street is a one-way, one-lane, concrete-paved, secondary arterial with concrete curbs and gutters that runs parallel to the DART Rail Line and provides access to Live Oak Street and southbound on IH 45. A future two-way drive will facilitate access to the subject and the adjacent Dallas High School redevelopment from Bryan Street to North Pearl Street. Overall, access and visibility are rated as good.

Topography/Drainage

The site is generally level and is at street grade on fronting street. Based on the on-site inspection, the topography appears to provide adequate surface drainage. No topographical survey or engineering study of the soils was provided.
Floodplain

According to the Flood Insurance Rate Map by the Federal Emergency Management Agency (FEMA) and the site survey provided, the site appears to be located in Zone X, panel number 48113C0345J and dated August 23, 2001. Zone X is an area determined to be outside the 100- and 500-year flood hazard area.

Soil/Subsoil Conditions

A geotechnical analysis describing the soil and subsoil conditions at the site were not furnished to BBG, Inc., and no responsibility is assumed for these issues. Based on the surrounding development, it appears that soil/subsoil stability is adequate for development; however, it is recommended that a qualified expert be retained to render an opinion relative to soil/subsoil conditions.

Utilities/Services

All public utilities and services are currently available to the site. They are sufficient to support any new development.
Seismic Activity
A geological survey was not provided or obtained. The appraiser is not qualified to determine if fault lines do or do not affect the subject, and we recommend the acquisition of an engineering study relating to the geological stability of the site and surrounding areas, if concerns are present.

Manmade Improvements
The subject site is currently improved with a 65-space, asphalt paved parking lot and billboard.

Hazards/Nuisances
An environmental study was not provided to the appraisers. No apparent hazards or nuisances, such as smoke and hazardous materials were noted on or near the subject site. The presence of substances such as asbestos, urea-formaldehyde foam insulation, radon, and other potentially hazardous materials were not found on the property. The value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required discovering them.

Legal-Government Factors
Development Restrictions/Easements
Based on our review of the survey and our physical inspection of the property, the site does not appear to be detrimentally impacted by easements. Additionally, there do not appear to be any encroachments that would have an adverse impact on the development potential or marketability of the sites or its value.

Zoning
Development and construction requirements fall within the jurisdiction of the City of Dallas. Additional information is presented in the Zoning Analysis portion of the report.
Locational Factors

Surrounding Land Uses

The land uses adjoining the subject property are shown in the following table.

<table>
<thead>
<tr>
<th>Direction</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>DART Rail Line, Parking Lot</td>
</tr>
<tr>
<td>South</td>
<td>Dallas High School redevelopment</td>
</tr>
<tr>
<td>East</td>
<td>US Highway 75/IH 45</td>
</tr>
<tr>
<td>West</td>
<td>DART Rail Line, Office Use</td>
</tr>
</tbody>
</table>

Transportation Facilities

Private vehicular transportation is the most common form utilized throughout the market area. Additionally, the subject is located within 500 feet of the Pearl/Arts District Light Rail Station, which offers light rail service on the Blue, Green, Orange, and Red lines. A bus stop is also located southwest of the subject at the intersection of North Pearl Street and Bryan Street.
Supporting Facilities

The site’s proximity to supportive uses is detailed in the following table.

<table>
<thead>
<tr>
<th>Supportive Use</th>
<th>Distance from Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Centers</td>
<td>Dallas CBD (less than 0.2 mile west)</td>
</tr>
<tr>
<td>Public Transportation</td>
<td>DART Rail Station and Bus Stops less than 0.15 mile southwest</td>
</tr>
<tr>
<td>Grammar Schools</td>
<td>Forestridge Elementary School (0.73 miles southwest)</td>
</tr>
<tr>
<td>Freeway Access</td>
<td>US 75/IH 45 adjacent</td>
</tr>
<tr>
<td>Shopping Facilities</td>
<td>multiple stores within CBD; West Village (1.45 miles north); Whole Foods Market (less than 1 mile north); Dallas Farmers Market (less than 1 mile south)</td>
</tr>
</tbody>
</table>

Conclusion

The subject’s general location characteristics are rated as good with regard to visibility and access, as it is located along a primary arterial within the Dallas CBD. Bryan Street features good linkages Live Oak Street and the southbound lanes of IH 45. As such, the site features good linkage to shopping facilities and to employers located in and proximate to the market area as well. The site is located with the city limits of Dallas and is zoned for multiple uses. The site is subject to typical easements that are not regarded as detrimental, and it features utilities sufficient in capacity to accommodate development comparable in density to that which presently exists. For more information, please refer to the subject photographs presented in the Exhibits section of this report.
Introduction

The City of Dallas employs a comprehensive zoning ordinance. The site is zoned CA-1(A) with a SPSD and a Demolition Delay Overlay District overlays per the zoning maps. Below outlines the zoning designation for the subject.

The basic development restrictions within the CA-1(A), Central Area District are included in the following table.
Allowable uses in this district include all uses except heavy industrial.

The Special Provision Sign District (SPSD) is set up to regulate both the construction of new signs and the alterations of existing signs with a view towards enhancing, preserving, and developing the unique character of the downtown area while addressing the diversity of businesses and promoting the economy of downtown.

The Demolition Delay Overlay District is intended to encourage the preservation of historically significant buildings that are not located in a historic overlay district by helping the property owner identify alternatives to demolition.

The subject site, as currently used as a parking lot, appears to represent a legal, conforming use based on current zoning standards.

<table>
<thead>
<tr>
<th>Category</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoning Code</td>
<td>CA-1(A)</td>
</tr>
<tr>
<td>Zoning Description</td>
<td>Central Area</td>
</tr>
<tr>
<td>Maximum Floor Area Ratio</td>
<td>20.0 : 1.0</td>
</tr>
<tr>
<td>Maximum Density</td>
<td>None</td>
</tr>
<tr>
<td>Maximum Height</td>
<td>Any legal height</td>
</tr>
<tr>
<td>Maximum Lot Coverage</td>
<td>100%</td>
</tr>
<tr>
<td>Minimum Front Yard</td>
<td>None</td>
</tr>
<tr>
<td>Minimum Lot Area</td>
<td>None</td>
</tr>
<tr>
<td>Minimum Rear Yard</td>
<td>None</td>
</tr>
<tr>
<td>Minimum Side Yard</td>
<td>None</td>
</tr>
<tr>
<td>Parking Requirements</td>
<td>1 space per 2,000 SF of new building, an addition to the existing building, or for Multifamily</td>
</tr>
</tbody>
</table>
HIGHEST AND BEST USE ANALYSIS

Introduction
In formulating an opinion of optimum use of a tract of land, it is important that a careful analysis be made of the property, its size, shape and physical characteristics, topography, zoning, market conditions, and demand for the various legally permitted uses, and other economic factors and conditions.

Analysis of Site, As if Vacant

Legally Permissible
Except for a legally nonconforming property, the first step in determining what is legally permissible is to analyze private restrictions, zoning, building codes, historic district controls and environmental regulations. The subject is located in the "CA-1(A)", Central Area District zoning district under the jurisdiction of the City of Dallas. An assortment of commercial uses, including office, retail and parking structures, and residential uses are allowed within the district. The subject's zoning allows a FAR up to 20.0:1.0 and a maximum lot coverage area of up to 100%. The subject is considered to be largely unrestricted from a legal standpoint.

Physically Possible
The physical characteristics of a site can affect the uses. These characteristics include: 1) size, 2) shape, 3) terrain or topography, 4) soil condition, 5) utilities, 6) access characteristics, and 7) surrounding land uses. Each of these site characteristics were described and discussed in the Site Analysis section of this report.

A number of uses are physically possible on the subject site. The 50,000 SF size with an approximate FAR of 20.0:1.0 is adequate to support a variety of high-density uses. The site does not suffer from topographical limitations and it is not known to suffer from environmental limitations. Soil and subsoil conditions appear adequate for construction as evidenced by area construction. From a development standpoint, the location offers good access due to its location along the southeast side of Bryan Street, west side of US 75 as well as having immediate access to public transportation. The subject further benefits from being located within the Dallas CBD. Public utilities are provided and are of adequate capacity for various uses. Surrounding land uses are a mixture of commercial and special use developments, and notably, the redeveloped Dallas High School abuts the subject’s southwest perimeter.

Financially Feasible/Maximally Productive
In determining which uses are legally permissible and physically possible, an appraiser eliminates some uses from consideration. Then the uses that meet the first two criteria are analyzed further. If the uses are income-producing, the analysis will study which are likely to produce an income, or return equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization. All uses that are expected to produce a positive return are regarded as financially feasible.2

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Due to its good access along the southeast side of Bryan Street, west side of US 75 as well as having immediate access to public transportation and numerous surrounding commercial and special use developments, the subject is well-suited for high-density office or multi-family residential development.

The following information is provided by CoStar’s 4th Quarter Office report for the Dallas market and REIS 3rd Quarter (most recent available) Multi-Family report for the Dallas market, which outline the state of the subject’s office and multi-family submarkets.

**CBD Office Submarket Analysis**

According to CoStar’s 4th Quarter Office Report, the subject’s office submarket has a higher amount of vacancy compared to the suburban submarkets. The overall vacancy rate in Dallas/Ft. Worth’s CBD at the end of the fourth quarter 2017 remained at 19.0%. The vacancy rate was 19.0% at the end of the third quarter 2017, 18.9% at the end of the second quarter 2017, and 19.2% at the end of the first quarter 2017. The vacancy rate in the suburban markets increased to 14.2% in the fourth quarter 2017. The vacancy rate was 14.0% at the end of the third quarter 2017, 13.8% at the end of the second quarter 2017, and 13.8% at the end of the first quarter 2017.

Sublease vacancy in Dallas/Ft. Worth’s central business district stood at 680,306 square feet at the end of the fourth quarter 2017. It was 524,093 square feet at the end of the third quarter 2017, 282,503 square feet at the end of the second quarter 2017, and 320,532 square feet at the end of the first quarter 2017. Sublease vacancy in the suburban markets ended the fourth quarter 2017 at 2,809,800 square feet. At the end of the third quarter 2017 sublease vacancy was 2,524,417 square feet, was 2,297,977 square feet at the end of the second quarter 2017, and was 2,198,273 square feet at the end of the first quarter 2017.

The average quoted asking rental rate in Dallas/Ft. Worth’s CBD was $25.50 at the end of the fourth quarter 2017, and $24.92 in the suburban markets. In the third quarter 2017, quoted rates were $25.31 in the CBD and $24.97 in the suburbs. In addition, there is currently 424,425 SF of office space under construction in the subject’s office submarket.

