February 21, 2019

Mr. Will Markel
JES Devco, Inc.
206 Peach Way
Columbia, MO 65203

RE: Appraisal of land located at 440 Old Austin Highway, Bastrop, TX 78602 - TDHCA Application #19179

Dear Mr. Markel,

At your request, we have completed an appraisal of the above-referenced property and we are submitting the appraisal conclusions in this appraisal report. The report is intended to comply with the reporting requirements of the Uniform Standards of Professional Appraisal Practice for an appraisal report as well as State and Federal Regulations. It presents only a summary of data and analyses used in to appraise the subject. The depth of discussion contained in the report is specific to the needs of the client and the stated intended use. The intended use of this appraisal by our client and the intended user, JES Devco, Inc., is for valuation for tax credit application purposes. The Texas Department of Housing and Community Affairs (TDHCA) is also deemed a user of the report. The purpose of the appraisal is to estimate current as is market value.

The subject is 1.462 acres of land locally known as 440 Old Austin Highway, Bastrop, TX 78602. The legal description is:

Tract 1: Lot 7A-1b-Aa, Block A, resubdivision of Lots 7A-1b and 7A-1c, Bastrop West Commercial, Section One, Bastrop County, Texas

Tract 2: Joint Use Access Easement out of Lot 7A-1b-B, of the Resubdivision of Lots 7A-1b and 7A-1c, Bastrop West Commercial, Section One, Bastrop County, Texas

Tract 3: Joint Use Access Easement out of Lot 7A-1a, Bastrop West Commercial, Section One, Resubdivision of Lot 7A-1, Block A, and out of Lot 7A-1c-A, Block A, Bastrop West Commercial, Section One, Bastrop West Commercial, Section One, Bastrop County, Texas

Tract 4: Joint Use Access Easement out of and across Lot 7A-1b-B, Resubdivision of Lots 7A-1b and 7A-1c, Block A, Bastrop West Commercial, Section One, Bastrop West Commercial, Section One, Bastrop County, Texas

I certify that I have read and understood the 2019 Multifamily Direct Loan Rules (10 TAC Chapter 13, the 2019 Governor Approved Qualified Allocation Plan (10 TAC Chapter 11) and the 2019-1 Multifamily Direct Loan Annual NOFA. I certify that I consider the appraisal services provided conform to the Department’s Appraisal Rules and Guidelines, described in 10 TAC §11.304 of 19-QAP in effect for the application round (2019) in which the appraisal may be submitted.

I am a disinterested party 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.

All persons who have a property interest in this report hereby acknowledge that the Department may publish the full report on the Department’s website, release the report in response to a request for public information and make other use of the report as authorized by law.
Market value is defined as: the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. 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.

The value conclusions expressed within this report are in terms of cash ($US).

Source: Office of the Comptroller of the Currency (12 CFR Part 34)

The property was visited by Christopher K. Lehman, SRPA, MAI on February 15, 2019. Based on the market data and analysis contained in the following appraisal report, it is our opinion that the market value of the subject property as of February 15, 2019 is as follows:

**TWO HUNDRED SEVENTY FIVE THOUSAND DOLLARS**

($275,000)

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraisers are not qualified to detect such substances. The appraisers have no knowledge of the existence of such materials on or in the property. The presence of substances such as asbestos, urea-formaldehyde foam insulation, leaking underground storage tanks, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material at the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

If you have any questions, or need further information, please contact our office.

Respectfully submitted,

THE CHRISTOPHER LEHMAN COMPANY

Christopher K. Lehman, SRPA, MAI, TX-1320213-G
APPRAISAL OF
1.462 ACRE OF LAND LOCALLY KNOWN AS
440 OLD AUSTIN HIGHWAY, BASTROP, TX 78602

FOR

MR. WILL MARKEL
JES DEVCO, INC.
206 PEACH WAY
COLUMBIA, MO 65203

BY

THE CHRISTOPHER LEHMAN COMPANY
1914 LARCHMONT DRIVE
AUSTIN, TEXAS 78704

AS OF

FEBRUARY 15, 2019
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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Description of Subject Property: The 1.462 acre vacant tract of land locally known as 440 Old Austin Highway, Bastrop, TX 78602

Effective Date of Appraisal: February 15, 2019

Property Appraised: Fee simple interest in the 1.462 acre vacant tract of land.

Legal Description:

Tract 1: Lot 7A-1b-Aa, Block A, resubdivision of Lots 7A-1b and 7A-1c, Bastrop West Commercial, Section One, Bastrop County, Texas

Tract 2: Joint Use Access Easement out of Lot 7A-1b-B, of the Resubdivision of Lots 7A-1b and 7A-1c, Bastrop West Commercial, Section One, Bastrop County, Texas

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Tract 4: Joint Use Access Easement out of and across Lot 7A-1b-B, Resubdivision of Lots 7A-1b and 7A-1c, Block A, Bastrop West Commercial, Section One, Bastrop West Commercial, Section One, Bastrop West Commercial, Section One, Bastrop County, Texas

Property Owner: Peachway Holdings, LLC.

Census Tract: Texas 48, Bastrop County 021, Tract 9504.00

Tax Parcel ID: R114186

Property Rights Appraised: Fee Simple Interest

Floodplain: According to FEMA FIRM Map #48021C0355E, effective January 19, 2006, none of the subject property is located inside the 100 year floodplain. 100% of the property is located in the 500 year floodplain.

Land Size: 1.462 acre per the subdivision plat

Zoning: “MF2” – Multi Family Dwelling-2

Highest and Best Use: Multifamily Development

Market Value: $275,000
BASIC ASSUMPTIONS

This appraisal is subject to the following Basic Assumptions:

1. It is assumed that the economy of the nation and the local subject area will remain at approximately current levels for the near term.

2. It is assumed that there will be no substantial change in tax rates which could affect the anticipated cash flows to the property.

3. It is assumed that there are no hidden or unapparent conditions of the property or sub-soils which would render them more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover such factors.

4. It is assumed that all necessary permits have been obtained and that there has been full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report.

5. It is assumed that all applicable legal regulations and restrictions are complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.

6. It is assumed that there are no encroachments other than those noted within the report.

7. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers, but the appraisers are not qualified to detect such substances. The appraisers have no knowledge of the existence of hazardous materials on, in or under the property. The presence of substances such as asbestos, urea-formaldehyde foam insulation, leaking underground storage tanks, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on, in or under the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field.

8. The subject property is not in an area that has been identified as potential habitat for endangered species by the Balcones Canyonlands Habitat Conservation Plan Study Map. For the purpose of this appraisal, the subject is assumed to be unaffected by the regulations of the U.S. Fish and Wildlife Service, or by any influences caused by endangered plants or animals.

9. The size of the subject tract and proposed improvements in this appraisal was based on information provided to us by sources deemed reliable. I do not assume liability for any shortages or overages in the site size, or any encroachments, as I am not qualified to survey properties.

10. It is our recommendation that the client obtain a qualified engineer, architect, or other expert on the Americans With Disabilities Act (ADA) to inspect the subject, determine the extent of ADA compliance or non-compliance, and certify the property's compliance. Any non-conformity could have an effect on the market value conclusions. Unless otherwise stated, the value conclusion of this appraisal is based on the assumption that the property is in compliance with the regulations of the ADA.
CONTINGENT AND LIMITING CONDITIONS

This appraisal is subject to the following limiting conditions:

The legal description furnished our firm is assumed to be correct. I assume no responsibility for matters legal in character, nor render any opinion as to the title, which is assumed to be good. The property has been appraised as if under responsible ownership and competent management.

I have made no land survey and assume no responsibility in connection with such matters. I believe the information contained in this report is reliable, but assume no responsibility for its accuracy. No certification as to any of the physical aspects can be given unless a proper engineering study was conducted and provided to us.

I am not required to give testimony or attend court by reason of this appraisal with reference to the property in question, unless previous arrangements have been made.

Possession of this report or a copy thereof does not carry with it the right of publication. It may not be used for any purpose by anyone other than the addressee without the previous written consent of the appraisers.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales brochures, or other media without the written consent and approval of the authors, particularly as to valuation and conclusions, the identity of the appraisers or firm they are employed by, nor should any reference be made of the Appraisal Institute, or the MAI, SRPA, or SRA designations.

The appraisers' liability regarding the statements and conclusions reported herein is limited to the fee charged for the assignment.
DESCRIPTIONS AND ANALYSES
SUBJECT IDENTIFICATION

1.462 acre of vacant land located at 440 Old Austin Highway, Bastrop, TX 78602

DATE OF INSPECTION, VALUE ESTIMATE, AND DATE OF REPORT

The property was seen February 15, 2019. The effective date of the appraisal is February 15, 2019. The date the appraisal report was prepared was January 30, 2019 through February 21, 2019.

