

HORIZON MONTESSORI II

1222 West Sugarcane Drive
Weslaco, Texas 78599

APPRAISAL REPORT

Date of Report: February 14, 2022

Colliers File #: HOU211170

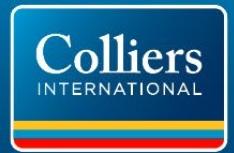


PREPARED FOR
Alim Ansari
Horizon Montessori Public Schools
2402 East Business 83
Weslaco, TX 78596

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

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February 14, 2022

Alim Ansari
Horizon Montessori Public Schools
2402 East Business 83
Weslaco, TX 78596

RE: Horizon Montessori II
1222 West Sugarcane Drive
Weslaco, Texas 78599

Colliers File #: HOU211170

Mr. Ansari:

This appraisal report satisfies the scope of work and requirements agreed upon by Horizon Montessori Public Schools and Colliers International Valuation & Advisory Services. At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). Our appraisal format provides a summary description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest. The following table conveys the final opinion of market value of the subject property that is developed within this appraisal report:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
As-Is Market Value	Fee Simple	January 20, 2022	\$1,900,000

The subject is a Special Purpose (School/University) property totaling 13,741 SF of NRA located on a 2.85-acre site at 1222 West Sugarcane Drive in Weslaco, Texas. The improvements consists of a Main School building containing 5,826 SF which was constructed in 1999, a 3,120 SF metal Gymnasium and Cafeteria area which was constructed in 2000 and a Single Family Residence which was built in 2002. Additionally there are 7 Portable Classrooms which were added in 2006. The improvements are in average condition and have a remaining economic life of 35 years based on our estimate.

The subject property has a single-tenant design that is currently owner-occupied, and has a current occupancy level of 100.0%, which is above the stabilized occupancy level estimate of 95.0% that was developed in this appraisal.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

The COVID-19 virus (aka coronavirus) is a serious illness and pandemic that has affected the world and more specifically the United States. The effects thus far include volatility in the stock and capital markets. The impact to demand and ultimately values for real estate is also developing, although there is a wide range of viewpoints with very little consensus on the potential impact. The range of views from market participants suggests the risk premium is widening and we should analyze implications to both near-term and longer-term valuation assumptions. Real estate as an investment type historically takes a longer period of time to be impacted in comparison to alternative investment types, such as stocks and bonds. CIVAS professionals have consulted with market participants in preparation of this assignment to understand and best address how the subject property may be impacted. More detailed analysis is provided in the Market Analysis section of this report.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, “an assignment specific-assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions”. *USPAP* defines a Hypothetical Condition as, “that 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”.

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at our opinion of value are fully discussed below. We advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

No Extraordinary Assumptions were made for this assignment.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

RELIANCE LANGUAGE

The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Colliers International Valuation & Advisory Services is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by Colliers International Valuation & Advisory Services or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that Colliers International Valuation & Advisory Services will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to Colliers International Valuation & Advisory Services, by a party satisfactory to Colliers International Valuation & Advisory Services. Colliers International Valuation & Advisory Services does consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide Colliers International Valuation & Advisory Services with an Indemnification Agreement and/or Non-Reliance letter.

Colliers International Valuation & Advisory Services hereby expressly grants to Client the right to copy the Appraisal and distribute it to other parties in the transaction for which the Appraisal has been prepared, including employees of Client, other lenders in the transaction, and the borrower, if any.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The signatures below indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

**COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES**



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CERTIFICATION**ASSUMPTIONS & LIMITING CONDITIONS****ADDENDA**

Professional Service Agreement
Preliminary Title Report
Subject Data
Valuation Glossary
Qualifications of Appraisers
Qualifications of Colliers International Valuation & Advisory Services

GENERAL INFORMATION

Property Name	Horizon Montessori II
Property Type	Special Purpose - School/University
Address	1222 West Sugarcane Drive
City	Weslaco
State	Texas
Zip Code	78599
County	Hidalgo
Core Based Statistical Area (CBSA)	McAllen-Edinburg-Mission, TX
Market	McAllen/Edinburg/Pharr
Submarket	Outlying Hidalgo County
Latitude	26.184337
Longitude	-98.002982
Number Of Parcels	1
Assessor Parcel	324544
Total Taxable Value	\$752,749
Census Tract Number	0224.02

SITE INFORMATION

Land Area	Acres	Square Feet
Usable	2.85	124,015
Unusable	0.00	0
Excess	0.00	0
Surplus	0.00	0
Total	2.85	124,015
Topography	Level at street grade	
Shape	Irregular	
Access	Average	
Exposure	Average	
Current Zoning	One-Family Dwelling District (R-1)	
Flood Zone	Zone X (Unshaded)	
Seismic Zone	No Risk	

IMPROVEMENT INFORMATION

Net Rentable Area (NRA)	13,741 SF
Gross Building Area SF (GBA)	17,768 SF
Total Number Of Stories	1
Year Built	1999
Year Renovated	2016
Quality	Average
Condition	Average
Type Of Construction	Wood frame and Metal frame Gym area
Land To Building Ratio	7.0 : 1
Site Coverage Ratio	11.1%
Parking Type	Surface
Number of Parking Spaces	33
Parking Ratio (Spaces/1,000SF NRA)	2.4/1,000 SF NRA