Total office building sales activity in 2017 was down compared to 2016. In the first nine months of 2017, the market saw 46 office sales transactions with a total volume of $1,044,120,341. The price per square foot averaged $178.61. In the same first nine months of 2016, the market posted 38 transactions with a total volume of $2,163,303,720. The price per square foot averaged $220.55. Cap rates have been lower in 2017, averaging 7.18% compared to the same period in 2016 when they averaged 7.42%. The CBD office market performance is summarized on the following pages.
HIGHEST AND BEST USE ANALYSIS

Dallas/Ft. Worth Office Market

Deliveries, Absorption & Vacancy

Historical Analysis, All Classes

Vacant Space

Historical Analysis, All Classes

Quoted Rental Rates

Historical Analysis, All Classes

<table>
<thead>
<tr>
<th>Period</th>
<th># Bldgs</th>
<th>Total RBA</th>
<th>Vacant SF</th>
<th>Vacancy %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 4q</td>
<td>142</td>
<td>33,696,568</td>
<td>7,511,962</td>
<td>22.0%</td>
</tr>
<tr>
<td>2017 3q</td>
<td>142</td>
<td>33,696,568</td>
<td>7,505,434</td>
<td>22.3%</td>
</tr>
<tr>
<td>2017 2q</td>
<td>142</td>
<td>33,696,568</td>
<td>7,473,310</td>
<td>22.0%</td>
</tr>
<tr>
<td>2017 1q</td>
<td>141</td>
<td>33,604,331</td>
<td>7,449,005</td>
<td>22.2%</td>
</tr>
<tr>
<td>2016 4q</td>
<td>141</td>
<td>33,604,331</td>
<td>7,346,936</td>
<td>21.9%</td>
</tr>
<tr>
<td>2016 3q</td>
<td>141</td>
<td>33,604,331</td>
<td>7,324,799</td>
<td>21.8%</td>
</tr>
<tr>
<td>2016 2q</td>
<td>141</td>
<td>33,604,331</td>
<td>7,306,727</td>
<td>21.7%</td>
</tr>
</tbody>
</table>

Source: CoStar Property

<table>
<thead>
<tr>
<th>Quoted Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25.35</td>
</tr>
<tr>
<td>$25.19</td>
</tr>
<tr>
<td>$25.30</td>
</tr>
<tr>
<td>$25.67</td>
</tr>
<tr>
<td>$25.71</td>
</tr>
<tr>
<td>$25.46</td>
</tr>
<tr>
<td>$25.25</td>
</tr>
<tr>
<td>$24.70</td>
</tr>
<tr>
<td>$24.04</td>
</tr>
<tr>
<td>$23.19</td>
</tr>
<tr>
<td>$22.54</td>
</tr>
<tr>
<td>$22.53</td>
</tr>
<tr>
<td>$22.74</td>
</tr>
<tr>
<td>$21.85</td>
</tr>
<tr>
<td>$21.89</td>
</tr>
<tr>
<td>$21.79</td>
</tr>
</tbody>
</table>

Source: CoStar Property
According to CoStar, the Dallas CBD Office submarket has higher than average vacancy rates when compared to suburban submarkets. Although average asking rents are higher than the total market average and have been rising over recent years, absorption in the CBD was negative during four of the last five quarters, only posting positive absorption for 2nd Quarter 2017.
Central Dallas Multi-Family Submarket Analysis

According to Reis, the subject is located within the Central Dallas submarket within the central portion of the Dallas area. The following pages detail current statistics for the Central Dallas submarket.

### SUBMARKET TRENDS AND ANALYSIS

<table>
<thead>
<tr>
<th>Year</th>
<th>Period</th>
<th>Inventory (Units)</th>
<th>Completion (Units)</th>
<th>Conversions</th>
<th>Vacancy %</th>
<th>Net Absorption (Units)</th>
<th>Asking Rental Rate</th>
<th>Effective Rental Rate</th>
<th>Annual Eff. Rent Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Annual</td>
<td>10,089</td>
<td>860</td>
<td>0</td>
<td>9.6%</td>
<td>694</td>
<td>$1681</td>
<td>$1541</td>
<td>5.8%</td>
</tr>
<tr>
<td>2008</td>
<td>Annual</td>
<td>11,400</td>
<td>1,311</td>
<td>0</td>
<td>13.6%</td>
<td>730</td>
<td>$1758</td>
<td>$1631</td>
<td>5.8%</td>
</tr>
<tr>
<td>2009</td>
<td>Annual</td>
<td>12,572</td>
<td>1,172</td>
<td>0</td>
<td>14.0%</td>
<td>962</td>
<td>$1695</td>
<td>$1562</td>
<td>-4.2%</td>
</tr>
<tr>
<td>2010</td>
<td>Annual</td>
<td>13,026</td>
<td>454</td>
<td>0</td>
<td>8.2%</td>
<td>1,146</td>
<td>$1710</td>
<td>$1580</td>
<td>1.2%</td>
</tr>
<tr>
<td>2011</td>
<td>Annual</td>
<td>13,310</td>
<td>284</td>
<td>0</td>
<td>6.6%</td>
<td>474</td>
<td>$1762</td>
<td>$1632</td>
<td>3.3%</td>
</tr>
<tr>
<td>2012</td>
<td>Annual</td>
<td>13,386</td>
<td>76</td>
<td>0</td>
<td>5.3%</td>
<td>245</td>
<td>$1805</td>
<td>$1687</td>
<td>3.4%</td>
</tr>
<tr>
<td>2013</td>
<td>Annual</td>
<td>14,575</td>
<td>1,189</td>
<td>0</td>
<td>5.4%</td>
<td>1,111</td>
<td>$1877</td>
<td>$1759</td>
<td>4.3%</td>
</tr>
<tr>
<td>2014</td>
<td>Annual</td>
<td>16,778</td>
<td>2,203</td>
<td>0</td>
<td>9.0%</td>
<td>1,480</td>
<td>$1963</td>
<td>$1839</td>
<td>4.5%</td>
</tr>
<tr>
<td>2015</td>
<td>Annual</td>
<td>18,196</td>
<td>1,418</td>
<td>0</td>
<td>8.1%</td>
<td>1,461</td>
<td>$2062</td>
<td>$1933</td>
<td>5.1%</td>
</tr>
<tr>
<td>2016</td>
<td>Annual</td>
<td>19,906</td>
<td>1,710</td>
<td>0</td>
<td>6.3%</td>
<td>1,919</td>
<td>$2140</td>
<td>$2003</td>
<td>3.6%</td>
</tr>
<tr>
<td>2017</td>
<td>1</td>
<td>20,257</td>
<td>351</td>
<td>0</td>
<td>6.8%</td>
<td>229</td>
<td>$2189</td>
<td>$2034</td>
<td>---</td>
</tr>
<tr>
<td>2017</td>
<td>2</td>
<td>21,063</td>
<td>806</td>
<td>0</td>
<td>8.0%</td>
<td>499</td>
<td>$2258</td>
<td>$2087</td>
<td>---</td>
</tr>
<tr>
<td>2017</td>
<td>3</td>
<td>21,063</td>
<td>0</td>
<td>0</td>
<td>7.5%</td>
<td>107</td>
<td>$2258</td>
<td>$2087</td>
<td>---</td>
</tr>
</tbody>
</table>

As of 3Q 2017, the Central Dallas multifamily submarket maintains a current vacancy rate of 7.5% which is 120 basis points above that of the 6.3% indication as of 2016 annual. The current vacancy rate is 220 basis points above that of the prior low rate of 5.3% reported in 2012 and 650 basis points below the highest historical rate of 14.0% indicated in 2009. The average vacancy rate over the past 10 years, excluding the current period, is 8.6%.

Currently, the Central Dallas multifamily submarket 3Q 2017 contains an inventory of 21,063 units. As of 3Q 2017, there have been 1,157 unit completions. As of 2012 annual, 10,677 units have been added to the inventory since 2007, combined with a net of 0 units of conversions out of the rental pool over the same time period. This figure compares to the net absorption of 10,222 units. The following table graphs the additions to supply, the absorption of supply, and the vacancy rate of product in the area.
As presented, the current submarket effective rental rate is $2,087 per unit per month, which is increase of 4.2% over the 2016 indication of $2,003 per unit per month. Over the last 3-, 5-, and 9-year periods, rental rates have increased 13.5%, 23.7%, and 28.0%, respectively.

Of the existing inventory, the submarket is comprised of 96.5% Class A properties and 3.5% Class B/C properties. This mix of Class A and B/C properties is generally consistent with that of other Dallas area submarkets. This mix of Class A and B/C properties is inconsistent with that of other Dallas area submarkets due to the Central Dallas submarket’s location in the Dallas CBD and high concentration of higher class product.

Forecast information, as provided by Reis, for the subject submarket is summarized in the following table.

<table>
<thead>
<tr>
<th>Year</th>
<th>Period</th>
<th>Inventory (Units)</th>
<th>Completion (Units)</th>
<th>Conversions</th>
<th>Vacancy %</th>
<th>Net Absorption (Units)</th>
<th>Asking Rental Rate</th>
<th>Effective Rental Rate</th>
<th>Annual Eff. Rent Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Annual</td>
<td>21,719</td>
<td>1,813</td>
<td>0</td>
<td>8.5%</td>
<td>1,225</td>
<td>$2285</td>
<td>$2111</td>
<td>5.4%</td>
</tr>
<tr>
<td>2018</td>
<td>Annual</td>
<td>24,855</td>
<td>3,136</td>
<td>0</td>
<td>9.5%</td>
<td>2,621</td>
<td>$2366</td>
<td>$2171</td>
<td>2.8%</td>
</tr>
<tr>
<td>2019</td>
<td>Annual</td>
<td>25,696</td>
<td>841</td>
<td>0</td>
<td>9.9%</td>
<td>668</td>
<td>$2432</td>
<td>$2231</td>
<td>2.8%</td>
</tr>
<tr>
<td>2020</td>
<td>Annual</td>
<td>26,501</td>
<td>805</td>
<td>0</td>
<td>9.9%</td>
<td>721</td>
<td>$2492</td>
<td>$2294</td>
<td>2.8%</td>
</tr>
<tr>
<td>2021</td>
<td>Annual</td>
<td>27,213</td>
<td>712</td>
<td>0</td>
<td>9.6%</td>
<td>726</td>
<td>$2542</td>
<td>$2342</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

As presented, Reis forecasts annual completions of 1,813 units in 2017 and 3,136 units in 2018, with average annual completions of 1,373 units through 2021. The aforementioned average annual completions are complemented by a forecast of 1,184 average annual net absorbed units through 2021. Similarly, continued effective rent growth of 3.2% per annum, on average is anticipated over this period.
As noted previously, the vast majority of multi-family product within the subject submarket is Class A. and the following data and analysis focus on Class A product. Statistics associated with only the Class A properties within the submarket are presented in the next table.

<table>
<thead>
<tr>
<th>Year</th>
<th>Period (QTR.)</th>
<th>Inventory (Units)</th>
<th>Completion (Units)</th>
<th>Vacancy %</th>
<th>Net Absorption (Units)</th>
<th>Asking Rental Rate</th>
<th>Annual Eff. Rent Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Annual</td>
<td>9,353</td>
<td>860</td>
<td>9.4%</td>
<td>735</td>
<td>$1731</td>
<td>---</td>
</tr>
<tr>
<td>2008</td>
<td>Annual</td>
<td>10,664</td>
<td>1,311</td>
<td>13.9%</td>
<td>708</td>
<td>$1808</td>
<td>4.4%</td>
</tr>
<tr>
<td>2009</td>
<td>Annual</td>
<td>11,836</td>
<td>1,172</td>
<td>14.3%</td>
<td>963</td>
<td>$1735</td>
<td>-4.0%</td>
</tr>
<tr>
<td>2010</td>
<td>Annual</td>
<td>12,290</td>
<td>454</td>
<td>8.3%</td>
<td>1,121</td>
<td>$1749</td>
<td>0.8%</td>
</tr>
<tr>
<td>2011</td>
<td>Annual</td>
<td>12,574</td>
<td>284</td>
<td>6.7%</td>
<td>473</td>
<td>$1805</td>
<td>3.2%</td>
</tr>
<tr>
<td>2012</td>
<td>Annual</td>
<td>12,650</td>
<td>76</td>
<td>5.4%</td>
<td>234</td>
<td>$1845</td>
<td>2.2%</td>
</tr>
<tr>
<td>2013</td>
<td>Annual</td>
<td>13,839</td>
<td>1,189</td>
<td>5.5%</td>
<td>1,104</td>
<td>$1917</td>
<td>3.9%</td>
</tr>
<tr>
<td>2014</td>
<td>Annual</td>
<td>16,042</td>
<td>2,203</td>
<td>9.2%</td>
<td>1,489</td>
<td>$1999</td>
<td>4.3%</td>
</tr>
<tr>
<td>2015</td>
<td>Annual</td>
<td>17,460</td>
<td>1,418</td>
<td>8.2%</td>
<td>1,460</td>
<td>$2098</td>
<td>5.0%</td>
</tr>
<tr>
<td>2016</td>
<td>Annual</td>
<td>19,170</td>
<td>1,710</td>
<td>6.4%</td>
<td>1,916</td>
<td>$2173</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