LEGAL DESCRIPTION

Tract 1: Lot 7A-1b-Aa, Block A, resubdivision of Lots 7A-1b and 7A-1c, Bastrop West Commercial, Section One, Bastrop County, Texas

Tract 2: Joint Use Access Easement out of Lot 7A-1b-B, of the Resubdivision of Lots 7A-1b and 7A-1c, Bastrop West Commercial, Section One, Bastrop County, Texas

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INTERESTS APPRAISED

Fee simple interests. According to The Dictionary of Real Estate Appraisal, Third Edition, "fee simple estate" means:

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

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the current as is market value of the subject property. The value estimate provided is the value "as is".

DEFINITION OF MARKET VALUE

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

(1) Buyer and seller are typically motivated;
(2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
(3) A reasonable time is allowed for exposure in the open market;
(4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
(5) 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.

COMPETENCY OF APPRAISER
The appraiser meets or exceeds the competencies necessary to perform the subject appraisal.

INTENDED USE OF THE APPRAISAL
The intended use of this appraisal by our client and the intended user, JES Devco, Inc., is for valuation for tax credit application purposes.

CLIENT AND INTENDED USER
The client is the JES Devco, Inc. The intended users of the appraisal are JES Devco, Inc. and the Texas Department of Housing and Community Affairs (TDHCA).

OWNER OF RECORD AND HISTORY OF THE PROPERTY
The current owner is Peachway Holdings, LLC which acquired the property from May 25, 2012 for $651,222 or $5.00/SF of land area as part of 2.99 acres with frontage on Old Austin Highway. The north 1.527 acre lot was immediately sold into a partnership that included the May 25, 2012 buyer for $314,286 based on what has been reported to be the average acquisition cost per square foot or $4.725/SF the. most recent It has not been listed for sale or lease in the last three years. A neighbor has expressed interest in buying or renting but no offer has been put in writing.

REAL PROPERTY TAXES
The subject Tax ID is R114186. The assessed value for 2018 is $304,993 (unchanged since 2016). The taxing authorities and tax rates are shown below.

<table>
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<tr>
<th>Property Values</th>
<th>2018 Tax Breakdown</th>
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<tr>
<td>Property Values</td>
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<td>AG Market</td>
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<td>2018</td>
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<td>2018</td>
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<td>Cap Adjustment</td>
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<tr>
<td>Assessed</td>
<td>2018</td>
</tr>
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</table>

The tax assessor collector shows no taxes past due. It has been appraised as if equitably assessed.
METHOD OF THE APPRAISAL

In accomplishing the purpose of this appraisal (i.e. to estimate the value of the fee simple interest in the subject property), a number of steps were undertaken. The primary steps are listed below.

• Area and Market Area Analyses - This step involved research and analysis of city, county, MSA and market area influences on the subject property.

• Site and Improvement Analyses - More detailed and specific information was assembled on the subject.

• Highest and Best Use Analysis - Based on the data gathered, possible uses were considered and narrowed down to the most probable and profitable uses for the subject property as vacant.

• Application of the Three Approaches - The three traditional valuation techniques were reviewed in light of their applicability to estimate the value of the subject property. After careful highest and best use analysis, it was determined that the most relevant method of estimating the value of the subject property was through direct sales comparison.

The cost approach, the income approach, and the improved direct sales comparison approach were not used to value the subject property because it is vacant land. The direct sales comparison approach was used to estimate the value of the subject.

• Value Estimate - Recent sales of comparable vacant land tracts were confirmed, inspected, and compared to the subject property in order to estimate the value of the subject. The value of the subject property was based on the land value estimate.

SCOPE OF THE APPRAISAL

Data on the subject property were obtained from various sources including but not limited to inspection, the owner, the public record, the Central Appraisal District, plats and plans. Since the improvements are unaffected by the proposed easement only the land was appraised. When appropriate, more than one source was used to confirm data. Comparable sales were inspected from the exterior. Market data was confirmed with buyer, seller, broker or other knowledgeable party. When appropriate, the scope of the appraisal is treated in more detail elsewhere in the report. Further, the reader is directed to the assumptions and limiting conditions stated in this report.

The appraiser has prior experience evaluating properties like the subject, and no special steps were required to comply with the competency provision of the Uniform Standards of Professional Appraisal Practice. No information essential to completion of the appraisal was unavailable.
**AREA DESCRIPTION**

The Austin-Round Rock MSA includes Bastrop County, Caldwell County, Hays County, Travis County and Williamson County. The fastest growing top 100 US city for 2011 thru 2016 according to Forbes, Austin, was not in the top 25 for 2017. Austin is the state capital and Travis County seat. It is located slightly southeast of the geographic center of Texas and is 170 miles south of Dallas-Fort Worth, 150 miles west of Houston, and 60 miles northeast of San Antonio. Those three cities, the largest in the state, form a triangle around Austin, which had a Metropolitan Statistical Area population of about 1,716,289 as of April 1, 2010 according to the City of Austin Demographer. The January 1, 2018 Austin MSA population was 2,156,168 which is an average annual compound growth rate of 2.99% per year over the last 7.75 years since April 1, 2010 when the Austin-Round Rock MSA had a population of 1,716,289.

The city's normal daily temperature range is 74 to 94 degrees in the summer and 40 to 60 degrees in the winter. Temperatures below freezing occur an average of only 23 days per year. Average annual rainfall is about 33 inches. Overall, the climate is temperately subtropical. Ozone-action days were more frequently declared in recent years than in previous decades.

Highway access to other parts of the state is good. IH 35 runs north to Dallas and south to San Antonio and Laredo. US 290 runs east to Houston and west to El Paso; US 183 and SH 71 provide access to other areas. Many elements of planned major improvements to US 183 and US 290 have been completed, and traffic-flow is already better on those highways. Overall, the city's streets and highways are adequate, but traffic slows during rush hours. Commuting times to employment centers still compare favorably with many cities. Traffic congestion is expected to worsen as population increases, and planned improvements to the existing system will not drastically improve transit times between most points.

Austin-Bergstrom International Airport, the municipal airport, opened in 1999. Its main gate is on SH 71 about six miles southeast of downtown. It serves several airlines which provide numerous direct flights to other cities across the country.

The water, wastewater and electric utilities serving Austin are city-owned and operated. Natural gas and telephone service are provided throughout the city by private corporations. The police and fire departments are efficient, and the city has good libraries, medical facilities and bus service.

The state sales tax is 6.25%. The city's rate is an additional 1%, and Capital Metro, the mass transit authority, collects a further 1%. There are no individual or corporate income taxes.

Austin is the location of the main campus of the University of Texas, and jobs provided by the University and the various departments of state government once formed the basis of the local economy. Over the past few years, the number of government jobs in Austin held steady while total employment grew rapidly. Thus, government employment is not the force for stability it was formerly.

The population of Austin has an unusually high percentage of college graduates. This is no doubt due to the presence of the University of Texas. The high level of education is one of the major factors attracting employers.

The Austin economy grew steadily with robust appreciation in its urban core for several years through 2007. While there was a slow down during the Great Recession, Austin was the last major US city to stop employment growth and one of the first to resume growth. New multifamily developments are coming on line in response to a briefly sustained average 95% occupancy in 2013 and average rental rate increases of 6 to 7% per year thru 2015. Multifamily occupancy is 90.0% overall, 0.1% annual change as effective rents per square foot rose 1.5% June 2017 to June 2018 and those offering concessions increased 22.3% per ALN. According to NAI- Austin Office Quarterly Market Report Q1 2018 the overall Austin office market vacancy rate fell from 7.4% a year ago to 7.2% including direct and sublets. Asking rents rose 4.1% from $33.50/SF/Yr to $34.88/SF/Yr. The Austin CBD office market has an overall vacancy rate of 7.4% while the suburban office vacancy rate is 8.3%. Home sales (volume) for the Austin MSA fell 23.5% year over year. Median home prices in the MSA rose 5% year to year to $305,000 in May 2018 according to the Austin Board of Realtors after an 8% rise the year before.
MARKET AREA ANALYSIS

“Market areas are defined by 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 Appraisal of Real Estate, fourteenth edition, prepared by the Appraisal Institute, 2013).

The subject market area is generally defined as Zip Code 78602 as shown on the map.

The county seat of Bastrop County, Bastrop is located in Central Texas along the Colorado River where it intersects highways 71, 95 and 21. Bastrop is 29 miles southeast of Austin, 88 miles northeast of San Antonio and 125 miles west of Houston.