HIGHEST & BEST USE

As Vacant	Development Of A Special Purpose Or Residential Property As Market Conditions Warrant
As Improved	Continued Use As A Special Purpose Property

EXPOSURE TIME & MARKETING PERIOD

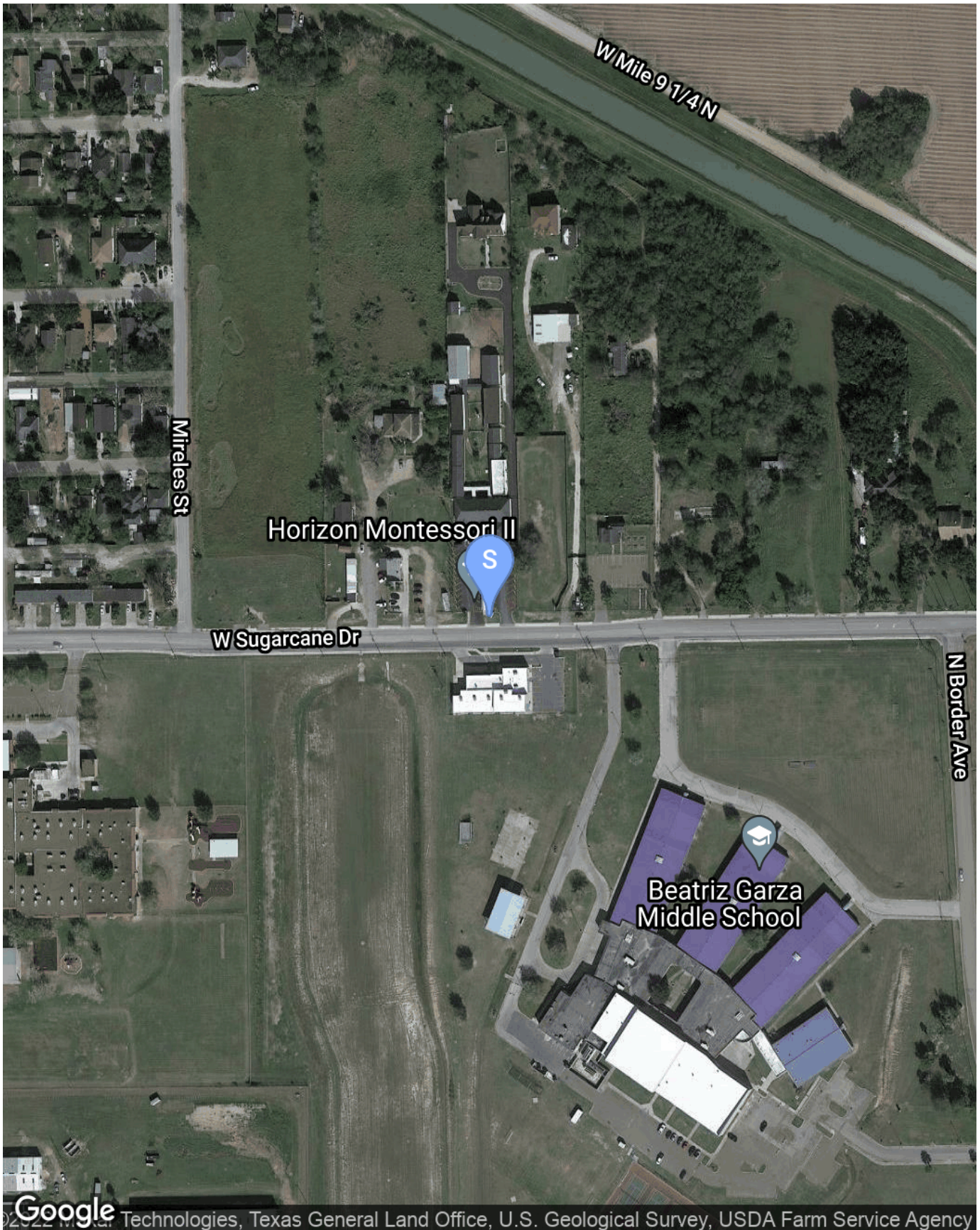
Exposure Time	12 Months or Less
Marketing Period	12 Months or Less

TENANCY INFORMATION

Tenancy	Single-Tenant Owner-Occupied
Occupancy	100.0%
Occupied SF	13,741 SF
Vacant SF	0 SF
Number of Tenants in Occupancy	2
Number Of Vacant Spaces	0
Direct Capitalization NOI	\$113,204
Total Contract Income (Occupied Space)	\$10.76/SF
Total Market Income (Occupied Space)	\$10.76/SF
Contract Income As % of Market Income	100%
Space Leased To Credit Tenants	0 SF

VALUATION SUMMARY	
VALUATION INDICES	AS-IS MARKET VALUE
INTEREST APPRAISED	FEE SIMPLE
DATE OF VALUE	JANUARY 20, 2022
INCOME CAPITALIZATION APPROACH	
Direct Capitalization	\$1,900,000
Direct Capitalization \$/SF	\$138/SF
NOI Proforma	\$113,204
NOI \$/SF	\$8.24/SF
Capitalization Rate	7.00%
INCOME CONCLUSION	\$1,900,000
Income Conclusion \$/SF	\$138/SF
SALES COMPARISON APPROACH	
SALES CONCLUSION	\$1,880,400
Sales Conclusion \$/SF	\$210/SF
COST APPROACH	
COST CONCLUSION	\$1,990,000
Cost Conclusion \$/SF	\$145/SF
FINAL VALUE CONCLUSION	
FINAL VALUE	\$1,900,000
\$/SF	\$138/SF
Implied Capitalization Rate	5.96%
LAND VALUATION	
LAND VALUE	\$150,000
Value/SF	\$1.20