Overall the Class A product is indicated a 7.7% vacancy rate and an asking rent of $2,297/month as of 2017. The current vacancy is a 130 basis point change from the 2016 annualized figure of 6.4% and a 660 basis point change from the 10 year high of 14.3% in 2009. The current asking rent reflects a $124 change from the 2017 annual figure of $2,173 per month. Absorption has been average (average of 1,020 units over 10 years excluding current year) while new supply has been higher at an average of 1,067 units per year. The average vacancy rate over the past 10 years, excluding the current period, is 8.7%.
Reis identifies the following projects as either under construction, planned, or proposed for development within the submarket.
## SUBMARKET CONSTRUCTION & DEVELOPMENT TRENDS

<table>
<thead>
<tr>
<th>Property Name</th>
<th>Type</th>
<th>Location</th>
<th>Est. Completion Date (Month/Year)</th>
<th>No. of Units</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid elm Lofts</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>29</td>
<td>Planned</td>
</tr>
<tr>
<td>Oak Lawn Tower</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>50</td>
<td>Planned</td>
</tr>
<tr>
<td>TAYLOR LOFTS MIXED USE</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>60</td>
<td>Planned</td>
</tr>
<tr>
<td>THE LEXI APARTMENTS</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>400</td>
<td>Planned</td>
</tr>
<tr>
<td>THE OLIVER BY HARWOOD INTERNATIONAL</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>33</td>
<td>Planned</td>
</tr>
<tr>
<td>The Spire Ph 2</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>337</td>
<td>Planned</td>
</tr>
<tr>
<td>Trammel Crow Center Mixed Use</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>400</td>
<td>Planned</td>
</tr>
<tr>
<td>Turtle Creek House Apartments</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>100</td>
<td>Planned</td>
</tr>
<tr>
<td>Turtle Creek Towers</td>
<td>Condo</td>
<td>DALLAS</td>
<td>NA</td>
<td>100</td>
<td>Planned</td>
</tr>
<tr>
<td>Crescent Uptown HD</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>200</td>
<td>Planned</td>
</tr>
<tr>
<td>Farmers Market</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>297</td>
<td>Planned</td>
</tr>
<tr>
<td>GLACIER</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>99</td>
<td>Planned</td>
</tr>
<tr>
<td>Gables CityPlace Ph 1</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>348</td>
<td>Planned</td>
</tr>
<tr>
<td>Gables CityPlace Ph 2</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>348</td>
<td>Planned</td>
</tr>
<tr>
<td>Gables CityPlace Ph3</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>348</td>
<td>Planned</td>
</tr>
<tr>
<td>2728 Welborn</td>
<td>Apartment</td>
<td>Dallas</td>
<td>2020</td>
<td>416</td>
<td>Planned</td>
</tr>
<tr>
<td>ATELIER/ FLORA LOFTS</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>2020</td>
<td>300</td>
<td>Planned</td>
</tr>
<tr>
<td>Katy Trail Apartments</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>2020</td>
<td>4,140</td>
<td></td>
</tr>
<tr>
<td>PURSE &amp; CO LOFTS</td>
<td>Subsidized/Low Income</td>
<td>DALLAS</td>
<td>NA</td>
<td>40</td>
<td>Proposed</td>
</tr>
<tr>
<td>The Spire Ph 1</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>NA</td>
<td>190</td>
<td>Proposed</td>
</tr>
<tr>
<td>Total-Planned</td>
<td></td>
<td></td>
<td></td>
<td>230</td>
<td></td>
</tr>
<tr>
<td>MAGNOLIA STATION PH II</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>2017</td>
<td>60</td>
<td>Under Constr.</td>
</tr>
<tr>
<td>SKYHOUSE VICTORY</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>2017</td>
<td>352</td>
<td>Under Constr.</td>
</tr>
<tr>
<td>The Statler Residences</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>2017</td>
<td>219</td>
<td>Under Constr.</td>
</tr>
<tr>
<td>The 23 Dallas</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>2018</td>
<td>283</td>
<td>Under Constr.</td>
</tr>
<tr>
<td>The Drever Apartments</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>2018</td>
<td>348</td>
<td>Under Constr.</td>
</tr>
<tr>
<td>The Katy at Victory Park</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>2018</td>
<td>461</td>
<td>Under Constr.</td>
</tr>
<tr>
<td>MODERA TURTLE CREEK</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>2018</td>
<td>207</td>
<td>Under Constr.</td>
</tr>
<tr>
<td>Residences at Park District</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>2018</td>
<td>228</td>
<td>Under Constr.</td>
</tr>
<tr>
<td>BROADSTONE FARMERS MARKET</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>2018</td>
<td>340</td>
<td>Under Constr.</td>
</tr>
<tr>
<td>Carlisle and Vine</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>2018</td>
<td>159</td>
<td>Under Constr.</td>
</tr>
<tr>
<td>FOREST CITY WEST VILLAGE 2</td>
<td>Apartment</td>
<td>DALLAS</td>
<td>2018</td>
<td>389</td>
<td>Under Constr.</td>
</tr>
</tbody>
</table>

**Total-Proposed**

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The following information was provided by CBRE and illustrates cap rate trends in Tier II infill markets (includes Dallas-Fort Worth) for multi-family product.

Central Dallas Multi-Family Submarket Conclusion

Prospects for the multi-family submarket appear favorable. Rental rates are trending upward, though vacancy has increased over recent years as completions outpace absorptions. Favorable rates of rent growth are anticipated to continue.
Based on the preceding data, the financially feasible uses are considered to be office or multi-family residential with support parking and ancillary retail. It is noted that the historical statistics and forecasts for both uses indicate increasing vacancy rates. Between the two uses, the multi-family use has a more favorable forecast than that anticipated for office use. Though vacancy rates are forecast to increase within the multi-family residential market, the rental rates are forecasted to increase. The increase in the vacancy rate is a direct result of an increase in supply that has not yet had adequate time to be absorbed. The submarket vacancy rate is expected to increase to 9.9% by 2020 and is above the 10-year average of 8.6%. There is reason for caution in this submarket for either office, multi-family or a mixed-use project.

Maximally Productive

Among financially feasible uses, the use that provides the highest rate of return or value (given a constant rate of return) is the highest and best use. Given the legally permissible and physically possible discussions set forth above, the subject’s highest and best use is development with a multi-family residential development with ancillary retail on the ground floor, as typical for most recent such multi-family residential developments. This highest and best use is supported by the subject’s unique location attributes within the Dallas CBD which makes it a top-tier development site.
REAL ESTATE TAX ANALYSIS

Tax Rates
The respective taxing authorities and tax rates per $100 of assessed value are similar to surrounding communities and are not burdensome.

<table>
<thead>
<tr>
<th>Taxing Authority</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Dallas</td>
<td>$0.782500</td>
<td>$0.780400</td>
</tr>
<tr>
<td>Dallas ISD</td>
<td>$1.282085</td>
<td>$1.282085</td>
</tr>
<tr>
<td>County and School Equalization</td>
<td>$0.252371</td>
<td>$0.253100</td>
</tr>
<tr>
<td>Parkland Hospital</td>
<td>$0.279400</td>
<td>$0.279400</td>
</tr>
<tr>
<td>Dallas County Community College</td>
<td>$0.122933</td>
<td>$0.124238</td>
</tr>
<tr>
<td>Total</td>
<td>$2.705112</td>
<td>$2.719223</td>
</tr>
</tbody>
</table>

Assessed Value
The assessment ratio for improved properties is 100% of the full appraised value. The subject’s parent tracts are assessed by the Dallas Central Appraisal District under account numbers 00000105778000000 & 00000105556000100. The following chart summarized the subject’s recent assessed values for its parent tracts.

<table>
<thead>
<tr>
<th>Assessment</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvements</td>
<td>$2,361,520</td>
<td>$0</td>
</tr>
<tr>
<td>Land</td>
<td>$14,512,810</td>
<td>$12,567,540</td>
</tr>
<tr>
<td>Total</td>
<td>$16,874,330</td>
<td>$12,567,540</td>
</tr>
</tbody>
</table>

As the subject parcel has not yet been subdivided as a separate tract, no assessment history exists for the subject site. To estimate a tax liability for the subject property, the 2017 per foot assessment of land for the subject’s parent tracts ($60.00/SF per DCAD) and the 2017 tax rates were utilized.

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parcel ID#</td>
<td>N/A</td>
</tr>
<tr>
<td>Improvement Value</td>
<td>$0</td>
</tr>
<tr>
<td>Land Non-Homesite Value*</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Total Market Value</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Assessment Factor</td>
<td>100%</td>
</tr>
<tr>
<td>Total Assessed Value</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Tax Rate/$100</td>
<td>$2.719223</td>
</tr>
<tr>
<td>Total Tax Liability*</td>
<td>$81,577</td>
</tr>
</tbody>
</table>

*Estimated by Appraiser based on Site Size & Parent Tract Land Assessment ($/SF)
The subject’s projected assessments are lower than the concluded as-is market value presented herein. Typically, assessments are based on general price/SF conclusions for similar properties by an appraisal district.
Overview

The three traditional approaches to valuing improved properties are,

- **Sales Comparison Approach** - a comparison of the property appraised with reasonable similar, recently conveyed properties for which the price, terms and conditions of sale are known;

- **Income Capitalization Approach** - the processing of a projected net income into a valuation estimate via one or more capitalization techniques; and

- **Cost Approach** - an estimate of the replacement cost of all structural improvements as if new, less loss in value attributable to depreciation from all causes plus the value of the land as if vacant.

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

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

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

The Appraisal Process is concluded by review and re-examination of each of the approaches to value that was employed. Consideration is given to the type and reliability of data used, the applicability of each approach to the type of property being appraised and the type and definition of value being sought.

Overview

There are several methods appraisers can employ when estimating land value. The four basic procedures are the Market Data or Comparative Approach, i.e., Sales Comparison, Allocation Method, Anticipated Use or Development Method, and the Land Residual Technique. The Sales Comparison – Land is used to value the subject’s land.
There are several methods which appraisers can employ when estimating land value. The four basic procedures are: the Market Data or Comparative Approach (i.e., Sales Comparison); Allocation Method; Anticipated Use or Development Method; and the Land Residual Technique. Sales Comparison is generally preferred when sufficient sales data are available for analysis.

The Sales Comparison analysis is a process of comparing actual property sales. This approach to value is premised upon the Principle of Substitution. The Principle of Substitution as applied in the Sales Comparison approach holds that the value of a property that is replaceable in the market tends to be set by the cost of acquiring an equally desirable substitute property. The principle also suggests that when substitute properties are not available in the market, the reliability of the Sales Comparison approach may be less than that of other approaches to value.

The applicability of this approach is based upon the assemblage of similar market sales and offerings for comparison to the subject. Considerations for such factors as property rights, financing, conditions of sale, expenditures after the sale, market conditions, location, size, age-condition, quality and occupancy/lease terms, which are significant to the subject property. Any adjustments to the sale price of market sales to provide indications of market value for the subject must be derived from the market; therefore, the actions of typical buyers and sellers are reflected in the comparison process. Preferably, all properties are located in the same competitive area as the property being appraised or in an area that has very similar characteristics.

The Sales Price per Square Foot (SP/SF) is obtained by dividing the sales price by the land size in square feet of the property. The sales price per square foot involves a comparison of physical attributes where adjustments must be made for any differences that affect sales prices. These differences may include property rights, financing, conditions of sale, expenditures after the sale, market conditions, location, size, shape/topography, zoning, utilities, and hazardous materials. This is a reliable unit of comparison assuming a high degree of comparability. However, when somewhat dissimilar properties are compared, the Sales Price per Square Foot does not directly differentiate between their respective income producing capabilities.