Uses in the Market Area

The market area has a number of small towns including the Bastrop County seat, the City of Bastrop with so many buildings listed in the National Register of Historic Places that it was named “Most Historic Small Town in Texas.” The historic ambiance of downtown is complemented by nearby market areas containing over 130 historical sites. Most of the area is rural and exurban in nature with some small lot subdivisions served with city wastewater service and many ranchettes and acreage homesteads on septic. Community water is generally available throughout the market area. Residences range in age, size and quality from older mobile homes to barndominiums to estates and gentlemen’s ranches. There are many working cattle ranches though many exist primarily for the tax exemption. There are working farms including extensive pecan operations. The most intensive or densest developments are near the cities for the public services. Most of the newer development is geared towards affordable average quality homes. The homes in the area range in size from a little over 1,000 square feet to over 2,000 square feet. Few multi family properties are located in the market area and include duplex and small multifamily units. The commercial uses are limited to the main roadways in the market area and include new car dealer, and most big box retailers including Walmart Supercenter, Lowes, Home Depot, Hobby Lobby, Best Buy, Academy Sports and outdoors, Ross, McCoy Building Supply, CVS, Walgreens, Tractor Supply Co. the popular regional grocer, HEB most franchise fast food restaurants, numerous national sit down restaurants, and many locally owned shops, restaurants and businesses primarily centered in and around the City of Bastrop.

Development in the Subject Market Area

In general, the pattern of development within the market area is reflected by the following estimated percentages of land use.

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family Residential</td>
<td>35%</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>2%</td>
</tr>
<tr>
<td>Condominium</td>
<td>3%</td>
</tr>
<tr>
<td>Institutional</td>
<td>2%</td>
</tr>
<tr>
<td>Retail</td>
<td>3%</td>
</tr>
<tr>
<td>Office</td>
<td>5%</td>
</tr>
<tr>
<td>Public</td>
<td>5%</td>
</tr>
<tr>
<td>Vacant/Agricultural</td>
<td>45%</td>
</tr>
</tbody>
</table>
Primary use in the area is residential with some multifamily properties near the subject. The area is popular with commuters to employers in Austin. The close proximity to highways leading to employers in Austin, scenic home sites and the affordability of housing make the area desirable.

**Major Employers**

The subject market area is greatly influenced by the proximity to Austin’s CBD, The University of Texas campus and The State Capital. The rural setting, established residences and businesses that are retail and service oriented also greatly influence the market area. The market area is mostly residential with business uses limited to smaller service oriented and some industrial users. There are numerous employers in Austin that are near the subject market area. These employers are concentrated west of the subject. The dynamic employment base relatively near the subject market area provides numerous opportunities for employment for residents in the market area.

**Population**

The current year population is 29,753. In 2010, the Census count in the area was 25,104. The rate of change since 2010 was 2.08% annually. The five-year projection for the population in the area is 33,851 representing a change of 2.61% annually from 2018 to 2023. The median age in this area is 40.8, compared to U.S. median age of 38.3.

**Households**

The household count in this area has changed from 8,777 in 2010 to 10,491 in the current year, a change of 2.19% annually. The five-year projection of households is 11,980, a change of 2.69% annually from the current year total. Average household size is currently 2.64 compared to 2.63 in the year 2010. The number of families in the current year is 7,324.

**Household Income**

Current median household income is $58,603 in the area, compared to $58,100 for all U.S. households. Median household income is projected to be $65,162 in five years, compared to $65,727 for all U.S. households. Current average household income is $79,767 in this area, compared to $83,694 for all U.S. households. Average household income is projected to be $91,780 in five years, compared to $96,109 for all U.S. households. Current per capita income is $30,119 in the area, compared to the U.S. per capita income of $31,950. The per capita income is projected to be $34,233 in five years, compared to $36,530 for all U.S. households.

**Housing**

Currently, 71.9% of the 11,364 housing units in the area are owner occupied; 20.4%, renter occupied; and 7.7% are vacant. Currently, in the U.S., 56.0% of the housing units in the area are owner occupied; 32.8% are renter occupied; and 11.2% are vacant. In 2010, there were 9,801 housing units in the area - 66.1% owner occupied, 23.5% renter occupied, and 10.4% vacant. The annual rate of change in housing units since 2010 is 6.80%. Median home value in the area is $188,684, compared to a median home value of $218,492 for the U.S. In five years, median value is projected to change by 5.63% annually to $248,073.

**Shopping**

Shopping facilities for residents of the subject market area include a super Wal-Mart and super HEB, Home Depot and numerous other retail shopping centers. Most of the residences in the market area are within a ten to fifteen-minute drive to a grocery store and there are many convenience stores in the market area. There are several shopping centers nearby and larger market area centers including a regional mall with 25 miles of the subject market area. Pecan Crossing is a 148-acre mixed use development on Highway 71 at Hwy 304 that
offers 1,000,000 square feet of retail space, restaurants, and other activities. A new family entertainment complex, Chestnut Square Family Entertainment Center, located at Loop 150 and Highway 95, opened in 2003 with a 4-screen theater with stadium seating, a 16 lane bowling alley, high-tech arcade, nine-table billiard parlor, a food court, and banquet facilities.

Schools

The market area is served by the Bastrop ISD a growing district with an expanding enrollment. Schools within the district include Bluebonnet Elementary School, Cedar Creek Elementary School, Emile Elementary School, Lost Pines Elementary School, Mina Elementary, Red Rock Elementary School, Bastrop Intermediate School, Cedar Creek Intermediate School, Bastrop Middle School, Cedar Creek Middle School, Bastrop High School, Genesis High School.

Recreation

Recreational facilities in the area are excellent there are several parks, lakes, and rivers in the market area. Attractions include two museums and the historic Bastrop Opera House. After a self-guided walking tour of over 130 historic homes and buildings, you can also enjoy a stroll down the Colorado River walk. The historic district offers a delightful selection of shops filled with interesting gifts, crafts, books, clothing, and antiques. A private attraction to the area is the Hyatt Regency Lost Pines Resort. The resort is being adjacent to the 1,100-acre McKinney Roughs Nature Park alongside the Colorado River.

Bastrop is home to several unique parks and recreation areas that were designed with a variety of activities in mind. The Civilian Conservation Corp built Bastrop State Park in the 1930’s. It is located in the heart of the Lost Pines area and has an outdoor swimming pool, 18-Hole Golf Course, 13 cabins that overlook a small lake, camping facilities, and hiking and bike trails. While most of Bastrop State Park is closed due to concerns about erosion after the devastating September 2011 wildfire restoration projects are underway. McKinney Roughs Environmental Learning Center has nature programs for children and adults that are scheduled throughout the year. They have hiking trails and equestrian trails for horseback riding. They have a large outdoor amphitheater where they have concerts and other outdoor events. Fisherman’s Park, a city facility located on the Colorado River, offers a very entertaining activity area for young and old alike, including tennis court, soccer field, sand lot volleyball, basketball goals, boat ramp, and a duck feeding area. The river walk located along the Colorado River reaches from Fisherman’s Park to Ferry Park. It also hosts the Bastrop Holiday River of Lights trail from the day after Thanksgiving until January. Several other festivals take place in this city park all throughout the year.

Utilities

As a developing exurban market area, the subject market area has all utilities available to most of subdivisions within the incorporated area. Electricity is generated by the Lower Colorado River Authority and distributed through Bluebonnet Electric Co-op and City of Bastrop. Aqua Water or City of Bastrop supplies water. The City of Bastrop also provides sewage service to most city residents and businesses. CenterPoint Energy Entex provides natural gas in the more urban areas. Utilities are available in quantities sufficient to support any contemplated development near Bastrop. Southwestern Bell and others provide telephone service and Time Warner Road Runner and others provide cable television and Internet access.