AERIAL PHOTOGRAPH



SUBJECT PHOTOGRAPHS



FRONT ELEVATION



SIGNAGE



SUGAR CANE LOOKING WEST



EAST ELEVATION OFFICE AREA



PARKING AND WALKWAY



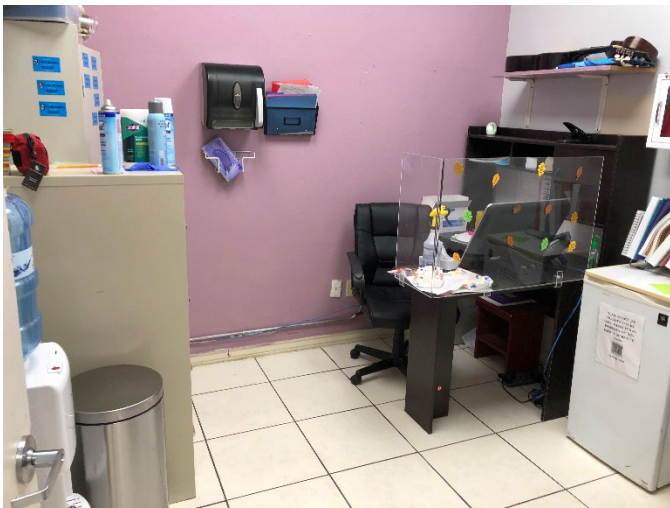
FRONT ELEVATION



REAR OF PORTABLES



CANOPY AREA



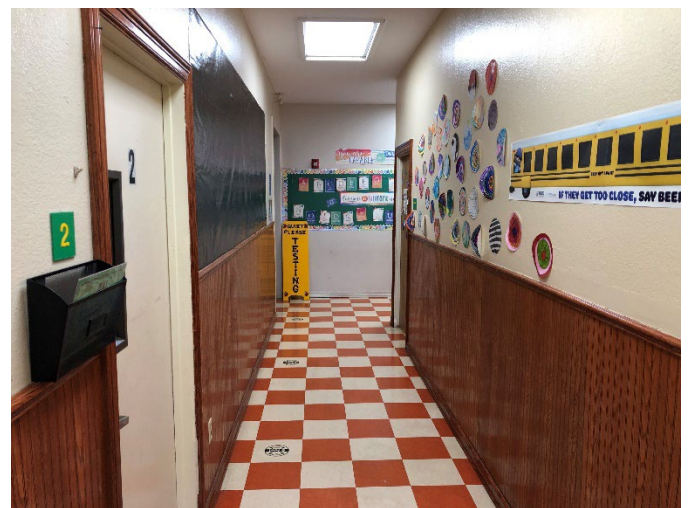
OFFICE INTERIOR



OFFICE INTERIOR



COURTYARD AREA



OFFICE INTERIOR



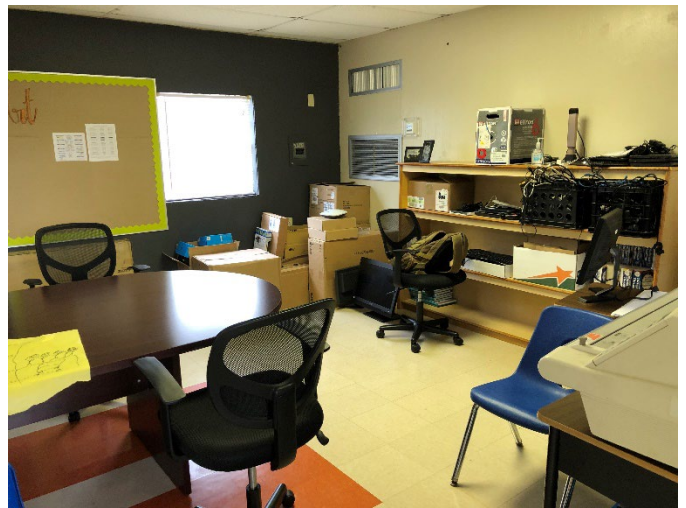
CLASSROOM INTERIOR



CLASSROOM INTERIOR



COURTYARD AREA



CLASSROOM INTERIOR



COURTYARD AREA



GYM/CAFETERIA BLDG



CLASS ROOM AREA



STORAGE BUILDING



PLAYGROUND AREA – SFR IN BACKGROUND



PORTABLES



KITCHEN AREA



CLASSROOM AREA



OFFICE AREA



BATHROOMS



BATHROOMS/HALLWAY



BREAK ROOM



PARKING LOT



EXTERIOR



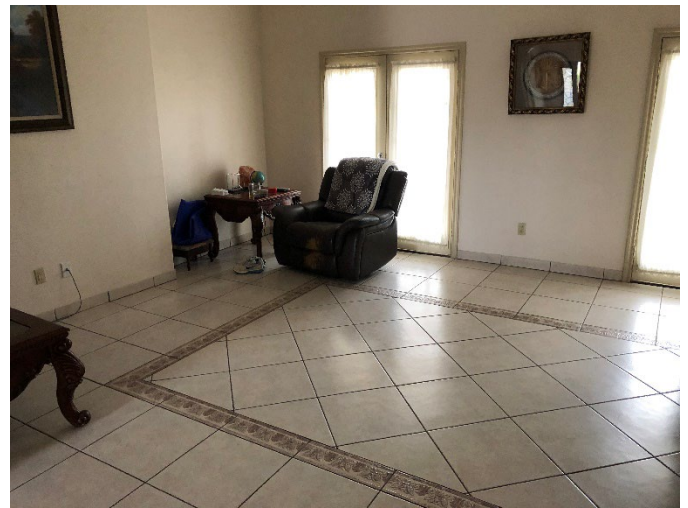