Detailed information on the comparable land sales is included in the Exhibit section while a summary is included in the following table.
Sales Price Per Square Foot Method

As illustrated in the preceding table, the sales prices per square foot of land area, range from $129.11/SF to $279.96/SF. The comparable land sales were located throughout the CBD and Uptown neighborhoods of Dallas. The subject will be analyzed using the SP/SF unit of comparison.

Adjustment Analysis

A general discussion of the salient features considered in the comparison of the subject and comparables follows. If no salient feature is discussed, then the subject and comparable are sufficiently similar in that feature so that no discussion and adjustment are necessary. A superior rating for a dissimilar feature requires a negative adjustment to a comparables’ price; an inferior rating requires a positive adjustment; and a similar rating requires no adjustment.

Property Rights Conveyed

This category refers to the ownership rights associated with a sale transaction. All of the comparable sales represent fee simple transactions. The subject is appraised under fee simple ownership; thus, adjustments to the comparable sales for property rights conveyed are not warranted.
**Financing**
The comparable sales were sold for cash or terms equivalent to cash; thus, no cash equivalency adjustments are required.

**Conditions of Sale**
The sale transactions transferred the fee simple interest, sold on a cash basis and were reported as “arm’s length” market transactions. The sales were not adjusted conditions of sale.

**Expenditures After Sale**
Any expense known by the buyer at the time of negotiating the purchase price is considered in this adjustment. For land sales, these items can include removing debris/older improvements or adding soils. The sales that required adjustments for removal of existing improvements have been summarized on each sale write up presented in the exhibits. The prices have already been adjusted on the write-ups and no further adjustment is warranted.

**Market Conditions**
We did not have any repeat sales of the same site and we could not determine a market condition adjustment directly from the data; however, land prices in infill areas of Dallas are changing as rental rates increase and the availability of developable land decreases. The sales are located in close proximity to the subject but the locations are still different in appeal/demand. Although difficult to accurately determine a market condition adjustment, we have applied an upward adjustment of 3%/year to the comparables.

**Location**
Sale 1 is located at the northwest corner of South Lamar Street and Wood Street on the west side of the Dallas CBD with slightly inferior visibility and exposure compared to the subject. This sale was adjusted upward 5% for inferior location.

Sale 2 is located on Dickason Avenue between the Oak Lawn and Uptown neighborhoods. Although this site features access to Turtle Creek Park, it is considered inferior to the subject with regard to visibility and exposure to major thoroughfares and major employers located in Uptown and the CBD. This sale warranted a 5% upward adjustment for location.

Sale 3 is located along Allen Street in the Uptown neighborhood and proximate to the Katy Trail, a popular feature within the Uptown area. Overall demand for real estate is higher in Uptown than the CBD; as such, this sale was adjusted downward 15% for location.

Sale 4 is located along Pearl Street at Woodall Rogers Freeway, within the Arts District and surrounded by major destinations such as Klyde Warren Park, Trammell Crow Center with the Trammel Crow Collection of Asian Art, the Cathedral Shrine of Guadalupe, Dee and Charles Wyly Theatre, Meyerson Symphony Center, AT&T Performing Arts Center, Winspear Theater, Nasher Sculpture Garden and the Dallas Museum of Art. Given the superior location of this sale, it was adjusted downward 15% for location.

**Zoning/Density**
The subject property and the sales have similar zonings with respect to allowed uses on the subject. Sale 1 features a similar maximum allowable FAR as the subject, while Sales 2-4 feature inferior maximum FAR’s compared to the subject. However, while the maximum FAR indicates the most gross building space that can be built, a developer may not necessarily build to the maximum FAR. An accurate adjustment
would be quantifiable if the planned or actual gross building area for each sale was available; however, we were unable to confirm the planned building areas for each sale. As such, due to lack of information, we elected not to adjust for differences in FAR.

**Shape/Terrain**

The subject site is slightly irregular in shape and has generally level topography. All of the comparables are similar in that none have shapes or topography that are considered detrimental to development. As such, no adjustments are required to any of the comparables for shape or topography.

**Size**

Market data typically indicates that the size of a tract (assuming all other factors are relatively similar) is inversely proportional to the sale price/unit of comparison; i.e., the larger the tract, the lower the sale price/unit of comparison, and vice versa. The comparables range in size from 0.59 acres (25,718 SF) to 1.01 acres (44,183 SF). The subject falls just above this range but is considered comparable. Sales 1, 2 and 4 were adjusted downward 5% for their smaller sizes. The remaining sale is generally similar in size as the subject and did not warrant adjustment.

**Flood Plain**

The subject and comparable sales are not located in a designated flood zone and were not adjusted.

**Utilities**

The sale properties had all utilities available to the sites, as did the subject property. Thus, no adjustments were warranted.
The previously discussed adjustments are applied in the following table.

### SALES PRICE/SF ADJUSTMENT SUMMARY

<table>
<thead>
<tr>
<th>Sale Date</th>
<th>Size (Acres)</th>
<th>Sale Price per SF</th>
<th>Rights Conveyed</th>
<th>Adjusted Sales Price</th>
<th>Financing Terms</th>
<th>Adjusted Sales Price</th>
<th>Conditions of Sale</th>
<th>Adjusted Sales Price</th>
<th>Expenditures Immed After Sale</th>
<th>Adjusted Sales Price</th>
<th>Market Conditions</th>
<th>Adjusted Sales Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>—</td>
<td>1.148</td>
<td>$150.00</td>
<td>0.0%</td>
<td>150.00</td>
<td>0.0%</td>
<td>150.00</td>
<td>0.0%</td>
<td>150.00</td>
<td>0.0%</td>
<td>154.50</td>
<td>3.0%</td>
<td>155.00</td>
</tr>
<tr>
<td>Dec-16</td>
<td>0.746</td>
<td>$129.11</td>
<td>0.0%</td>
<td>129.11</td>
<td>0.0%</td>
<td>129.11</td>
<td>0.0%</td>
<td>129.11</td>
<td>0.0%</td>
<td>135.57</td>
<td>5.0%</td>
<td>135.57</td>
</tr>
<tr>
<td>Jul-16</td>
<td>0.803</td>
<td>$200.00</td>
<td>0.0%</td>
<td>200.00</td>
<td>0.0%</td>
<td>200.00</td>
<td>0.0%</td>
<td>200.00</td>
<td>0.0%</td>
<td>210.00</td>
<td>5.0%</td>
<td>210.00</td>
</tr>
<tr>
<td>Mar-16</td>
<td>1.014</td>
<td>$279.96</td>
<td>0.0%</td>
<td>279.96</td>
<td>0.0%</td>
<td>279.96</td>
<td>0.0%</td>
<td>279.96</td>
<td>0.0%</td>
<td>296.76</td>
<td>5.0%</td>
<td>296.76</td>
</tr>
<tr>
<td>Nov-15</td>
<td>0.590</td>
<td>$155.00</td>
<td>0.0%</td>
<td>155.00</td>
<td>0.0%</td>
<td>155.00</td>
<td>0.0%</td>
<td>155.00</td>
<td>0.0%</td>
<td>178.50</td>
<td>5.0%</td>
<td>178.50</td>
</tr>
</tbody>
</table>

**Conclusion of Land Value per SF**

After adjustments, the comparable sales ranged from $135.57/SF to $237.41/SF with a mean of $176.50/SF. As a result of the adjustments made herein, the standard deviation decreased from $67.08/SF before adjustment to $44.25/SF after adjustment. This reduction in the standard deviation indicates a tightening in the sales’ prices about the mean, lending credence to the adjustments made herein. The comparable sales offer reliable indicators of value for the subject. Primary consideration was given to Sale 1 as it required the least amount of gross adjustments. It also represents the most recent transaction that is viewed as being comparable to the subject site. As such, the indicated value of the subject site is $155.00/SF. The Market Value of the site “as is” is concluded as follows:

**Site Value “as is”**

$155.00/SF x 50,000 SF = $7,750,000

Rounded: $7,750,000

As previously noted, the subject is under contract from Bryan Street Land Holdings, LLC to RMGM Developers, LLC for $7,500,000 in a non-arm’s length transaction between related entities. Despite the fact that this contract is between related entities, based on the analysis and opinions herein for the subject, the contract price appears to be near market levels.
Hypothetical Condition

The “as is” value conclusion is predicated on the assumption that the subject site is vacant and ready for development.

Extraordinary Assumption

None.

Exposure Time/Marketing Time

Based on exposure times of comparable sales and interviews with active participants in the local multifamily market, the Market Value opinions could have been achieved within exposure time of 12 months prior to the effective date of this appraisal. Furthermore, it is our opinion that a sale could be consummated at the Market Value opinions within 12-month marketing time after the effective date of the appraisal.
GLOSSARY
**Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. ¹

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

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

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

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

**Client:**
1. The individual, group, or entity who engages a valuer to perform a service (USPAP).
2. The party or parties who engage, by employment or contract, an appraiser in a specific assignment. Comment: The client may be an individual, group, or entity, and may engage and communicate with the appraiser directly or through an agent (USPAP, 2016-17-ed).
3. Generally the party or parties ordering the appraisal report. It does not matter who pays for the work (CUSPAP, 2014-ed).³

**Condominium Ownership:** A form of fee ownership of separate units or portions of multifamily buildings that provides for formal filing and recording of a divided interest in real property.³

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

**Credible:**
1. Worthy of belief, supported by analysis of relevant information. Creditability is always measured in the context of intended use. (SVP)
2. Worthy of belief. Comment: Creditable assignment results support, by relevant evidence and logic, to the degree necessary for the intended use. (USPAP, 2016-2017-ed.).³

**Deferred Maintenance:** Needed repairs or replacement of items that should have taken place during the course of normal maintenance. ¹

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

**Economic Life:** The period over which improvements to real property contribute to property value. ¹

**Effective Date:** 1) The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect.¹

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

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

**Exposure Time:** 1) The time a property remains on the market. 2) 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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market (USPAP 2016-2017-ed).¹

**Extraordinary Assumptions:** An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions. Comment: Extraordinary assumptions presuming fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property, or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed).¹

**Fair Market Value:** In non-technical use, a term that is equivalent to the contemporary usage of market value.¹

**Fair Share:** That portion of total market supply accounted for by a subject property. For example, a 100-key hotel in 1,000-key market has a fair share of 10%.¹

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

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

**Going-Concern Value:** 1) 73. An established and operating business having an indefinite future life. 2) 74. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.

**Gross Building Area (GBA):** 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) 16. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space.¹
Highest and Best Use: 1) The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset’s existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS). 3) [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) 1

Hypothetical Condition: 1) 117. A condition that is presumed to be true when it is known to be false. (SVP). 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.) 1

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

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

Insurable Value: A type of value for insurance purposes. 1

Intangible Assets: 1) A nonmonetary asset that manifests itself by its economic properties. It does not have physical substance but grants rights and economic benefits to its owner. (IVS). 2) A nonphysical asset such as a franchise, trademark, patent, copyright, goodwill, equity, mineral right, security, and contract (as distinguished from physical assets) that grant rights and privileges, and have value for the owner. (ASA). 3) An identifiable nonmonetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for ex-ample, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected. [IAS 38.8] Thus, the three critical attributes of an intangible asset are: identifiability, control (power to obtain benefits from the asset), - future economic benefits (such as revenues or reduced future costs). (IAS 38) 1

Intangible property: Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment. (USPAP, 2016-2017 ed.) 1

Intended Use: 1) The valuer’s intent as to how the re-port will be used. (SVP) 2) The use or uses of an appraiser’s reported appraisal or appraisal review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.) 1

Intended User: 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.) 1

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

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

Leasehold Interest: The right held by the lessor to use and occupy real estate for a stated term and under the conditions specified in the lease. 1

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

Liquidation Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms. 1

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

Load Factor = (Rentable Area – Useable Area) / Useable Area

Market Value: The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.*

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.