Police, Fire and Medical Services

The City of Bastrop combined with Bastrop County provides police and fire protection. Emergency medical services are provided by Bastrop County. Bastrop Fire Department and Bastrop Emergency Services District No. 2 protect 117 square miles of Bastrop County located nearest to the City of Bastrop. They operate out of 2 City owned stations and two district owned stations that protect a primarily residential, woodland/wild land urban interface area. The department is a public department whose members are on a volunteer status.
Conclusion

In conclusion, the market area has slightly below average income levels per household and modest density but good growth and appreciation. There are vacant tracts available for development. Property values are expected to increase because of the area's location and recent completions of significant upgrades to Highway 71. High occupancy levels and new developments underway are good indicators of this market area’s strength. In September 2011, Bastrop suffered the loss of about 7% of its tax base including 1,700 homes, in a drought fed wildfire that burned about 35,000 acres of land. While some of those 1,700 households have moved away, much reconstruction has occurred and new developments are underway. Multifamily occupancies jumped for several months due to evacuees. Prior to the fire Bastrop had enjoyed a growth rate of 3 to 4.5%/year over the last two decades. Most of the incentives to growth remain including the general Austin MSA growth and Bastrop’s quiet reputation as a stable rural bedroom community with a recovering loblolly pine forest, unique this far west in Texas.
SITE ANALYSIS

As used in this report, a site analysis is "a careful study of factual data in relation to the market area characteristics that create, enhance, or detract from the utility and marketability of specific land or a given site as compared with other sites that it competes with." (The Appraisal of Real Estate, 14th Ed., Appraisal Institute, 2013).
Address: 440 Old Austin Highway, Bastrop, TX 78602

Census Tract: Texas 48, Bastrop County 021, Tract 9504.00

Parcel Numbers: R114186

Map Coordinates: 745 E & J MAPSCO Austin Street Guide

Size: 1.462 acre per the subdivision plat

Shape: Slightly irregular hexagon

Frontage/Access: 30 +/- feet of frontage via an access easement to the south line of Old Austin Highway, a 121’ +/- wide right of way improved with a two way paved road with curbs, gutters, broad sidewalks old fashioned street lamps, covered benches and above ground utilities.

The same 30’ wide joint use access easement on the east end of the subject and another 50’ access easement on the west end of the subject provides access to the south to the back of a shopping center and a driveway to Chicken Express and Hasler Boulevard directly across the street from the HEB.

The subject has access via the existing concrete driveway just within its east property line in the joint use access easement to Old Austin Highway to the north and the access easements connected to Hasler Boulevard to the south and east. There is additional, parallel access just within and along the subject’s west property line to Old Austin Highway and the internal commercial subdivision driveway connected to Hasler Boulevard.

Easements/Restrictions: The subdivision plat shows several easements.
20’ to 5’ wide PUE along the north property lines, 30’ wide joint use access easement inside east property line, 5’ wide PUE along the east and south property lines, 50’ Access Easement and PUE just inside west property line, And a 15’ x 20’ PUE near the SE corner of the subject.

Beneficial Easements: The subject has a dominant estate in a 30’ joint use access easement across the properties to the front (north) and rear (south) that coincides with a subordinate estate in the same easement along its east property line. The subject has another dominant estate in a 30’ joint use access easement across the property to the rear (south) that coincides with a subordinate estate in a 50’ access easement along its west property line. The proposed site plan from the developer on the previous page shows who these easements are to be used. We note that the concrete drive inside and along the east property line already exist, but not the parking.

Topography: The subject is fairly level.

Floodplain: According to FEMA FIRM Map #48021C0355E, effective January 19, 2006, none of the subject property is located inside the 100 year floodplain. 100% of the property is located in the 500 year floodplain.
Utilities:
- **Electricity:** City of Bastrop
- **Water:** City of Bastrop
- **Wastewater:** City of Bastrop
- **Gas:** Atmos Energy (natural gas)
- **Telephone:** Many various providers

School District: Bastrop Independent School District


Improvements: The subject property is currently unimproved vacant land except for the concrete driveway located in the joint use access easement on the subject just inside the full length of the east property line.

Surrounding Land Uses: The subject is located 0.66 miles west of downtown Bastrop and 26.5 miles east southeast of downtown Austin. The subject is located within a growing neighborhood. Land uses located along Old Austin Highway include schools, churches, retirement homes and small medical offices. Along Hasler and to the south of the subject are commercial and retail with large shopping centers on the properties fronting along SH 71 immediately south of the small, 3 tenant, strip center that abuts the subject to the south.

Environmental Concerns: None observed or noted

Natural, Cultural, Recreational or Scientific Value: None observed or noted
HIGHEST AND BEST USE ANALYSIS

Highest and best use is a basic premise of value. As with value, highest and best use is not an absolute fact; it reflects an appraiser's opinion of the best use of a property based on an analysis of prevailing market conditions. The term highest and best use, as used in this appraisal report, is defined as "The reasonably probable use of property that results in the highest value." (The Appraisal of Real Estate, 14th Ed., Appraisal Institute, 2013).

In arriving at an opinion of highest and best use, several factors which affect the income and development potential of the property being appraised are usually considered. These factors include accessibility, location, the physical characteristics of the property, the availability and capacity of utility systems, deed restrictions, other encumbrances, and surrounding land uses. The highest and best use of the land must meet four criteria. These are:

1. Legally Permissible
2. Physically Possible
3. Financially Feasible
4. Maximally Productive

These criteria are considered sequentially. For example, a use may be financially feasible, but to consider this use would be unnecessary if it is not physically possible or legally permissible. The following analysis considers the widest range of potentially possible uses and narrows that range to a final conclusion or opinion of the highest and best use for the subject property.

Legally Permissible

In analyzing the legally permissible uses, the property's current zoning and any applicable legal restrictions must be considered. The subject property is located within the City of Bastrop, and is zoned MF-2. The MF-2, Multiple-Family Residential-2, District is an attached residential district intended to provide the highest residential density of twenty-five (25) dwelling units per acre. The principal permitted land uses will include low-rise multiple-family dwellings and garden apartments. This District should be located adjacent to a major thoroughfare and serve as a buffer between retail/commercial development or heavy automobile traffic and medium or low density residential development. Permitted uses include multiple family dwellings greater than 2 units per building with garden style apartment amenities. Other uses permitted are bed and breakfast, boarding house, community home, fraternity/sorority house, housing for the elderly/senior, single family attached or detached, duplexes, fourplexes, country club, day camp for children, assisted living facility, church, continuing care retirement community, retirement housing for the elderly, public and parochial schools, federally funded preschool programs, . Conditional uses include day care with or without a church, kindergarten/nursery school, skilled nursing facility, . Building heights are limited to 2.5 stories and 35’. The buyer’s indicate they are pursuing a height variance to allow 3 stories. Up to 25 units per acre are allowed.

Minimum Front Yard - Twenty-five feet (25’)
Minimum Interior Side Yard - Fifteen feet (15’); sixty feet (60’) when building is in excess of one story in height and adjacent to a Single-Family Zoning District (the 60’ is not applicable in the subject’s case due to adjacent commercial uses)
Minimum Exterior Side Yard - Fifteen feet (15’).
Minimum Rear Yard - Thirty-five (35’); eighty feet (80’) when the building is in excess of one story and adjacent to a Single-Family Zoning District (the 80’ is not applicable in the subject’s case due to adjacent commercial uses)

It is also worth noting that the subject was zoned C-2 Commercial District until the owner sought and received the MF-2 zoning. It could be rezoned back to C-2. A wide variety of office, retail restaurant, commercial services, and light manufacturing uses are permitted in C-2. Permitted uses include Community Services, Day
Care, Restaurants with or without drive thru, Indoor Entertainment Activities, Office, Medical Office, Overnight accommodations, parks, Place of worship, Retail sales and services, Schools including business, trade and post secondary schools.

Physically Possible

The subject property has a slightly irregular hexagon shape and contains approximately 1.462 acre per the subdivision plat. The subject is located 0.66 miles west of downtown Bastrop and 26.5 miles east southeast of downtown Austin. The subject is located within a growing neighborhood. Land uses located along Old Austin Highway include schools, churches, retirement homes and small medical offices. Along Hasler and to the south of the subject are commercial and retail with large shopping centers on the properties fronting along SH 71 immediately south of the small, 3 tenant, strip center that abuts the subject to the south. To the west across Eskew Street is a house of worship and day care center. To the south across Hasler Street are 1,500 SF to 2,000 SF homes built in the early 1970s and a vacant lot, all zoned single family residential. To the east is a small outdoor power equipment shop with frontage and exposure to SH 71 and rear parking lots of businesses fronting on SH 71.

The subject property has 30 +/- feet of frontage via an access easement to the south line of Old Austin Highway, a 121’+/- wide right of way improved with a two way paved road with curbs, gutters, broad sidewalks old fashioned street lamps, covered benches and above ground utilities The same 30’ wide joint use access easement on the east end of the subject and another 50’ wide access easement on the west end of the subject provides access to the south to the back of a shopping center and a driveway to Chicken Express and Hasler Boulevard directly across the street from the HEB.. The subject has access via the existing concrete driveway just within its east property line in the joint use access easement to Old Austin Highway to the north and the access easements connected to Hasler Boulevard to the south and east. There is additional, parallel access just within and along the subject’s west property line to Old Austin Highway and the internal commercial subdivision driveway connected to Hasler Boulevard.