ENTRY



FRONT ELEVATION OF SFR



ACCESS TO SFR



INTERIOR OF SFR



INTERIOR OF SFR



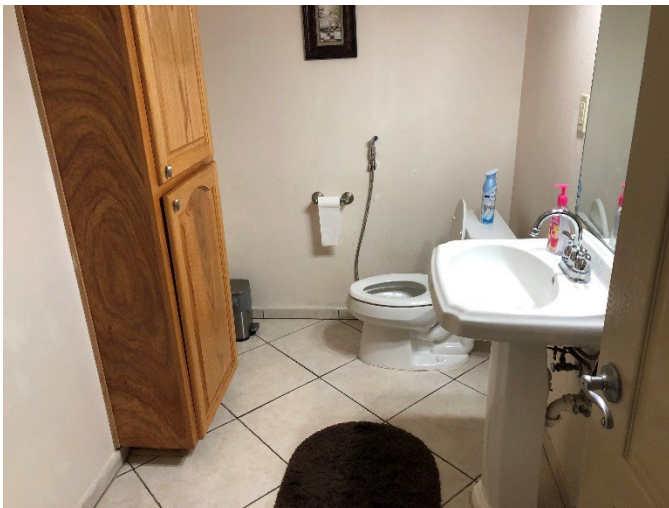
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INTERIOR OF SFR



INTERIOR OF SFR



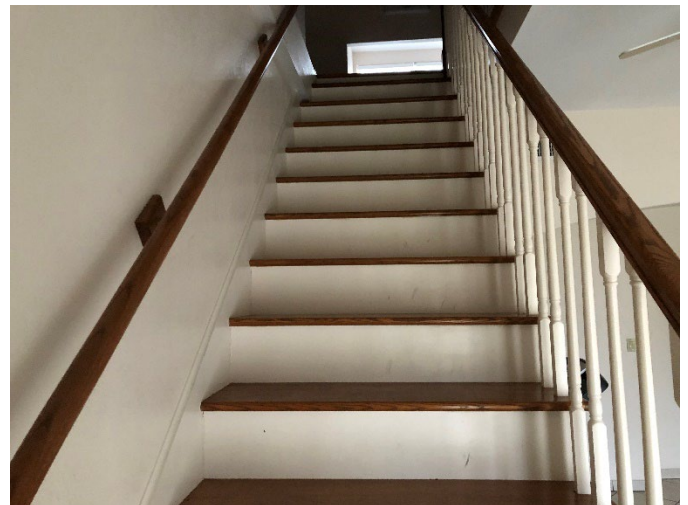
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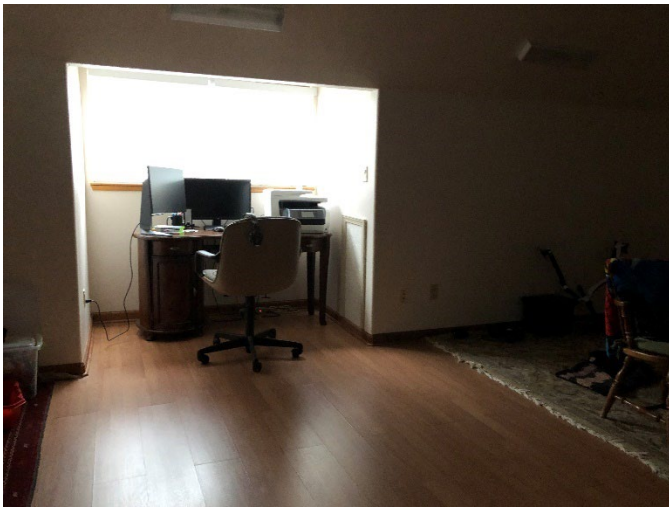
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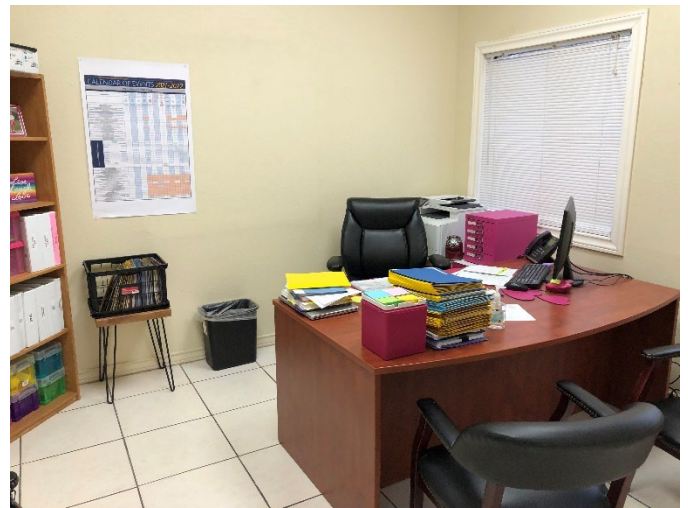
INTERIOR OF SFR



INTERIOR OF SFR



PORTABLE AREA



OFFICE AREA



OFFICE AREA



SIGNAGE

PROPERTY IDENTIFICATION

The subject is a Special Purpose (School/University) property totaling 13,741 SF NRA located on a 2.85-acre site at 1222 West Sugarcane Drive in Weslaco, Hidalgo County, Texas. The assessor's parcel number is: 324544.