2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client’s intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:

- the relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
- the terms of sale (e.g., cash, cash equivalent, or other terms); and
- the conditions of sale (e.g., expoxy sure in a competitive market for a reasonable time prior to sale).
USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:
- Identifications of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above- or below-market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.

3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that 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 each acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(12 C.F.R. Part 34.42(g); 55 Federal Register 34096, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS)

5. The Uniform Standards for Federal Land Acquisitions defines market value as follows: Market value is the amount in cash, or on terms reason ably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable buyer to a willing and reasonably knowledgeable seller, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Appraisal Standards for Federal Land Acquisitions)

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

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

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

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, “Reasonable Exposure Time in Real Property Market Value Opinions” address the determination of reasonable exposure and marketing time).

Net Lease: A lease in which the landlord passes all expenses to the tenant. See also lease.

Net Rentable Area (NRA): 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.

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

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

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

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

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

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

Retrospective Value Opinion: A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."
Sales Comparison Approach: The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.

Scope of Work: 1) The type of data and the extent of research and analyses. (SVP). 2) The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2016–2017 ed.)

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

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

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

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

LETTER OF ENGAGEMENT
December 19, 2017

Scott Galbraith
RMGM Developers
320 West Main Street
Lewisville, TX 75057
Email: dscottgalbraith@gmail.com

RE: Vacant Land Appraisal for the proposed Bryan St. Mixed-Use Apartment site
2400 Bryan Street
Dallas, TX 75021

To be developed for a 216 unit multifamily, mixed income/mixed use project. Estimated retail area is 16,000 sq.ft. The project will be developed with 9% LIHTC credits as a primary source of equity. We project the unit mix to be 51% +/- as market rate, and the balance as LIHTC income restricted units. The site area to be purchased is approximately 50,000 sq.ft.

Dear Mr. Galbraith,

We are pleased to submit this proposal and our Terms and Conditions for the appraisal of the referenced real estate.

PROPOSAL SPECIFICATIONS

Purpose/Valuation Premise: Market Value “As Is”
Intended Use: Collateral Valuation
Intended User: TDHCA and client
Scope of Work: Sales Comparison Approach

Fee: $3,500
Report Type: Narrative Report
Retainer: 50% of Total Fee
Expenses: Fee quoted includes all expenses
Payment Terms: Final payment is due and payable upon delivery of the final report or within 30 days of your receipt of our draft report, whichever is sooner. If a draft report is requested, the fee is considered earned upon delivery.
The attached General Assumptions and Limiting Conditions (Exhibit A) and Property Information Request (Exhibit B) are deemed part of this agreement as set forth in full herein.

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

Sincerely,

Mary Ann Barnett, MAI
Managing Director
214.269.0522
mbarnett@bbgres.com

AGREED AND ACCEPTED

Signature
12-19-17

Dated
BRYAN ST. MIXED-USE
SITE DIMENSIONS
This appraisal report will be prepared with the following general assumptions:

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.

2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser’s staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.

3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated.

4. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements within the boundaries or property lines of the property described and that there are no trespasses or encroachments.

5. BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.

6. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.

7. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.

8. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during our inspection.

9. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.

10. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.

11. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.

12. Responsible ownership and competent property management are assumed.

13. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.

14. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.

15. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.

16. Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.

17. Unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless
otherwise stated it is also assumed that there are no air or development rights of value that may be transferred. 

18. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

19. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

20. BBG, Inc. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.

21. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent endangered species impact studies, research, and investigation that may be provided.

22. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.

23. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

24. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.

25. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.

26. If this report has been prepared in a so-called “public non-disclosure” state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a “non-disclosure” state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
Please provide copies of the items listed below, as they are needed to complete the analysis of the above referenced property. In order to meet the timing of the assignment as outlined in the executed contract, it is imperative that we receive as many of these items in 2 business days or as soon as possible.

- Any recent zoning change documentation  
  **NO ZONING CHANGE**
- Survey of site (if changed from prior report)  
  **NO SURVEY**
- Purchase contract for site (if changed from prior report)  
  **PURCHASE CONTRACT PENDING**
# BRYAN ST. MIXED-USE
## PROJECT DATA

### Zoning
- **Proposed Site Area**: 50,000
- **Req. Setbacks**: 0'
- **Max FAR**: 20.00
- **Allowable Height**: Unlimited
- **Allowable GSF**: 1,000,000

### Floor Data

<table>
<thead>
<tr>
<th>Floor</th>
<th>Parking Spaces</th>
<th>Parking Area</th>
<th>Gross Floor Area</th>
<th>Retail</th>
<th>Amenity</th>
<th>Residential</th>
<th>Residential Units</th>
<th>Elevation (ft)</th>
<th>Floor Height (ft)</th>
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</thead>
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<td>Roof</td>
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<td>130</td>
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<tr>
<td>11*</td>
<td>16,000</td>
<td></td>
<td>26,128</td>
<td>26,128</td>
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<td></td>
<td>28</td>
<td>119</td>
<td>11</td>
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<tr>
<td>10</td>
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<td>26,128</td>
<td>26,128</td>
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<td>28</td>
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<td>11</td>
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<tr>
<td>9</td>
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<td>26,128</td>
<td>26,128</td>
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<td>11</td>
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<tr>
<td>8</td>
<td>16,000</td>
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<td>13,315</td>
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<td>5</td>
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<td>13,315</td>
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<td>16</td>
<td>53</td>
<td>11</td>
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<td>24,500</td>
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<td>191,120</td>
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<td>30</td>
<td>60</td>
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</table>

### FAR
- **Total Building Area**: 363,072
- **FAR**: 4.26

### Parking Requirements
- **Replacement**: 1/2000gsf
- **1 / 200sf**: 1.25 / Key

<table>
<thead>
<tr>
<th>Code Required Spaces</th>
<th>Replacement</th>
<th>1/2000gsf</th>
<th>1 / 200sf</th>
<th>1.25 / Key</th>
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<tbody>
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<td></td>
<td>107</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Pro Forma Required Spaces</td>
<td>420</td>
<td>150</td>
<td></td>
<td>270</td>
</tr>
<tr>
<td>Parking Efficiency (sf/space)</td>
<td>333</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* - Highest occupiable floor

---

THESE FIGURES ARE BEING REVISED
SUBJECT PHOTOGRAPHS
Looking Southwest along Bryan Street and Subject

Looking Northeast along Bryan Street and Subject
View of Subject

View of Subject
COMPARABLE LAND SALES
PROPERTY INFORMATION

PROPERTY TYPE
Property #: 412741
Property Type: Land
Property Use: (Unknown)

PROPERTY LOCATION
Address: 311 South Lamar Street
City, St., Zip: Dallas, TX 75202
County: Dallas
Tax Accounts: 00000100333000000
Legal Description: ORIGINAL TOWN OF DALLAS;
BLK 35/50 LTS 1,2,5,6,7,8 & PT
LT 3 ACS 0.746

PROPERTY SIZE

<table>
<thead>
<tr>
<th>Gross</th>
<th>Net</th>
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</thead>
<tbody>
<tr>
<td>Land Area: 0.75 Acres (32,500 SF)</td>
<td>0.75 Acres (32,500 SF)</td>
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</tbody>
</table>

PROPERTY ATTRIBUTES

Site

Easements: None detrimental known
Floodplain: Zone X
Road Frontage: Lamar, Jackson, Wood
Terrain: Level
Utilities: All to site
Improvements: None of contributory value
### SALE INFORMATION

<table>
<thead>
<tr>
<th>Consideration:</th>
<th>$4,875,000</th>
<th>Grantor: AHC DALLAS PROPERTIES LLC</th>
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</thead>
<tbody>
<tr>
<td>Adjustments:</td>
<td>$0</td>
<td>Grantee: Unknown</td>
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<tr>
<td>Cash Equivalent Price:</td>
<td>$4,875,000</td>
<td>Date of Sale: 12-28-16</td>
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<tr>
<td>1st Mortgage:</td>
<td>$0</td>
<td>Sale Status: Closed</td>
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<td>2nd Mortgage:</td>
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<td>Record info: 201600359769</td>
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<td>Equity:</td>
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<td>Sales Price ($/SF):</td>
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<tr>
<td>Sales Price/Acre:</td>
<td>$6,533,977</td>
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</table>

### SALE ATTRIBUTES

Verified On: 1/13/2017  
Verified By: Confidential source/JLT  
Comments: This is a user sale. The tract wraps an office building at 800 Jackson and is currently used for parking.
Turtle Creek Haus, Dallas
Land
Sale Comparable #2

PROPERTY INFORMATION

PROPERTY TYPE
- Property #: 373230
- Property Type: Land
- Property Use: Multi Family - Units

PROPERTY LOCATION
- Address: 3515 Dickason Avenue
- City, St., Zip: Dallas, TX 75219
- County: Dallas
- Tax Accounts: 00000138800000000, 00000138790000000, 00000138808000000, 00000138793000000, 00000138811000000
- Legal Description: J H WEBSTER UNREC BLK 1030 TR 14

PROPERTY SIZE

<table>
<thead>
<tr>
<th>Gross</th>
<th>Net</th>
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</thead>
<tbody>
<tr>
<td>Land Area: 0.80 Acres (34,960 SF)</td>
<td>0.80 Acres (34,960 SF)</td>
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</tbody>
</table>

PROPERTY ATTRIBUTES

- Site
  - Easements: None detrimental
  - Floodplain: None noted
  - Terrain: Level
  - Utilities: All to site
  - Zoning: PD 193, MF-3
  - Improvements: None
SALE INFORMATION

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Consideration</td>
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</tr>
<tr>
<td>Adjustments</td>
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</tr>
<tr>
<td>Cash Equivalent Price</td>
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<tr>
<td>1st Mortgage</td>
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<tr>
<td>2nd Mortgage</td>
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<td>Equity</td>
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<tr>
<td>Sales Price ($/SF)</td>
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<td>$5,624,095</td>
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Grantor: Dickason Residential Partners LLC
Grantee: TDRE Hood LLC
Date of Sale: 07-01-16
Sale Status: Closed
Record info: 20160191221

SALE ATTRIBUTES

Terms of Sale: Cash to Seller

SALE TRANSACTION INFORMATION

Verified On: 10/26/2017
Verified By: Steve Wagner/(214) 352-0404 /JTG
Comments: This is the purchase of land for multi-family development.
PROPERTY INFORMATION

PROPERTY TYPE
- Property #: 462931
- Property Type: Land
- Property Use: Apartment

PROPERTY LOCATION
- Address: 3031 Allen Street
- City, St., Zip: Dallas, TX 75204
- County: Dallas
- Tax Accounts: 00000136045000000 & 00000136048000000
- Legal Description: BOWSER & LEMMON OAKLAWN/BLK 18/964 LT 3 & LTS 4 & 5

PROPERTY SIZE

<table>
<thead>
<tr>
<th>Gross</th>
<th>Net</th>
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<tbody>
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<td>Land Area: 1.01 Acres (44,183 SF)</td>
<td>1.01 Acres (44,183 SF)</td>
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</tbody>
</table>

PROPERTY ATTRIBUTES

Site
- Easements: None detrimental known
- Floodplain: None noted
- Terrain: Level
- Utilities: All to site
- Zoning: PD 193, Oak Lawn, PDS 2
- Improvements: Office Buildings - To be demolished