The subject is fairly level. According to FEMA FIRM Map #48021C0355E, effective January 19, 2006, none of the subject property is located inside the 100 year floodplain. 100% of the property is located in the 500 year floodplain.

Water, wastewater service, natural gas, and electricity are available to the tract. There are no physical constraints that would inhibit typical development. Based on the abundance of improvements in the area the soil and subsoil appear to present no inherent problems to construction, given properly engineered foundations and structures. Due to its size, proximity to SH 71, location among commercial uses the property is suited for commercial or multifamily development.

Financially Feasible

The concern of financial feasibility is a positive return on the investment. Of the legal uses for the subject a destination oriented development where exposure is less important but access and walkability is beneficial such as retirement community are the most feasible uses. They are the most likely uses.

Maximally Productive

The maximally productive use of the property is development with assisted living center, senior or elderly living center, or similar.
### Market Analysis

#### STATISTICS 78602

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<tr>
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<th>SEARCH OPTIONS</th>
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<td>Ave Effective Rent: $996</td>
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<td>Ave Effective Rent/Sqft: $1.14</td>
<td>Senior Living: All Props</td>
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#### EXPANDED STATISTICS

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## AMENITIES

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<tr>
<td>Dishwasher</td>
<td>5</td>
<td>100</td>
</tr>
<tr>
<td>Disposal</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Microwave</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Pantry</td>
<td>2</td>
<td>40</td>
</tr>
<tr>
<td>Ceiling Fan</td>
<td>5</td>
<td>100</td>
</tr>
<tr>
<td>Patio/Balcony</td>
<td>3</td>
<td>60</td>
</tr>
<tr>
<td>Extra Storage</td>
<td>2</td>
<td>40</td>
</tr>
<tr>
<td>Linen Closet</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mini Blinds</td>
<td>3</td>
<td>60</td>
</tr>
<tr>
<td>Private Alarms</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>Vaulted Ceilings</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Vanity</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Walk-In Closet</td>
<td>3</td>
<td>60</td>
</tr>
<tr>
<td>Wall-to-Wall Carpet</td>
<td>2</td>
<td>40</td>
</tr>
</tbody>
</table>

## Market Rent vs. Effective Rent

<table>
<thead>
<tr>
<th>Property Name</th>
<th># Units</th>
<th>Ave. Size</th>
<th>Year Built</th>
<th>Average</th>
<th>$/SF</th>
<th>Average</th>
<th>$/SF</th>
<th>Occ Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arbor of Bastrop</td>
<td>88</td>
<td>778</td>
<td>1985</td>
<td>$826</td>
<td>$1.06</td>
<td>$826</td>
<td>$1.06</td>
<td>N/A</td>
</tr>
<tr>
<td>Lodge at Lost Pines</td>
<td>160</td>
<td>869</td>
<td>2002</td>
<td>$1,162</td>
<td>$1.34</td>
<td>$1,162</td>
<td>$1.34</td>
<td>99</td>
</tr>
<tr>
<td>Pine Point</td>
<td>56</td>
<td>991</td>
<td>1989</td>
<td>$862</td>
<td>$0.87</td>
<td>$862</td>
<td>$0.87</td>
<td>N/A</td>
</tr>
<tr>
<td>Settlement Estates</td>
<td>70</td>
<td>725</td>
<td>1999</td>
<td>$573</td>
<td>$0.79</td>
<td>$573</td>
<td>$0.79</td>
<td>N/A</td>
</tr>
<tr>
<td>Walnut Ridge</td>
<td>200</td>
<td>940</td>
<td>2008</td>
<td>$1,124</td>
<td>$1.20</td>
<td>$1,124</td>
<td>$1.20</td>
<td>91.5</td>
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### HISTORICAL STATISTICS  
(78602)

<table>
<thead>
<tr>
<th></th>
<th>Now</th>
<th>Then</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Occupancy Rate:</strong></td>
<td>94.8%</td>
<td>95.5%</td>
<td>- 0.70</td>
</tr>
<tr>
<td><strong>Average Rental Rate:</strong></td>
<td>$ 996.22</td>
<td>$ 1,024.61</td>
<td>- 2.77</td>
</tr>
<tr>
<td><strong>Effective Rental Rate:</strong></td>
<td>$ 996.22</td>
<td>$ 1,024.61</td>
<td>- 2.77</td>
</tr>
<tr>
<td><strong>New Units Added/Lost:</strong></td>
<td>+ 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Absorption:</strong></td>
<td>- 4</td>
<td></td>
<td></td>
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</table>

vs. 12-Months (End of February 2018)

<table>
<thead>
<tr>
<th></th>
<th>Now</th>
<th>Then</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Occupancy Rate:</strong></td>
<td>94.8%</td>
<td>94.7%</td>
<td>+ 0.18</td>
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<tr>
<td><strong>Average Rental Rate:</strong></td>
<td>$ 996.22</td>
<td>$ 942.59</td>
<td>+ 5.69</td>
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<tr>
<td><strong>Effective Rental Rate:</strong></td>
<td>$ 996.22</td>
<td>$ 938.06</td>
<td>+ 6.20</td>
</tr>
<tr>
<td><strong>New Units Added/Lost:</strong></td>
<td>+ 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Absorption:</strong></td>
<td>+ 1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

vs. 24-Months (End of February 2017)

<table>
<thead>
<tr>
<th></th>
<th>Now</th>
<th>Then</th>
<th>% Change</th>
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</thead>
<tbody>
<tr>
<td><strong>Occupancy Rate:</strong></td>
<td>94.8%</td>
<td>95.0%</td>
<td>- 0.20</td>
</tr>
<tr>
<td><strong>Average Rental Rate:</strong></td>
<td>$ 996.22</td>
<td>$ 971.88</td>
<td>+ 2.50</td>
</tr>
<tr>
<td><strong>Effective Rental Rate:</strong></td>
<td>$ 996.22</td>
<td>$ 967.78</td>
<td>+ 2.94</td>
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<tr>
<td><strong>New Units Added/Lost:</strong></td>
<td>+ 0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Absorption:</strong></td>
<td>- 1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Information obtained from sources deemed reliable, but is not guaranteed.
ALN Systems, Inc. • 972/931-2553 or 800/643-6416 • www.alnsystems.com

The Bastrop multifamily market is small and young with approximately 574 units all built since 1985. The occupancy rate has been steady, ranging from 94.7% one year ago to 95.5% six months ago. Currently the occupancy rate is within that range at 94.8%. With no new units added in the last two years, occupancy strong, and rents slightly rising year over year new construction of 40 new units or 7% more units appears feasible.
SALES COMPARISON APPROACH
DIRECT SALES COMPARISON APPROACH

As used in this report, the sales comparison approach is defined as, “The process of deriving a value indication for the subject property by comparing similar properties that have recently sold with 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.” (The Appraisal of Real Estate, 14th Ed., Appraisal Institute, 2013).

“In the sales comparison approach, an opinion of market value is developed by comparing properties similar to the subject property that have recently sold. . . A major premise of the sales comparison approach is that an opinion of the market value of a property can be supported by studying the market’s reaction to comparable and competitive properties. . . Comparative analysis of properties and transactions focuses on similarities and differences that affect value, called elements of comparison, which may include variations in property rights, financing terms, market conditions, and physical characteristics, among others. Appraisers examine market evidence using paired data analysis, trend analysis, statistics, and other techniques to identify which elements of comparison within the data set of comparable sales are responsible for value differences...

If all comparable properties are identical to the subject property, no adjustments to sale prices will be required. However, this is rarely the case. After researching and verifying transactional data and selecting the appropriate unit of comparison, the appraiser adjusts for any differences...

In reconciling value indications in the sales comparison approach, the appraiser evaluates the number and magnitude of adjustments and the importance of the individual elements of comparison in the market to judge the relative weight a particular comparable sale should have in the comparative analysis.”


The applicability of this approach is based upon the assemblage of similar sales and offerings for comparison, from which market derived adjustments for relevant factors can be extracted. The sales data is compared to the subject on the basis of significant characteristics present at the subject property. Considerations for such factors such as market conditions, location, size, condition, other amenities, and the terms of the transaction are all related to the subject property. Because the adjustments are market derived, the desires and actions of typical buyers and sellers are reflected in the comparison process.