The legal description of the subject property is as follows:

COMMENCING at a point 1020.45 feet North of the Southwest corner of said Farm Tract 128, the Northwest corner of this tract and PLACE OF BEGINNING of this parcel;

THENCE, South 1020.45 feet with and along the West boundary line of said Farm Tract 128 to a point, the Southwest corner of said Farm Tract 128 and the Southwest corner of this parcel;

THENCE, East 126 feet with and along the South line of Farm Tract 128 to a point in said line, the Southeast corner of this parcel;

THENCE, North parallel with the West boundary line of said Farm Tract 128 to a point in the canal right of way, the Northeast corner of this tract;

THENCE, with and along the canal right of way to the POINT OF BEGINNING.

SAVE AND EXCEPT any portion of the canal Right of Way along the North side of said tract as conveyed to Hidalgo and Cameron Counties Water Control & Irrigation District No. 9 in Warranty Deed recorded in Volume 314, Page 62, Deed Records of Hidalgo County, Texas.

SCOPE OF WORK

The scope of work for this appraisal assignment is outlined below:

- The appraisers analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends.
- The appraisers confirmed and analyzed legal and physical features of the subject, and how they impact the functionality and overall competitive position of the property.
- The appraisers completed a retail supply/demand market analysis of the McAllen/Edinburg/Pharr market and Outlying Hidalgo County sub-market. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- The appraisers conducted Highest and Best Use analysis and conclusions were drawn for the highest and best use of the subject property As-Vacant and As-Improved.
- The appraisers confirmed and analyzed financial features of the subject property. This information, as well as trends established by confirmed market indicators, was used to forecast performance of the subject property.
- Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. This appraisal developed the Income (Direct Capitalization), Sales Comparison and Cost approaches to value, which were adjusted and reconciled as appropriate.

- Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are summarized within this document.
- We understand the Competency Rule of USPAP and the authors of this report meet the standards.
- Craig Cook (Texas State Registered Appraiser Assistant No. TX1340208T) provided significant real property appraisal assistance to the appraisers signing the certification.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION	
ITEM	SOURCE
Tax Information	Hidalgo County Tax Assessor
Zoning Information	City of Weslaco Zoning Code
Site Size Information	Hidalgo County Tax Assessor
Building Size Information	Hidalgo County Tax Assessor
New Construction	City of Weslaco / Hidalgo County
Flood Map	InterFlood
Demographics	Pitney Bowes/Gadberry Group - GroundView®
Comparable Information	See Comparable Datasheets for details
Legal Description	Warranty Deed From Hidalgo County Clerk's Office
Other Property Data	Hidalgo County Property Records

SUBJECT PROPERTY INSPECTION

The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Christopher Stallings, MAI, CCIM, MRICS	Yes	Exterior Only	December 24, 2021
Craig Cook	Yes	Interior/Exterior	January 20, 2022
Kyle Knox, MAI	No	-	

CLIENT IDENTIFICATION

The client of this specific assignment is Horizon Montessori Public Schools.

PURPOSE

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest.

INTENDED USE

The intended use of this report is for mortgage underwriting. The report is not intended for any other use.

INTENDED USERS

Intended users of this report include Horizon Montessori Public Schools and Alim Ansari. Use of this report by third parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	February 14, 2022
Date of Inspection	January 20, 2022
Valuation Date - As-Is	January 20, 2022

PERSONAL INTANGIBLE PROPERTY

No personal property or intangible items are included in this valuation.

PROPERTY AND SALES HISTORY**Current Owner**

The subject title is currently recorded in the name of Alim U. Ansari, who acquired title to the property on December 2, 1999 as improved for an undisclosed price, as recorded in document number 827347 of the Hidalgo County Deed Records.

Three-Year Sales History

Research of the applicable public records, private data services and an interview of the current owner and/or broker revealed that the subject property has not transferred during the past three years of the effective date of value stated in this report.

Subject Sale Status

Research of the applicable public records, private data services and an interview of the current owner and/or broker revealed that the subject property is not under a current agreement of sale or option and is not currently offered for sale on the open market.

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the definition of Market Value is applicable. The definition of Market Value, along with all other applicable definitions for this assignment, is located in the Valuation Glossary section of the Addenda (see Interagency Guidelines definition).