SWC of Carlisle and Allen

1/9/2018 4:12:08 PM
BBG
### SALE INFORMATION

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Consideration</td>
<td>8,836,600</td>
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<tr>
<td>Cash Equivalent Price</td>
<td>8,836,600</td>
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<tr>
<td>1st Mortgage</td>
<td>0</td>
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<td>2nd Mortgage</td>
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<tr>
<td>Equity</td>
<td>0</td>
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<tr>
<td>Sales Price ($/SF)</td>
<td>200.00</td>
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<td>Sales Price/Acre</td>
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**Grantor:** Carlisle Partners LP & Dos Patrons LLC  
**Grantee:** CRP/Maple AKT Apartments Owner LP  
**Date of Sale:** 03-29-16  
**Sale Status:** Closed  
**Record info:** INT201600082092 & INT201600082093

### SALE ATTRIBUTES

**Verified On:** 2/20/2017  
**Verified By:** Confidential/RWW  
**Comments:** Site was purchased for development of a 159-unit multifamily project.
2212 Woodall Rodgers Freeway
Land
Sale Comparable #4

PROPERTY INFORMATION

PROPERTY TYPE

Property #: 598178
Property Type: Land
Property Use: Office with Street-Level Retail

PROPERTY LOCATION

Address: 2212 Woodall Rodgers Freeway
City, St., Zip: Dallas, TX 75201
County: Dallas
Tax Accounts: 00000112708000000
Legal Description: BLK 533, LOTS 4,5 & PT 6 & PT ABND ALLEY

PROPERTY SIZE

<table>
<thead>
<tr>
<th>Gross</th>
<th>Net</th>
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</thead>
<tbody>
<tr>
<td>Land Area:</td>
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</tr>
<tr>
<td>0.59 Acres (25,718 SF)</td>
<td>0.59 Acres (25,718 SF)</td>
</tr>
</tbody>
</table>

PROPERTY ATTRIBUTES

Site

- Easements: None detrimental known
- Floodplain: Zone X
- Road Frontage: North Pearl Street, Woodall Rogers Freeway
- Terrain: Level
- Utilities: All to site
- Zoning: PD 145, Planned Development
- Improvements: None
### SALE INFORMATION

<table>
<thead>
<tr>
<th>Consideration:</th>
<th>$7,200,000</th>
<th>Grantor: Dallas Symphony</th>
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</thead>
<tbody>
<tr>
<td>Adjustments:</td>
<td>$0</td>
<td>Grantee: 1900 Pearl Street JV LLC</td>
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<td>Cash Equivalent Price:</td>
<td>$7,200,000</td>
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<td>Sales Price ($/SF):</td>
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<td>Sales Price/Acre:</td>
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### SALE ATTRIBUTES

**SALE TRANSACTION INFORMATION**

Verified On: **10/4/2017**
Verified By: **Confidential source/AGA**
Comments: 
Vacant site at time of sale. This property is located in PD 145, The Dallas Arts District. A 261, 400 SF multi-use high rise building is planned for this site. Site plan approval for a development having an FAR of 10.16:1.0 has been approved.

The site had been owned by the Dallas Symphony and sold to Lincoln Property Company for the development that includes a restaurant, fitness center, conference center and amenity deck overlooking Klyde Warren Park. The Symphony will have after-hours use of 600 parking spaces that are built as part of the project.
PURCHASE AND SALE AGREEMENT
Purchase and Sale Agreement

This Purchase and Sale Agreement ("Contract") is entered into by and between Bryan Street Land Holdings, LLC, a Texas limited liability company, or its assigns, ("Seller") and RMGM Developers, LLC, a Texas limited liability company, or its assigns, including the to be formed entity, 2400 Bryan Street, LP ("Buyer") dated as of the Effective Date (defined on the title company receipt page attached to this Contract). Seller agrees to sell and convey to and Buyer agrees to buy from Seller the following property for the consideration and upon and subject to the terms, provision, and conditions hereinafter set forth.

1. Property: (a) a portion of two tracts of land situated in Dallas County, Texas, together with all improvements and fixtures, privileges, and appurtenances pertaining thereto, (the "Land," and "Improvements" more particularly described on Exhibit A attached hereto and shown on the drawing attached hereto as Exhibit B; (b) all tangible personal property and fixtures of any kind attached to or used in connection with the ownership, maintenance, or operation of the Land or Improvements (the "Personalty"); (c) all (i) contracts or agreements, such as maintenance, service, or utility contracts (the "Property Agreements"), to the extent Buyer elects to take assignment thereof, (ii) warranties, guaranties, indemnities, and claims, (iii) licenses, permits, or similar documents, (iv) telephone exchanges, trade names, marks, and other identifying material, (v) plans, drawings, specifications, surveys, engineering reports, and other technical information, and (vi) other property (real, personal, or mixed), owned by Seller and in Seller’s actual possession that relates, in any way, to the design, construction, ownership, use, leasing, maintenance, service or operation of the Property, Leases, Deposits, or Personalty, all of which may be collectively referred to herein as the "Property".

2. Sales Price: The "Sales Price" shall be $7,500,000 which shall be paid at Closing in immediately available federal funds.

3. Earnest Money: $1,000.00 (the "Earnest Money") is herewith tendered and is to be deposited with Republic Title Company.

4. Escrow: The Earnest Money is deposited with Escrow Agent with the understanding that Escrow Agent (i) does not assume or have any liability for performance or non-performance of any party and (ii) has the right to require the written release of Escrow Agent, the termination of this Contract, and the authorization from all parties to disburse the Earnest Money. At Closing, Earnest Money and accrued interest shall be applied to any cash down payment required, next to Buyer’s closing costs and any excess refunded to Buyer.

5. Feasibility Study. Buyer is granted the right to conduct such engineering, environmental, geotechnical soil, market, economic feasibility and other inspections, surveys, studies and tests as Buyer, in its sole discretion, shall deem appropriate (collectively, "Feasibility Study") of or concerning the Property. Buyer shall have from the Effective Date until August 31, 2018 to perform such studies, and in this regard, Buyer or its designated agents, representatives, employees, consultants and contractors may upon at least a three day notice to the Seller, enter upon the Property for purposes of conducting such studies provided, however, that no invasive testing shall be performed without Seller’s prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. If, on or before 5:00 p.m., Dallas,
Texas, time on such period beginning on the Effective Date through this August 31, 2018, being referred to as (the “Feasibility Period”), Buyer determines, in its sole judgment, that the Property is not suitable for any reason for Buyer’s intended use or purpose or is unacceptable for any reason, then Buyer may, by written notice to Seller and Title Company prior to the expiration of the Feasibility Period, terminate this Contract, and it shall be null and void for all purposes and the Earnest Money shall be returned to Buyer, less the sum of $100 to be delivered to and retained by Seller as independent consideration for this Contract, which consideration is deemed earned as of the date of this Contract. If the Title Company receives written notice from Buyer prior to the expiration of the Feasibility Period of Buyer’s intent to terminate this Contract, then the Title Company is specifically authorized to disburse the then-refundable portion of the Earnest Money (less the $100 consideration described above) to Buyer immediately upon receipt of notice from Buyer that this Contract is terminated. If the written notice of termination is not given to Seller within such period, this termination right and any and all objections to title as to the Survey shall be deemed to have been waived by Buyer for all purposes. In the event this Contract shall not close, through no fault of Seller, Buyer shall restore the Property to its condition immediately prior to Buyer’s entry thereupon, and shall provide Seller with a copy of the results of any tests and inspections made by Buyer. The Feasibility Study shall be at Buyer’s expense.

6. Title Approval: Seller, at Seller’s sole cost and expense, shall deliver to Buyer, within 10 days from the Effective Date of this Contract, a Commitment for Title Insurance (the “Commitment”) and legible copies of all recorded instruments and other documents affecting the Property and recited as exceptions in the Commitment. If Buyer has an objection to items disclosed in such Commitment or Survey (defined in paragraph 7 below), Buyer shall have 30 days after receipt of the Commitment, copies of the exception documents and the Survey to make written objections to Seller. If Buyer makes such objections or if objections are disclosed in the Commitment or by the issuer of the Title Policy, Seller shall have 10 days from the date such objections are disclosed to cure the same (but Seller shall not be obligated to do so), and shall notify Buyer not later than the expiration of such 10-day period whether or not such objections have been cured. If the objections are not satisfied by the expiration of such 10 day period, Buyer will have the right to terminate this Contract by written notice to Seller within two (2) days after the deadline for Seller to cure such objections, in which event the Earnest Money, less the $100 Independent Consideration, shall be returned to Buyer, and neither party shall have any further rights or obligations hereunder. If Buyer does not make an election to terminate within the time specified in the immediately preceding sentence, it shall be deemed that the uncured objections were waived and shall become “Permitted Encumbrances”.

7. Survey: Within 90 days from effective date hereof, Buyer, at its expense, may update the existing survey or get a new survey of the Property (the “Survey”), prepared by a surveyor licensed in the State of Texas.

8. Property Information. Within 5 days of the Effective Date, Seller shall deliver to Buyer (i) legible copies of all Property Agreements, (ii) legible copies of all engineering and technical reports in the possession of Seller that concern the Land or Improvements, including soils testing reports, and reports of environmental or hazardous waste inspections or surveys, and (iv) legible copies of all plans and specifications that describe or relate to the Improvements to the extent they are in Seller’s actual possession. The documents described in this Section 8 are
herein collectively called the "Documents", and the information contained in the Documents is herein collectively called the "Information".

9. **Representations and Warranties:** As a material inducement to Buyer to execute this Contract and consummate the transaction, Seller represents and warrants to Buyer as follows:

   A. **Organization and Authority.** Seller has been duly organized and is validly existing as a limited liability company. Seller has the full right and authority and has obtained any and all consents required therefor to enter into this Contract. The persons signing this Contract on behalf of Seller are authorized to do so. This Contract has been, and the documents to be executed by Seller pursuant to this Contract will be, authorized and properly executed and does and will constitute the valid and binding obligations of Seller, enforceable against Seller in accordance with their terms.

   B. **Pending Actions.** To Seller’s actual knowledge, there is no action, lawsuit or other proceeding pending or, to Seller’s knowledge, threatened against Seller, or the Property or which challenges or impairs Seller’s ability to execute, deliver or perform this Contract or Buyer’s ability to develop the Property for its intended use.

   C. **Condemnation.** To Seller’s actual knowledge, no condemnation proceedings are pending with regard to the Property.

   D. **Contracts.** Other than as declared in this Agreement, to the best of Seller’s actual knowledge there are no contracts encumbering any part of the Property.

   E. The copies of all Documents, and other documents delivered by Seller to Buyer pursuant to this Agreement shall be true and complete in all material respects and, to the best of Seller’s knowledge and belief, the Information shall be true and complete in all material respects.

   F. All bills and other payments, including all taxes (through the immediately preceding year), standby fees and assessments, due with respect to the ownership, operation, and maintenance of the Property have been paid or will be paid prior to Closing in the ordinary course of business, no work has been performed or is in progress on the Property, and to the best of Seller’s current actual knowledge no materials have been delivered to the Property, that could provide the basis for a mechanic’s, materialman’s or other lien against the Property.

   H. Seller owns good and indefeasible title to the Property free and clear of any and all liens, assessments, unrecorded easements, security interests and other encumbrances except the Permitted Encumbrances.

If (i) any of Seller’s representations and warranties set forth in this Section 9 are untrue in any material respect, or (ii) at any time at or before Closing there is any material change with respect to the matters represented and warranted by Seller pursuant to this Section 9, then Seller shall give Buyer prompt written notice thereof, and Buyer shall have the right to terminate this Agreement in accordance with Section 15 hereof by delivering notice to Seller at any time at or before the Closing. All of Seller’s representations and warranties shall survive the Closing;
provided, however, that Buyer may not maintain an action for breach of such representations and warranties unless it shall have given Seller written notice of such breach in reasonable detail not later than a date which is two years from the Closing Date. The representations and warranties of Seller set forth in this Section 9 shall survive Closing for a period of twenty-four (24) months.