There are various units of comparison available for use in the comparative evaluation of sale data in this analytical approach. The most relevant unit of comparison for the subject property is the price per square foot. In estimating the current market value of the subject site, several commercial sale reports were searched for recent sales of comparable properties within the area. Real estate brokers active in the area were consulted as to their knowledge of properties currently offered on the market for sale that would be in competition with the subject property if it were offered for sale. The available market data was investigated, analyzed, and compared to the subject based upon similar and dissimilar characteristics, and adjustments were made accordingly in estimating the subject's value. The following pages contain the land sale comparables whose characteristics and date of sale were considered most comparable to the subject property.
COMPARABLE LAND SALE ONE
737 Old Austin Highway, Bastrop, Texas 78602

Legal Description: Lot 1, Block B, Riverside Grove Subdivision, Phase 1, Bastrop County, TX
Parcel Number: R81898
Date of Sale: December 15, 2017
Recording Data: Document No. 201718374 of Bastrop OPR
Grantor: Riverside Grove, Ltd
Grantee: Bastrop Real Estate Professionals, Inc
Consideration: $200,000
Terms: Cash to seller
Marketing Time/Escrow: 250 days total
Size: 1.205 acres or 52,473 SF
Price/Unit: $3.81/SF Adjusted for quick sale = $4.23/SF
Shape: Rectangular
Frontage: 181’ on Old Austin Highway and 271’ on Schaeffer Blvd.
Utilities: Water: City of Bastrop
Wastewater: City of Bastrop
Electric: Bluebonnet Electric Co-Operative
Gas: Centerpoint Energy
Terrain: Level and cleared
Floodplain: 100% in the 500 year floodplain
Easements: Typical perimeter easements and 35' x 180' or 6,300 SF of land in a reciprocal access easement located just inside the buildable area. Subdivision sign and planter seems to take up 3,500 SF including land between it and property line.
Zoning: C-2.
Surrounding Land Uses: Dollar General to west, Bastrop Middle School to rear.
Intended Land Use: Speculative, future retail
Comments: Shared access with Dollar General next door.
Confirmation: Zia Lowe, 512-303-4441, CKL, Deed Read 8/18
COMPARABLE LAND SALE TWO
124 +/- Hasler Shores, Bastrop, Texas 78602

Legal Description: Lot 33, Block A, Riverside Grove Subdivision, Phase 1, Bastrop County, TX
Parcel Number: R81892
Date of Sale: December 15, 2017
Recording Data: Document No. 201718489 of Bastrop OPR
Grantor: Riverside Grove, Ltd
Grantee: Rosario Batlle
Consideration: $170,000
Terms: Cash to seller
Marketing Time/Escrow: years
Size: 1.16 acres or 50,530 SF
Price/Unit: $3.36/SF Adjusted for quick sale = $3.73/SF
Shape: Rectangular
Frontage: 200’ on Hasler Shores
Utilities: Water: City of Bastrop
Wastewater: City of Bastrop
Electric: Bluebonnet Electric Co-Operative
Gas: Centerpoint Energy
Terrain: Level and cleared
Floodplain: 100% in the 500 year floodplain
Easements: Typical perimeter easements.
Zoning: C-2.
Surrounding Land Uses: Proposed fitness center to south, Dollar General to a few lots to south, Bastrop Intermediate School across street and houses to rear.
Intended Land Use: Buyer’s son’s medical office
Comments: Last interior lot to sell. It was the farthest from Old Austin Hwy.
Confirmation: Zia Lowe, 512-303-4441, Gay Ruggiano, listing agent, 512-228-8555, CKL, Deed Read 8/18
COMPARABLE LAND SALE THREE
521 Agnes Street, Bastrop, Texas 78602

Legal Description: Lots 34 & 35, Block A, Riverside Grove Subdivision, Phase 1, Bastrop County, TX
Parcel Number: R81898
Date of Sale: February 24, 2017
Recording Data: Document No. 201703279 of Bastrop OPR
Grantor: Lena Ruth Prokop Purcell, Deborah Ruth Cecil and Michael Arnold Prokop
Grantee: Bastrop RM Investments, LLC
Consideration: $792,727
Terms: Cash to seller
Marketing Time/Escrow: Several years
Size: 4.282 acres or 186,524 SF
Price/Unit: $4.25/SF
Shape: Rectangular
Frontage: 382’ +/- Agnes Street
Utilities: Water: City of Bastrop
Wastewater: City of Bastrop
Electric: Bluebonnet Electric Co-Operative
Gas: Centerpoint Energy
Terrain: Level and cleared
Floodplain: 100% in the 500 year floodplain
Easements: Typical perimeter easements.
Zoning: C-2.
Surrounding Land Uses: Vacant land, hotels, strip centers, car wash, Walmart.
Intended Land Use: Hotel
Comments: Seller was long term large tract land holder.
Confirmation: Robert Leffingwell, listing agent, 512-785-0440, CKL, Deed Read 11/18
COMPARABLE LAND SALE FOUR
122 Hasler Shores, Bastrop, Texas 78602

Legal Description: Lots 34 & 35, Block A, Riverside Grove Subdivision, Phase 1, Bastrop County, TX
Parcel Number: R81898
Date of Sale: February 16, 2016
Recording Data: Document No. 201601825 of Bastrop OPR
Grantor: Riverside Grove, Ltd
Grantee: TD Fitness Holdings, LLC
Consideration: $285,000
Terms: Cash to seller
Marketing Time/Escrow: years
Size: 2.26 acres or 98,445 SF
Price/Unit: $2.90/SF
Shape: Rectangular
Frontage: 400’ on Hasler Shores
Utilities: Water: City of Bastrop
Wastewater: City of Bastrop
Electric: Bluebonnet Electric Co-Operative
Gas: Centerpoint Energy
Terrain: Level and cleared
Floodplain: 100% in the 500 year floodplain
Easements: Typical perimeter easements.
Zoning: C-2.
Surrounding Land Uses: Dollar General to a few lots to south, Bastrop Intermediate School across street
and houses to rear, vacant commercial lot to north.
Intended Land Use: For an owner occupied gym/fitness center
Comments: Bought two nearly equal side by side lots together. Replatted into one lot after
purchase.
Confirmation: Zia Lowe, 512-303-4441, Gay Ruggiano, listing agent, 512-228-8555, CKL,
Deed Read 8/18
COMPARABLE LAND SALE FIVE

440 Old Austin Highway, Bastrop, Texas 78602

Map Grid: 745 E&J

Legal Description:
Tract 1: Lot 7A-1b-A, Block A, resubdivision of Lots 7A-1b and 7A-1c, Bastrop West Commercial, Section One, Bastrop County, Texas
Tract 2: Lot 7A-1c-A, Block A, resubdivision of Lots 7A-1b and 7A-1c, Bastrop West Commercial, Section One, Bastrop County, Texas
Tract 3: A Joint Use Access Easement out of Lot 7A-1b-B, of the Resubdivision of Lots 7A-1b and 7A-1c, Bastrop West Commercial, Section One, Bastrop County, Texas and two more Joint Access Easements

Parcel Number: R114186 and R114187

Date of Sale: May 25, 2012

Recording Data: Document 201206864 and Bastrop County Official Public Records

Grantor: The McLeod Family L. P. and R. Jenkins Family Investments, Ltd

Grantee: Riverwoods Commons, LP and Peachway Holdings LLC

Consideration: $651,222

Terms: Cash to seller

Marketing Time/Escrow: 2 years. Under contract 18 months, 3.5 years
Size: 2.99 acres or 130,244 SF
Price/Unit: $5.00/SF
Shape: Slightly irregular
Frontage: 362' +/- on Old Austin Hwy.
Utilities:
  Water: City of Bastrop
  Wastewater: City of Bastrop
  Electric: Bluebonnet Electric Co-Operative
  Gas: Centerpoint Energy
  Telephone: Various providers incl. AT&T
Terrain: Fairly level and clear.
Floodplain: None but 500 year floodplain
Easements: Driveway and Access Easements to north and south and encumbered by 30’ wide Joint Access Easement to Old Austin Highway to the north.
Zoning: MF-2
Surrounding Land Uses: Vacant, bank, retail, retirement home.
Intended Land Use: Senior apartment community
Comments: Easement was realigned after closing.
Confirmation/Date: Robert Jenkins, seller, and the buyer, 718-4516, Deed 3/15/12 CL
COMPARABLE LAND SALE SIX
105 N Hasler Boulevard, Bastrop, Texas 78602