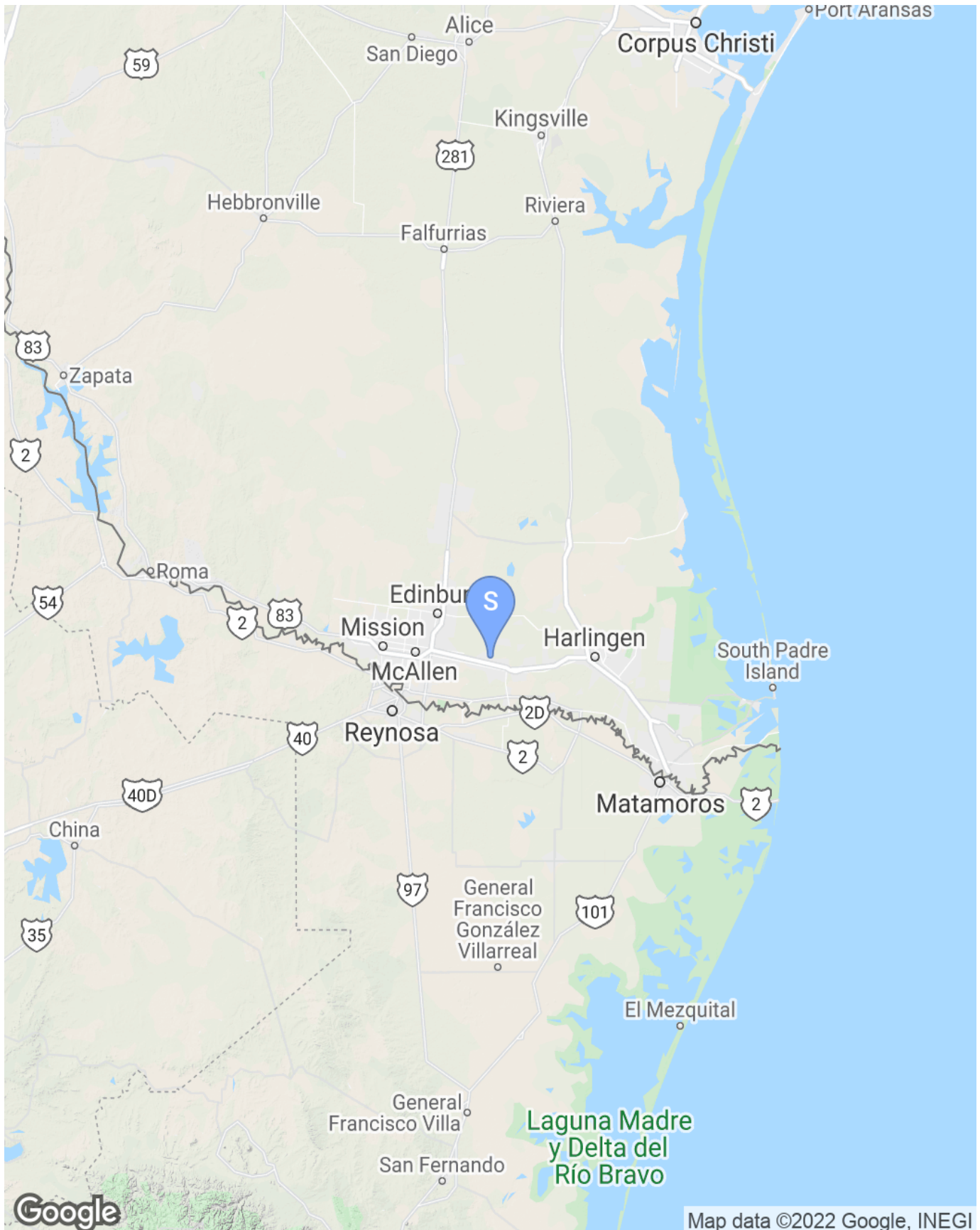
PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple interest.