10. Except as specifically otherwise provided herein, the Property, including all personal property conveyed under a bill of sale, is sold in "as is" condition with all faults and conditions, including any hazardous substances or hazardous wastes that may be located on, under or around the Property. Except as specifically provided otherwise herein, Buyer agrees that, upon the Closing hereunder, Buyer shall be deemed conclusively to have released Seller from all responsibility to Buyer regarding the value and condition of the Property, and shall be deemed conclusively to have had full access to inspect the entire Property and Buyer accepted the Property in its then existing condition, "as is", without warranty of any kind except as may be otherwise expressly provided herein to the contrary, and with all faults and problems of any kind and nature whatsoever that may then exist, whether the same are of a legal nature, a physical nature, or otherwise. Buyer acknowledges it has had the advice of competent counsel and that the provisions contained in this Paragraph are a material part of this Agreement and that without this inducement, Seller would not sell the Property to Buyer.

11. Closing: The closing of the sale (the “Closing”) shall occur at the Title Company or at such other location to which the parties may mutually agree, and shall take place on or before ninety (90) days after Buyer i) receives an award of 9% tax credits from the State of Texas, (collectively the “Awards”) and, ii) receipt of approval by the City of Dallas of appropriate land use approvals, approval of a proposed site plan, and receipt of adequate environmental declarations for construction of a multi-family housing development (the “First Closing Date”) except that Buyer shall be entitled to two extensions of time for Closing conditioned upon Buyer increasing the Earnest Money Escrow by $1,000.00.

A. At the Closing, Seller shall deliver to Buyer, at Seller’s expense, the following:

(1) A duly executed and acknowledged Special Warranty Deed (the “Deed”) conveying good and indefeasible fee simple title to the Property, free and clear of any and all liens, encumbrances, conditions, easements, assessments, reservations and restrictions, except for the Permitted Encumbrances and the existing leases between Seller, as Lessor, and the Tenants of the Property.

(2) A duly executed Bill of Sale assigning all rights to the Personality, all (i) contracts or agreements, such as maintenance, service, or utility contracts (the “Property Agreements”), to the extent Buyer elects to take assignment thereof, (ii) warranties, guaranties, indemnities, and claims, (iii) licenses, permits, or similar documents, (iv) telephone exchanges, trade names, marks, and other identifying material, (v) plans, drawings, specifications, surveys, engineering reports, and other technical information, and (vi) other property (real, personal, or mixed), owned or held by
Seller that relates, in any way, to the design, construction, ownership, use, leasing, maintenance, service or operation of the Property, if any ("Bill of Sale")

(3) A Foreign Investment in Real Property Tax Act ("FIRPTA") affidavit executed by Seller;

(4) Furnish evidence of its capacity and authority for the closing of this transaction;

B.

(5) A Texas standard Owner’s Policy of Title Insurance (the "Title Policy") issued by the Title Company in the full amount of the Sales Price, dated as of the date and time of the recording of the Deed, insuring Buyer’s fee simple title to the Property to be good and indefeasible, subject only to exceptions contained in the Deed and the standard exceptions contained in the usual form of the Owner’s Title Policy, provided, however:

a. the exception as to area and boundaries may, at Buyer’s option, be deleted except for “shortages in area” and if deleted, such deletion shall be an expense of Buyer;

b. the exception as to taxes shall be limited to taxes for the current year and subsequent years, and subsequent assessments for prior years due to changes in land usage or ownership; and

c. the Title Policy shall contain any endorsements that the Title Company has agreed to issue during the Feasibility Period if the requirements for issuance are satisfied, all at Buyer’s expense.

C. At the closing, Buyer shall perform the following:

(1) Pay the Sales Price by immediately available federal funds;

(2) Furnish evidence of its capacity and authority for the closing of this transaction;

(3) Execute all other necessary documents to close this transaction.

D. Buyer’s Conditions to Closing. In the event Buyer hasn’t received all of the Awards on or before the Closing Buyer may terminate this Contract and receive the then-refundable portion of the Earnest Money, and the parties shall have no further obligation hereunder.
12. Sales Expenses To Be Paid In Cash At Or Prior To Closing:

A. Seller’s Expenses: Cost of basic Owner’s Title Policy; preparation of Deed; fees to its attorneys; and other expenses stipulated to be paid by Seller under other provisions of this Contract.

B. Buyer’s Expenses: All expenses incident to any loan to Buyer (e.g., loan procurement fees, preparation of Note, Deed of Trust, and other loan documents); recording fees; any escrow fee; cost of all endorsements or deletions to the Owner’s Title Policy requested by Buyer; survey costs; fees to its attorneys; and expenses stipulated to be paid by Buyer under other provisions of this Contract.

13. Prorations: Assessments, current taxes, and any rents shall be prorated to the date of Closing. If the precise amount of ad valorem taxes for the year in which the sale is closed are not available on the date of the Closing, proration of taxes shall be made on the basis of taxes assessed in the previous year, with a subsequent cash adjustment of such proration to be made between Seller and Buyer, if necessary, when actual tax figures are available. This provision shall survive Closing.

14. Possession: The exclusive possession of the Property generally in the condition existing as of the date of this Contract shall be delivered to Buyer at Closing.

15. Default: If all conditions to Buyer’s obligations to purchase the Property have been satisfied or waived by Buyer, and if Buyer fails to comply herewith for any reason other than Seller’s default or an express right of termination granted herein, Seller may, as its sole remedy, terminate this Contract and receive the Earnest Money as liquidated damages for Buyer’s failure except for any damages resulting from Buyer’s inspections, the parties hereby acknowledging that Seller’s actual damages in the event of a default by Buyer hereunder will be difficult to ascertain, and that such liquidated damages represent the parties’ best estimate of such damages. If Seller fails to comply with its obligations under this Contract, Buyer having complied with its obligations hereunder, Buyer may, as its sole remedy, (i) terminate this Contract and receive the Earnest Money, thereby releasing Seller from this Contract, or (ii) enforce specific performance hereof or sue Seller for actual damages incurred by the Buyer.

16. Attorney’s Fees: Any signatory to this Contract who is the prevailing party in any legal proceeding against any other signatory brought under or with relation to this Contract or transaction shall be entitled to recover court costs and reasonable attorney’s fees from the non-prevailing party.

17. Condemnation: In the event any proceedings in condemnation are contemplated, threatened or instituted against any portion of the Property by anybody having the power of eminent domain, Buyer may, at Buyer’s option, by notice to Seller given within 10 Business Days after Seller provides written notice to Buyer of such proceedings together with all relevant information concerning such proceedings (and if necessary the Closing Date shall be extended to give Buyer the full 10 Business Day period to make such election): (i) terminate this Agreement, and the Earnest Money shall be immediately returned to Buyer, or (ii) proceed under this Agreement, in which event Seller shall, at the Closing, assign to Buyer Seller’s entire right, title,
and interest in and to any condemnation award, and Buyer shall have the sole right during the pendency of this Agreement to negotiate and otherwise deal with the condemning authority in respect of such matter. If Buyer fails to timely make such election, Buyer shall be deemed to have elected to terminate this Agreement as provided above.

18. Casualty Loss and Liability: It is hereby acknowledged by both Parties that the Improvements on the Property have no material commercial value and as such risk of loss by damage or destruction to the Property prior to the Closing is not a material consideration of this transaction. Therefore, both Parties agree that the value for which the Buyer is paying the Sales Price is intrinsic to the Land only and Seller shall not be required to insure the Property for other than general liability.

19. Miscellaneous:

A. All notices shall be either (a) sent by overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier, (b) sent by certified or regular U.S. mail, postage prepaid, in which case notice shall be deemed delivered two business days after deposit in such mails, (c) sent by facsimile, in which case notice shall be deemed delivered upon the mechanical confirmation of delivery, or (d) sent by personal delivery, in which case notice shall be deemed delivered upon receipt or refusal of delivery. A party’s address may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Notices given by counsel to Buyer shall be deemed given by Buyer and notices given by counsel to Seller shall be deemed given by Seller. The addresses reflected on the signature page hereof shall be the notice addresses.

B. This Contract shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Dallas County, Texas.

C. This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

D. In case any one or more of the provisions contained in this Contract shall for any reason be held to be invalid, illegal, and unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

E. This Contract constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter and cannot be changed except by their written consent.

F. Time is of the essence of this Contract.
G. Words of any gender used in this Contract shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

H. Should the date for performance of any action or condition fall on a Saturday, Sunday or legal holiday in Texas, then the date for performance shall be extended until the following day that is not a Saturday, Sunday or legal holiday in Texas.

20. **Assignment:** Seller shall be entitled to assign this contract without limitation. Buyer may assign this contract to a company which is controlled by, or under common control with, Buyer, or an affiliate of Buyer.

21. **This Agreement is specifically contingent upon the Buyer receiving an award of 9% tax credits in the 2018 award cycle of the Texas Department of Housing and Community Affairs (“TDHCA”).** In the event the Buyer does not receive an award by September 30, 2018, this agreement shall automatically terminate, unless specifically extended in writing by agreement between the parties. In the event of termination under this Paragraph 21, the Buyer shall be entitled to the return of its Escrow Payment.

(Signatures on Following Page)
EXECUTED in multiple originals effective the 5th day of January 2018. The "Effective Date" shall be the date on which a fully executed copy of this Contract is deposited with the Title Company as evidenced below.

SELLER:
Bryan Street Land Holdings, LLC, a Texas limited liability company

By: Kristian Teleki
Authorized Representative

BUYER:
RMGM Developers, LLC, a Texas limited liability company

By: D. Scott Galbraith

Receipt of this Contract with Earnest Money is acknowledged in the form of __________________________ as of this ___ day of ______, 2018 (the "Effective Date").

Republic Title
Escrow Agent

By __________________________

Name: Patti Windle
Title: __________________________
EXECUTED in multiple originals effective the 5th day of January, 2018. The “Effective Date” shall be the date on which a fully executed copy of this Contract is deposited with the Title Company as evidenced below.

SELLER:
Bryan Street Land Holdings, LLC, a Texas limited liability company

By: ________________________
    Kristian Teleki
    Authorized Representative

BUYER:
RMGM Developers, LLC, a Texas limited liability company

By: ________________________
    D. Scott Galbraith

Receipt of this Contract with Earnest Money is acknowledged in the form of [willed] as of this 5th day of January, 2018 (the “Effective Date”).