LOT 7A-1b-A
2.451 ACRES

LOT 7A-1b-B
0.715 ACRES

Map Grid: 745 J
Legal Description: Lot 7A-1b-B, Resub Lots 7A-1b, 7A-1c, Block A, Bastrop West Commercial, Section One, Bastrop County, Texas plus Joint Access Easements
Parcel Number: R119599
Date of Sale: September 20, 2010
Recording Data: Document 201011205 Bastrop County Official Public Records
Grantor: The McLeod Family L. P. and R. Jenkins Family Investments, Ltd
Grantee: Nhat H. To
Consideration: $162,260
Terms: Cash to seller
Marketing Time/Escrow: 15 years as part of a much larger family holding.
Size: 0.745 acres or 32,452 SF
Price/Unit: $5.00/SF
Shape: Rectangular
Frontage: 286.72’ +/- on 30’ Driveway Easement plus 30’ wide Join Access Easement to Old Austin Highway to the north.
Utilities:
Water: City of Bastrop
Wastewater: City of Bastrop
Electric: Bluebonnet Electric Co-Operative
Gas: Centerpoint Energy
Telephone: Various providers incl. AT&T
Terrain: Fairly level and clear.
Floodplain: None but 500 year floodplain
Easements: Typical public utility easements. Joint access easement moved after closing
Zoning: C-2
Surrounding Land Uses: Vacant, bank, retail, retirement home.
Intended Land Use: Nail salon and speculative strip center.
Comments: Easement was realigned after closing.
Confirmation/Date: Robert Jenkins, seller, 718-4516, Insp 3/15/12 Deed 3/15/12 CL
Map Grid: 744 H
Legal Description: Lots 36, 37, and 38, Block “A”, Riverside Grove Subdivision Phase 1, Bastrop County, Texas
Parcel Number: 0422050213
Date of Sale: December 22, 2009
Recording Data: Document 200915950 Bastrop County Official Public Records
Grantor: Riverside Grove, LTD
Grantee: Smithville Hospital Authority
Consideration: $725,000 (Listed for $910,296 separately, reduced to $864,782)
Terms: Cash to seller
Marketing Time/Escrow: 1,415 days total
Size: 5.12 acres or 223,027 SF
Price/Unit: $3.25/SF
Shape: Slightly irregular
Frontage: 575’ +/- Old Austin Hwy, 310’ +/- Schaefer Blvd, 375’ +/- Hasler Shores Dr
Utilities: Water: City of Bastrop
          Wastewater: City of Bastrop
          Electric: Bluebonnet Electric Co-Op
          Gas: Centerpoint
          Telephone: Various Incl. AT&T
Terrain: Mild slope to level, cleared.
Floodplain: None but 500 year floodplain
Easements: Typical public utility easements.
Zoning: Commercial-2
Surrounding Land Uses: Vacant, Multifamily, small Mhm park, middle school, Dollar General, dental.
Intended Land Use: Medical.
Comments: Purchased by subagency of State of Texas
Confirmation/Date: Gay Ruggiano, Listing agent, 346-0025, Insp 3/15/12 Deed 3/15/12 CL
LAND VALUE ESTIMATE

The market value of the subject property was estimated by the direct sales comparison approach. This approach requires the comparison of sales of land similar to the subject tract. The most typical unit of comparison for similar sites is the sales price per acre of land area; therefore, we used that unit of comparison in our analysis.

DISCUSSION OF ADJUSTMENTS

Our comparison of the sales to the subject property indicated that adjustments were warranted because of dissimilarities. In order to identify the need for those adjustments, we compared the sales to the subject with respect to characteristics that typically affect value or sale price.

We did include seven sales data sheets but the adjustment grid will only present the four most recent sales, Sales One thru Four. Sales Five thru Seven provided paired sales analysis for extracting the lack of direct road frontage adjustment (partly offset by the existing driveway) and the location adjustment from outside the subject subdivision and west of N Hasler Boulevard. The existing driveway at the subject should contribute fully to the proposed development as it coincides with the site plan driveway. The last three sales, Sales Five thru Seven occurred 6.75 to 9.4 years ago and were too old to include in the adjustment grid.

The traditional method of quantifying appropriate adjustments for the comparable sales is to compare properties that are highly similar in every respect except one property characteristic that is believed responsible for a price differential, which is called paired sales analysis. The following analysis is based upon the best information available and upon our observations in the marketplace. In our analysis, the previously presented sales data is discussed and compared to the subject property as summarized in the adjustment grid below.

<table>
<thead>
<tr>
<th></th>
<th>737 Old Austin Hwy</th>
<th>124 Hasler Shores</th>
<th>521 Agnes Dr</th>
<th>122 Hasler Shores</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SALE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PRICE</strong></td>
<td>$4.23</td>
<td>$3.73</td>
<td>$4.25</td>
<td>$2.90</td>
</tr>
<tr>
<td><strong>DATE</strong></td>
<td>Feb-19</td>
<td>Dec-17</td>
<td>Mar-17</td>
<td>Feb-16</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>inferrior</td>
<td>inferrior</td>
<td>superior</td>
<td>inferior</td>
</tr>
<tr>
<td>W Bastrop</td>
<td>$1.51</td>
<td>$1.32</td>
<td>$0.87</td>
<td>$1.32</td>
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<tr>
<td><strong>Zoning</strong></td>
<td>MF-2</td>
<td>C-2</td>
<td>C-1</td>
<td>C-2</td>
</tr>
<tr>
<td><strong>Easement only</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3RD ADJ VAL</td>
<td>$6.04</td>
<td>$5.29</td>
<td>$4.92</td>
<td>$5.28</td>
</tr>
<tr>
<td><strong>Floodplain</strong></td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Easements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4TH ADJ VAL</td>
<td>$6.04</td>
<td>$5.29</td>
<td>$4.92</td>
<td>$5.28</td>
</tr>
<tr>
<td><strong>Frontage</strong></td>
<td>superior</td>
<td>superior</td>
<td>superior</td>
<td>superior</td>
</tr>
<tr>
<td>Easement only</td>
<td>($0.60)</td>
<td>($0.53)</td>
<td>($0.49)</td>
<td>($0.53)</td>
</tr>
<tr>
<td>5TH ADJ VAL</td>
<td>$5.44</td>
<td>$4.76</td>
<td>$4.43</td>
<td>$4.75</td>
</tr>
<tr>
<td><strong>Easements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frontage Ratio/Shape 21</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FF/Acre</td>
<td>406</td>
<td>172</td>
<td>86</td>
<td>177</td>
</tr>
<tr>
<td>6TH ADJ VAL</td>
<td>$4.19</td>
<td>$4.33</td>
<td>$4.26</td>
<td>$4.31</td>
</tr>
<tr>
<td><strong>Easements</strong></td>
<td>7%</td>
<td>similar</td>
<td>similar</td>
<td>similar</td>
</tr>
<tr>
<td>7TH ADJ VAL</td>
<td>$4.33</td>
<td>$4.33</td>
<td>$4.26</td>
<td>$4.31</td>
</tr>
<tr>
<td><strong># Doublings</strong></td>
<td>(0.2794)</td>
<td>(0.3338)</td>
<td>1.5990</td>
<td>0.6284</td>
</tr>
</tbody>
</table>

Min. | Max. | Mean | Std Dev. |
$4.26 | $4.33 | $4.31 | $0.03 |
Conditions of Sale

All of the sales were arms length transactions. Sales Two and Four were the last lots to sell in their subdivision. The broker said that the sellers were ready to get out and discounted those last two sales. Sales Two and Four were adjusted upward to reverse a 10% quick sale discount (Price divided by 0.90) and that price was entered into the adjustment grid above to reflect a normal sale. No other conditions of sale adjustments were warranted.

Cash Equivalency

None of the comparable sales involved favorable financing. No financing adjustments were necessary.

Market Conditions

The first adjustment to be applied to cash equivalent, arms length sales is the time adjustment that is the adjustment for the differences in market conditions at the time of sale. All of the sales in the adjustment grid occurred within the last 36 months and are all of the most similar known sales in the vicinity of the subject in the time period. Paired sales analysis of the most similar sales indicates a 0.7% per month appreciation rate occurred over the time period of the sales. A 0.7% per month compounding monthly time adjustment was applied from the dates of sale to the current effective date of the appraisal to reflect current market values.

Size

The market typically exhibits an inverse relationship between price per unit and size because of the effect of economies of scale on price (as size increases, price per unit decreases, and vice versa). Observations of land sales indicates that land sales price per unit increase as the property decreases in size. The increases tend to be on a curvilinear basis. Market experience consistently indicates a 10% increase or decrease for each halving or doubling of land size, based on the number of developable units. We therefore adjusted each of the comparables by 10% for each doubling or halving of size, based on their respective size differences with the subject.