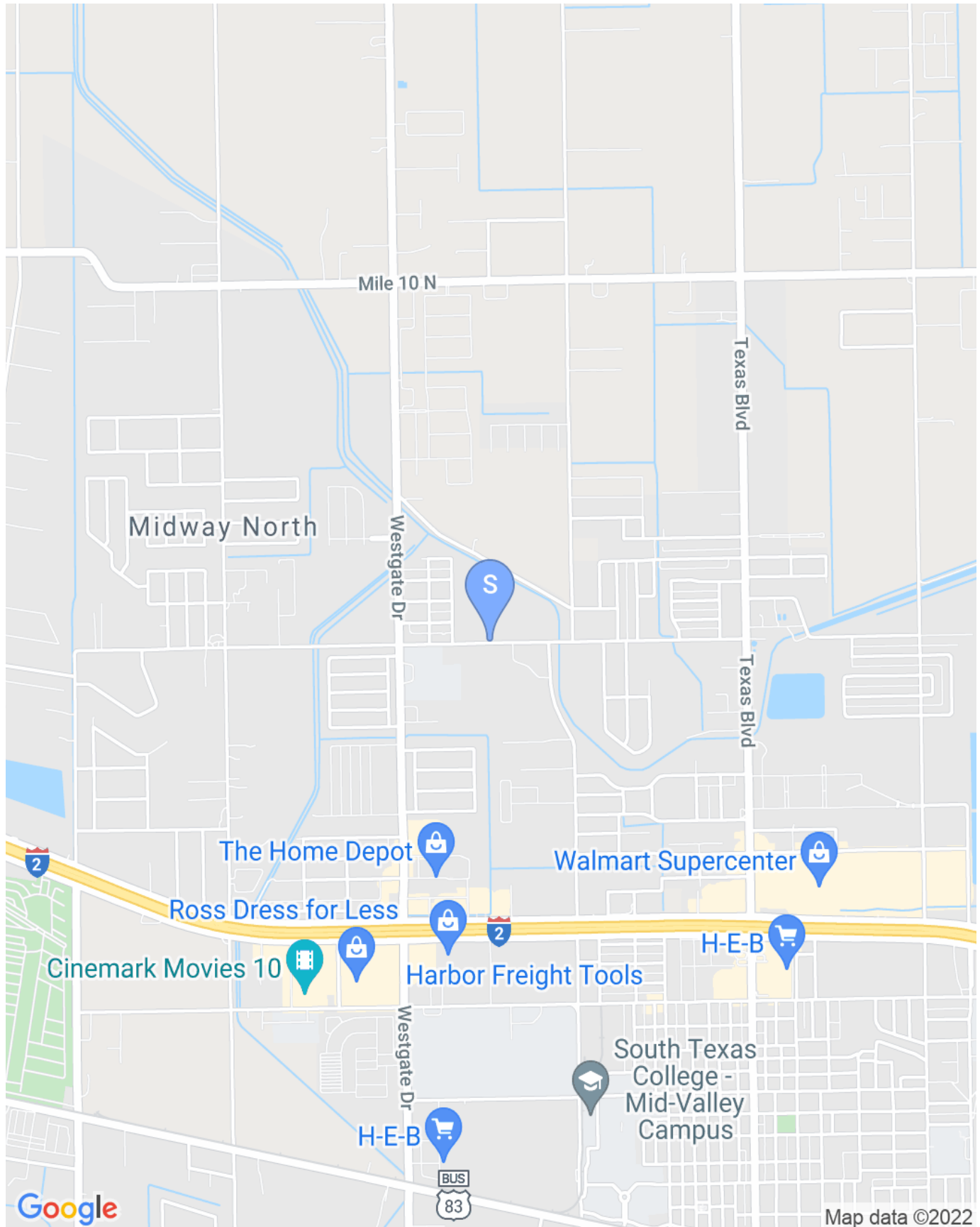
VALUE SCENARIOS

The valuation scenarios developed in this appraisal report include the As-Is Market Value of the subject property's fee simple interest.

REGIONAL MAP



LOCAL AREA MAP



REGIONAL ANALYSIS

The McAllen-Edinburg-Mission, TX Metropolitan Statistical Area (MSA) is comprised by Hidalgo County. The MSA is on the Rio Grande Valley region of South Texas, and it is anchored by the cities of McAllen, Edinburg, Pharr and Mission. According to the 2020 census, the population was 870,781. The McAllen-Edinburg-Mission, TX MSA ranked fifth within the most populated metropolitan areas in Texas. The MSA is also part of Reynosa-McAllen Metropolitan Area, a transnational metropolitan area along the U.S. and Mexico border. Hidalgo County is bordered to the north by Brooks County, to the east by Willacy County, to the south by Tamaulipas in Mexico, and by Starr County to the west. Main highways that serve the population centers in the region include U.S. Routes 83 and 281, and State Routes 107, 186 and 336. Air transportation is served by the McAllen Miller International Airport, approximately two miles south of the central business district of McAllen. The city owned airport is the busiest commercial passenger airport in the Rio Grande Valley, attending over 300,000 passengers per year. The area is home to the Santa Ana National Wildlife Refuge and to part of the Lower Rio Grande Valley National Wildlife Refuge.



DEMOGRAPHIC ANALYSIS

The following is a demographic study of the region sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas. Demographic changes are often highly correlated to changes in the underlying economic climate. Periods of economic uncertainty necessarily make demographic projections somewhat less reliable than projections in more stable periods. These projections are used as a starting point, but we also consider current and localized market knowledge in interpreting them within this analysis. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

REGIONAL AREA DEMOGRAPHICS

YEAR	US	TX	CBSA	YEAR	US	TX	CBSA
POPULATION				NUMBER OF HOUSEHOLDS			
2010 Total Population	308,745,538	25,145,561	774,769	2021	125,920,087	10,604,665	257,456
2021 Total Population	331,582,303	29,780,934	884,480	2026	130,248,641	11,382,237	275,305
2026 Total Population	342,006,764	31,878,647	930,775	CAGR	0.7%	1.4%	1.3%
2010 - 2021 CAGR	0.7%	1.5%	1.2%	AVERAGE HOUSEHOLD SIZE			
2021 - 2026 CAGR	0.6%	1.4%	1.0%	2021	2.57	2.75	3.41
POPULATION DENSITY				2026	2.56	2.75	3.36
2021 Per Square Mile	92	112	558	CAGR	(0.04%)	(0.03%)	(0.31%)
2026 Per Square Mile	95	120	587	HOUSING UNITS			
MEDIAN AGE				Owner Occupied	81,634,787	6,780,480	179,499
2021	38.61	35.21	29.91	Renter Occupied	44,285,300	3,824,185	77,957
2026	39.39	35.99	30.70	AVERAGE HOUSEHOLD INCOME			
CAGR	0.40%	0.44%	0.52%	2021	\$94,862	\$94,702	\$63,393
MEDIAN HOME VALUE				2026	\$114,245	\$115,937	\$79,007
2021	\$216,425	\$175,480	\$88,013	CAGR	3.8%	4.1%	4.5%
PER CAPITA INCOME				MEDIAN HOUSEHOLD INCOME			
2021	\$36,918	\$34,406	\$18,600	2021	\$66,358	\$66,324	\$42,489
2026	\$44,556	\$42,187	\$23,547	2026	\$80,318	\$81,748	\$52,327
CAGR	3.8%	4.2%	4.8%	CAGR	3.9%	4.3%	4.3%