Republic Title of Texas, Inc.
Escrow Agent

By: ________________________
    Patti Windle

Name: Patti Windle
Title: Sr. Vice President
EXHIBIT "A"

PROPERTY DESCRIPTION
EXHIBIT A

LEGAL DESCRIPTION

DESCRIPTION, of a 4.106 acre tract of land situated in the John Grigsby Survey, Abstract No. 495, Dallas County, Texas and in Blocks 259, 264, and 1/312, Official Numbers of the City of Dallas, Texas; said tract being part of that certain tract of land described in Special Warranty Deed to MSW Crozier Tech, L.P. recorded in Instrument No. 201500210586 of the Official Public Records of Dallas County, Texas; said 4.106 acre tract being more particularly described as follows:

BEGINNING, at a "+" cut in concrete found at the intersection of the northwest right-of-way line of Live Oak Street (a variable width right-of-way) and the northeast right-of-way line of Pearl Street (a variable width right-of-way); said point being the easternmost corner of that certain tract of land described as "Tract 2" in Confirmation Warranty Deed to the City of Dallas, Texas recorded in Volume 72034, Page 12 of the Deed Records of Dallas County, Texas;

THENCE, North 45 degrees, 36 minutes, 01 seconds West, departing said northwest line of Live Oak Street and the said northeast line of Pearl Street and along the northeast line of said "Tract 2", a distance of 182.00 feet to a 1/2-inch iron rod with "Pacheco Koch" cap found for corner; said point being the northernmost corner of said "Tract 2";

THENCE, South 44 degrees, 16 minutes, 01 seconds West, along the northwest line of said "Tract 2", a distance of 41.49 feet to a 1/2-inch rod with "Pacheco Koch" cap found for corner; said point begin the easternmost corner of that certain tract of land described in Warranty Deed to the City of Dallas, Texas recorded in Volume 70206, Page 1648 of said Deed Records;

THENCE, North 45 degrees, 36 minutes, 01 seconds West, departing the said northwest line of "Tract 2" and along a northeast line of the second referenced City of Dallas tract, a distance of 125.51 feet to a 1/2-inch rod with "Pacheco Koch" cap found for corner; said point being a reentrant corner of the second referenced City of Dallas tract;

THENCE, North 44 degrees, 33 minutes, 01 seconds East, along the northermost southeast line of the second referenced City of Dallas tract, a distance of 15.00 feet to a PK nail with "Pacheco Koch" washer found for corner; said point begin an east corner of the second referenced City of Dallas tract;

THENCE, North 45 degrees, 36 minutes, 01 seconds West, along the northermost line of the second referenced City of Dallas tract, a distance of 170.00 feet to a "+" cut in paving stone found for corner in the southeast right-of-way line of Bryan Street (a variable width right-of-way, 90 feet wide at this point); said point being the northermost corner of the second referenced City of Dallas tract;

THENCE, North 44 degrees, 33 minutes, 01 seconds East, along the said southeast line of Bryan Street, a distance of 63.57 feet to a point for corner;

THENCE, over and across said Block 259 the following thirteen (13) calls:

South 46 degrees, 02 minutes, 58 seconds East, a distance of 191.71 feet to a point for corner;
North 44 degrees, 12 minutes, 13 seconds East, a distance of 60.00 feet to a point for corner;

South 45 degrees, 52 minutes, 32 seconds East, a distance of 31.00 feet to a point for corner;

North 44 degrees, 54 minutes, 25 seconds East, a distance of 27.01 feet to a point for corner;

South 45 degrees, 12 minutes, 50 seconds East, a distance of 35.36 feet to a point for corner;

North 44 degrees, 47 minutes, 10 seconds East, a distance of 116.32 feet to a point for corner;

North 45 degrees, 51 minutes, 00 seconds West, a distance of 66.42 feet to a point for corner;

North 44 degrees, 12 minutes, 16 seconds East, a distance of 35.21 feet to a point for corner;

North 46 degrees, 02 minutes, 57 seconds West, a distance of 34.69 feet to a point for corner;

North 44 degrees, 23 minutes, 59 seconds East, a distance of 39.53 feet to a point for corner;

North 45 degrees, 36 minutes, 01 seconds West, a distance of 75.50 feet to a point for corner;

South 44 degrees, 23 minutes, 59 seconds West, a distance of 40.12 feet to a point for corner

North 46 degrees, 02 minutes, 57 seconds West, a distance of 81.53 feet to a point for corner in the said southeast line of Bryan Street;

THENCE, North 44 degrees, 33 minutes, 01 seconds East, along the said southeast line of Bryan Street, a distance of 283.26 feet to a metal fence post found for corner; said point being the westernmost corner of that certain tract of land described in Warranty Deed with Vendor’s Lien to Eugene Quentan, Jr. and Peter W. Baldwin recorded in Volume 68189, Page 918 of said Deed Records (now standing in the name of Bryan Central J.V. according to the Dallas Central Appraisal District-no deed of record found);

THENCE, South 45 degrees, 54 minutes, 01 seconds East, departing the said southeast line of Bryan Street, along the southwest line of said Quentan/Baldwin tract, a distance of 216.33 feet to a 1/2-inch iron rod with “Pacheco Koch” cap found for corner; said point being a reentrant corner of said Quentan/Baldwin tract;

THENCE, South 44 degrees, 15 minutes, 59 seconds West, along a northeast line of said Quentan/Baldwin tract, at a distance of 3.4 feet passing west corner of said Quentan/Baldwin tract and the northernmost corner of a 16 foot wide alley between Blocks 1/312 and 4/312, then
A 30,599 square foot (0.702 acre) tract of land situated in the John Grigsby Survey, Abstract No. 495, Dallas County, Texas and in Blocks 264 and 4/312, Official Numbers of the City of Dallas, Texas; said tract being part of the abandoned portion of Montezuma Street (abandoned by City of Dallas Ordinance No. 3232) and part of that certain tract of land described in Warranty Deed with Vendor's Lien to Eugene Quentan, Jr. and Peter W. Baldwin recorded in Volume 68189, Page 918, Deed Records of Dallas County, Texas (said Quentan/Baldwin tract now standing in the name of Bryan Central J.V. according to the Dallas Central Appraisal District—no deed of record found); said 30,599 square foot tract being more particularly described as follows:

BEGINNING, at a 1/2-inch iron rod with "PACHECO KOCH" cap set for corner in the southeast right-of-way line of Bryan Street (a variable width right-of-way, 70 feet wide at this point); said point being the northernmost corner of said Quentan/Baldwin tract, the northermost corner of that certain tract of land described in Special Warranty Deed to MSW Crozier Tech, LP recorded in Instrument No. 201500210586 of the Official Public Records of Dallas County, Texas and North 44 degrees, 33 minutes, 01 seconds East, a distance of 672.12 feet from the northernmost corner of a right-of-way corner clip at the intersection of the said southeast line of Bryan Street and the northeast right-of-way line of Pearl Street (a variable width right-of-way);

THENCE, North 44 degrees, 45 minutes, 59 seconds East, along the said southeast line of Bryan Street and the northernmost northwest line of said Quentan/Baldwin tract, a distance of 194.26 feet to a "+" cut in concrete found for corner; said point being the southwest corner of that certain tract of land described in General Warranty Deed to Dallas Area Rapid Transit (hereinafter referred to as "DART") recorded in Instrument No. 2005033649564 of said Official Public Records;

THENCE, North 62 degrees, 35 minutes, 14 seconds East, departing the said southeast line of Bryan Street and the said northwest line of the Quentan/Baldwin tract and along the southeast line of said DART tract, a distance of 56.19 feet to a 5/8-inch iron rod (bent) found for corner in the west line of that certain tract of land described in Deed to the State of Texas, dated February 15, 1967 (no record found); said point being the southeast corner of said DART tract and in the east line of said Quentan/Baldwin tract;

THENCE, South 03 degrees, 22 minutes, 09 seconds West, along the said west line of the State of Texas tract and the said east line of the Quentan/Baldwin tract, a distance of 331.28 feet to a 1/2-inch iron rod with "PACHECO KOCH" cap set for corner in the northeast line of a called 16-foot wide alley between said Block 4/312 and Block 1/312; said point being the southernmost corner of said Quentan/Baldwin tract;

THENCE, North 45 degrees, 36 minutes, 01 seconds West, departing the said State of Texas tract and along the northeast line of said alley and the southernmost southwest line of said Quentan/Baldwin tract, a distance of 19.92 feet to a 1/2-inch iron rod with "PACHECO KOCH" cap set for corner in a southeast line of said MSW Crozier Tech tract; said point being the northernmost corner of said alley and a west corner of said Quentan/Baldwin tract;
THENCE, North 44 degrees, 15 minutes, 59 seconds East, along the southernmost northwest line of said Quentan/Baldwin tract and the said southeast line of the MSW Crozier Tech tract, a distance of 3.40 feet to a 1/2-inch iron rod with "PACHECO KOCH" cap found for corner; said point being a reentrant corner of said Quentan/Baldwin tract and an east corner of said MSW Crozier Tech tract;

THENCE, North 45 degrees, 54 minutes, 01 seconds West, along the northernmost southwest line of said Quentan/Baldwin tract and the northernmost northeast line of said MSW Crozier Tech tract, a distance of 216.33 feet to the POINT OF BEGINNING;

CONTAINING, 30,599 square feet or 0.702 acres of land, more or less.
EXHIBIT B
Property Map
QUALIFICATIONS OF APPRAISERS
PROFESSIONAL AFFILIATIONS

APPRaisal institute
MAI Designation, March 2016

General Certified Appraiser:
State of Texas (License # TX-1326580-G) State of Georgia (License # 339168)
State of California (License #AG044587) State of Kansas (License # G2800)
State of Louisiana (APR.0000003633-CGA) State of Tennessee (License #5101)
State of Oklahoma (License # 12980CGA) State of Alabama (License # G01128)
State of Mississippi (License # 1192) State of Colorado (License #100047299)
State of Arizona (License #31985) State of Arkansas (License #CG-3671)
HUD MAP Tuneup, September 2010 HUD MAP Certified, April 2006 ADFA Certified

General Associate Member, #M940803 (Appraisal Institute)
Texas State Licensed Real Estate Salesman, Inactive
Southwest Advisory Council (HUD lenders), Associate Member, Conference Speaker
Southeast Advisory Council (HUD lenders), Associate Member
Aggie Real Estate Network, Member, Speaker

EDUCATION

Master of Business Administration, Concentration in Real Estate, 1992
University of Texas at Arlington
Bachelor of Business Administration, Major in Finance, 1988
Texas A&M University

COURSEWORK

Appraisal Institute Courses
Real Estate Appraisal Principles Basic Valuation Procedures
Capitalization Theory & Techniques Advanced Income Capitalization
Standards of Professional Practice, Part A Standards of Professional Practice, Part B
Standards of Professional Practice, Part C Report Writing & Valuation Analysis
Highest & Best Use and Market Analysis Analyzing Operating Expenses Seminar
Sales Comparison & Cost Approach Advanced Applications
Appraising from Blueprints and Specifications 7 Hour National USPAP Update, bi-annually
Appraising Nursing Facilities
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.
PROFILE

Michael is a Senior Appraiser at BBG. His experience includes analysis of multi-family properties, single and multi-tenant office properties, single tenant industrial properties, and vacant land. His experience also includes consulting and market analyses. Michael’s responsibilities involved performing property inspections as well as analyzing market trends, collecting and analyzing market data, analyzing subject property income and expense information and estimating reproduction costs and depreciation.

Prior to joining BBG in 2011, Michael worked as an analyst with Korman O’Brien, LLC, providing valuation and consultation for complex eminent domain, ad valorem tax protests, land acquisition, and estate tax planning assignments.

PROFESSIONAL AFFILIATIONS

Certified General Appraiser
State of Texas (License # 1380389-G)
State of Oklahoma (License # 13134CGA)
State of New Mexico (License # 03525-G)

Appraisal Institute
Candidate for Designation - #539769

EDUCATION

Master of Real Estate, Major in Land Economics and Real Estate, 2009
Texas A&M University – College Station, TX
Bachelor of Arts, Major in History, 2007
Texas Christian University – Fort Worth, TX

COURSEWORK

Appraisal Institute Courses
15 Hr. National USPAP Course
Basic Real Estate Procedures
Business Practices and Ethics
General Appraiser Report Writing and Case Studies
7 Hr. National USPAP Update Course
General Appraiser Site Valuation & Cost Approach
Texas A&M University Master of Real Estate Program Courses
Real Property Analysis
Real Property Finance
Real Property Valuation
Real Property Valuation II
Analysis of Real Estate Decisions
Commercial Real Estate Law
Real Estate Development
Real Estate Professional Speaker Series
Land Economics
You may wish to laminate the pocket identification card to preserve it.

The person named on the reverse is licensed by the Texas Appraiser Licensing and Certification Board.

Inquiry as to the status of this license may be made to:

Texas Appraiser Licensing and Certification Board
P.O. Box 12188
Austin, TX 78711-2188
www.talcb.texas.gov
(512) 936-3001
Fax:(512) 936-3899

MICHAEL LEONHARD NELSON
8300 DOUGLAS AVE STE 600
DALLAS, TX 75225