Location

Setting aside road frontage for the moment, the subject is a mid block lot on the south side of Old Austin Highway on the busy side of Hasler Boulevard. It has exposure and access to Old Austin Highway. Hasler Boulevard has a signalized underpass and exits at SH 71, the most significant road into and out of Bastrop. Located on the west side of Hasler with its linkage to the western most, first, Bastrop exit coming from Austin, the subject’s location is significantly superior to Old Austin Highway west of Hasler. The east side of Hasler is much more intensely developed than the west which still has some older mobile home parks. We paired Sale Five with Sale Seven after time and size adjustments and concluded that all told including the subject’s subdivision infrastructure and west of Hasler Boulevard location, that Sales outside the subject subdivision and wet of Hasler Boulevard required an upward adjustment of 30% to reflect the subject ‘s superior location. Sales One, Two and Four were all located in inferior, less developed, and less intensely commercial, subdivisions west of Hasler Bouelvard and were adjusted upward 30% accordingly. Sale Three is a superior location across SH71 near the Walmart. Paired sales analysis indicates Sale Three requires a downward 15% location adjustment for its superior location and that includes the premium for its more intensive C-1 zoning. We did not isolate the C-1 premium because Sale Three was the only one with C-1 zoning and it was not instructive to isolate it. The location adjustment to Sale Three is a compound adjustment including location and zoning.
Zoning

The subject was rezoned to MF-2 from C-2 by the current seller. It is surrounded by C-2 zoned properties and could easily be rezoned back to C-2. There is no required adjustment for the difference between the C-2 zoned sales, Sales One, Two, and Four. Sale Three’s C-1 zoning adjustment was included above in the compound location/zoning adjustment above.

Floodplain

The subject and all of the sales are located outside the 100 year floodplain. The subject and all of the sales are located in the 500 year floodplain which paired sales analysis over the years consistently indicates has no impact on value. No floodplain adjustments were warranted.

Road Frontage

The subject has no direct road frontage. Sales One thru Four all have direct road frontage. Sale Five the last arms length sale of the subject parent tract and Sale Six, the land locked lot directly south of the subject enjoying the same easement access were paired after time, and size adjustments. The paired sales analysis indicates a 10% discount is appropriate to reflect lack of direct road frontage. Sales One, Two, Three and Four were adjusted downward 105 to reflect the subject’s lack of direct road frontage.

Shape/ Frontage Ratio

The Sales vary in their proportion frontage ratios (total front feet dived by acres (FF/acre)). After making the lack of road frontage adjustment discussed above we can still adjust for the difference in frontage ratios at the sales by adjusting them to the subject’s nominal 30’ of frontage or a FF/acre of 21. We have already adjusted for lack of road frontage. This helps account for and adjust for the differences in frontage ratios among the sales. Sales One thru Four have direct road frontage ratios ranging from 86 FF/acre to 406 FF/acre. The sales received the proportionate market extracted discount for their varying road frontages compared to the subject’s nominal or imputed 21FF/acre as shown in the adjustment grid.

Topography

The subject and the sales were all fairly level and no topography adjustments were warranted.

Utilities

The subject and all of the sales had water, wastewater, natural gas, and electricity available. No utilities adjustments were warranted.

Easements

The subject and Sales Five and Six are encumbered by the same access easements. Previous adjustments have that baked in. Further, the easements were moved to accommodate the subject’s site plan and do not impede it. Sale One on the other hand was encumbered by sign and planter easement encompassing and exclusively using 7% of its land area and it was adjusted upward to reflect the subject’s lack of any excluding encumbrance.

Summary

All the sales were considered good and reasonable indicators of the most probable sale price for the subject property. These sales are considered indicative of the subject property as they are all located in close proximity to the subject and are considered competitive alternatives to the subject. After making the above adjustments, no other value-causing adjustments were warranted.

Reconciliation of Land Value
After adjustments, the sales indicate a most probable sales price for the subject property ranging from $4.26/SF to $4.33/SF. They indicate a mean most probable sales price of $4.31/SF of land area and a median indicated price of $4.32/SF. All of the sales indicate a narrow range for the subject property. We placed primary emphasis in the most recent sales, Sales One and Two at $4.33/SF. The market therefore indicates a market value for the subject of $4.32/SF as calculated below:

\[
\begin{align*}
\text{$/SF} & \times \text{Size} = \text{Value} \\
$4.32 & \times 63,685 \text{ SF} = $275,119 \text{ rounded to } $275,000
\end{align*}
\]

Reconciliation with the Subject’s History

The subject is under contract today based on the initial average acquisition cost of $5.00/SF for the parent tract back in May 2012 plus carrying costs. The average price per foot allocation was not based on contributory values. That fact and the slow changes in values over some very slow periods since then, results in an allocation value that is above current market value.

Exposure Time Analysis

In determining the estimated marketing time for the subject property, marketing times of the comparable sales indicated that subject would have taken 6 to 12 months to sell if marketed in a professional manner.
CERTIFICATION OF VALUE AND QUALIFICATIONS
CERTIFICATE AND FINAL VALUE ESTIMATE

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

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

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

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

I have 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.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

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

I have made a personal inspection of the property that is the subject of this report.

No one provided significant real property appraisal assistance to the person signing this certification.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

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

As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

Based on the market data and analysis contained in the preceding appraisal report, it is our opinion that the current market value as of February 15, 2019, is as follows:

TWO HUNDRED SEVENTY FIVE THOUSAND DOLLARS

($275,000)

THE CHRISTOPHER LEHMAN COMPANY

Christopher K. Lehman, SRPA, MAI, TX-1320213-G
QUALIFICATIONS OF CHRISTOPHER K. LEHMAN, MAI, SRPA

Christopher K. Lehman graduated with a Bachelor of Business Administration degree from the University of Texas at Austin. He is currently President of The Christopher Lehman Company, 1914 Larchmont Drive, Austin, Texas. He is involved in the appraisal of whole and partial interests in commercial, residential, and special purpose properties for mortgage lending, litigation, eminent domain, and estate purposes. Mr. Lehman has testified at Special Commissioner’s Court and District Court. A partial resume of specific qualifications is outlined as follows.

Professional Memberships
MAI - Member of the Appraisal Institute
SRPA - Senior Real Property Appraiser
Past President, Austin Chapter of the Appraisal Institute
Realtor Member, Various Texas Area Boards, Texas, and National Association
Texas Real Estate Broker License Number 0269702
Former Property Tax Consultant, License Number 311
Registered Appraiser with RTC and FDIC
State Certified General Real Estate Appraiser, Certificate Number TX-1320213-G

Education
B.B.A. Degree - University of Texas (Real Estate and Finance Majors)
AIREA Course 1A-1: Real Estate Principles
AIREA Course 1A-2: Basic Valuation Procedures
AIREA Course 1B-1, 1B-2 and 1B-3: Capitalization Theory and Techniques
AIREA Course 2-1: Case Studies in Real Estate Valuation
AIREA Course 2-2: Valuation Analysis and Report Writing
AIREA Course 2-3: Standards of Professional Practice
AIREA Course 4: Litigation Valuation
SREA Course 101: Basic Appraisal Principles
SREA Course 102: Applied Residential Valuation
SREA Course 201: Principles of Income Property Appraisal
SREA Course 202: Applied Income Property Valuation
City of Austin Eminent Domain Compensation seminar (1992)
Appraisal Institute Instructor's Update Advanced Income Capitalization (1992)
Appraisal Institute Instructor's Update Highest & Best Use and Market Analysis (1992)
AI Introduction to GIS Applications for Real Estate Appraisal (2003)
Appraisal Institute’s Valuation of Green Buildings (2008)
ASFMRA and AI - Valuation of Conservation Easements (2008)
IRWA Course 410-Reviewing Appraisal in Eminent Domain (2009)
IRWA Course 401-Appraisal of Partial Acquisitions (2009)
AI Statistics Modeling and Finance Course (2013)
AI Application & Interpretation of Simple Linear Regression (2014)
AI Review Theory – General (2014)
AI Business Practice and Ethics (2017)
Numerous other professional seminars and course work have not been listed.

Experience
Mr. Lehman has been employed in the real estate industry since 1978. Initially a real estate salesman, he has been employed as an appraiser since 1980. Mr. Lehman has been an Instructor with the Appraisal Institute. In addition to appraisal experience for litigation, lending, and eminent domain, Mr. Lehman has written several spreadsheets that facilitate the appraisal of vacant land, subdivisions, condominiums, and income properties.
Bastrop County Appraisal District Aerial Map
National Flood Hazard Layer FIRMette

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The base map shown complies with FEMA's base map accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 2/1/2021 at 3:43:12 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or be superseded by new data over time.

This map image is valid if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend control bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmonitored areas cannot be used for regulatory purposes.
Street Scene Facing South along Existing Driveway (subject to right)

Street Scene Facing North along Existing Driveway
(subject to left - Riverwood Commons Phase 1 in background)
View of Subject Property from NW Corner of Subject

View of Subject Property from SE Corner of Subject