Source: Pitney Bowes/Gadberry Group - GroundView®

Population

According to Pitney Bowes/Gadberry Group - GroundView®, a Geographic Information System (GIS) Company, the McAllen-Edinburg-Mission metropolitan area had a 2021 total population of 884,480 and experienced an annual growth rate of 1.2%, which was lower than the Texas annual growth rate of 1.5%. The metropolitan area accounted for 3.0% of the total Texas population (29,780,934). Within the metropolitan area the population density was 558 people per square mile compared to the lower Texas population density of 112 people per square mile and the lower United States population density of 92 people per square mile. The 2021 median age for the metropolitan area was 29.91, which was 29.08% younger than the United States median age of 38.61 for 2021. The median age in the metropolitan area is anticipated to grow by 0.52% annually, increasing the median age to 30.7 by 2026.

Education

The region is home to two institutions of higher education that serve the Rio Grande Valley, the University of Texas Rio Grande Valley (UTRGV), and South Texas College (STC). UTRGV is a public state university offering undergraduate and graduate level programs, including a new school of medicine. The university has an endowment of approximately \$103 million and an enrollment of about 32,419 students as of 2021. UTRGV's main campus is in Edinburg, with several off campuses research and teaching sites throughout the Rio Grande Valley, including the Starr County Upper Level Center in Rio Grande City, the Coastal Studies Laboratory, in the city of South Padre Island, and McAllen Teaching Site in McAllen. UTRGV also hosts a Social Work Program in Laredo, in partnership with the Laredo Community College. South Texas College (STC) is a public community college that awards bachelor and associate degrees in science, technology and arts. STC has its main campus in McAllen and an enrollment of approximately 31,000 students.

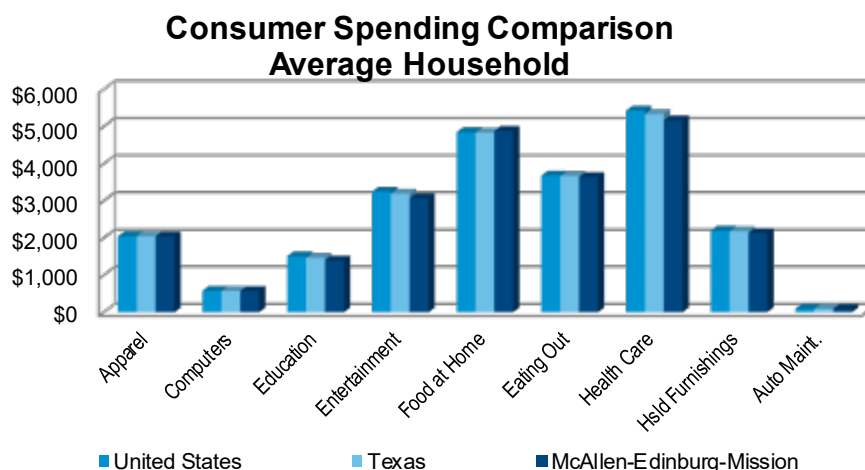
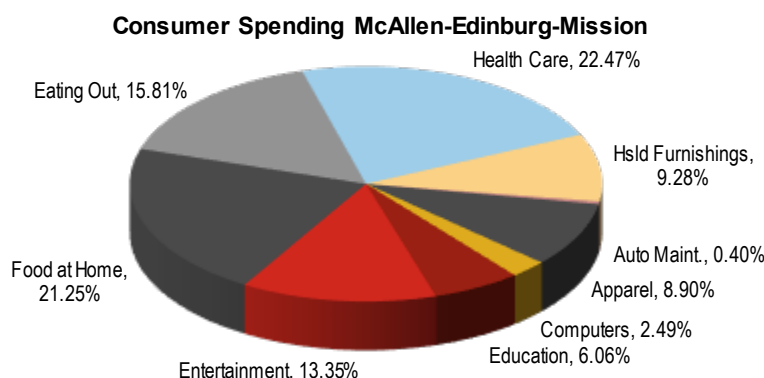
Household Trends

The 2021 number of households in the metropolitan area was 257,456. The number of households in the metropolitan area is projected to grow by 1.3% annually, increasing the number of households to 275,305 by 2026. The 2021 average household size for the metropolitan area was 3.41, which was 32.64% larger than the United States average household size of 2.57 for 2021. The average household size in the metropolitan area is

anticipated to decrease by 0.31% annually, reducing the average household size to 3.36 by 2026. The McAllen-Edinburg-Mission metropolitan area had 30.28% renter occupied units, compared to the higher 36.06% in Texas and the higher 35.17% in the United States.

Income Trends

The 2021 median household income for the metropolitan area was \$42,489, which was 36.0% lower than the United States median household income of \$66,358. The median household income for the metropolitan area is projected to grow by 4.3% annually, increasing the median household income to \$52,327 by 2026. As is often the case when the median household income levels are lower than the national average, the cost of living index is also lower. According to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index, the McAllen-Edinburg-Mission, TX MSA's cost of living is 76.5 compared to the national average score of 100. The ACCRA Cost of Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.

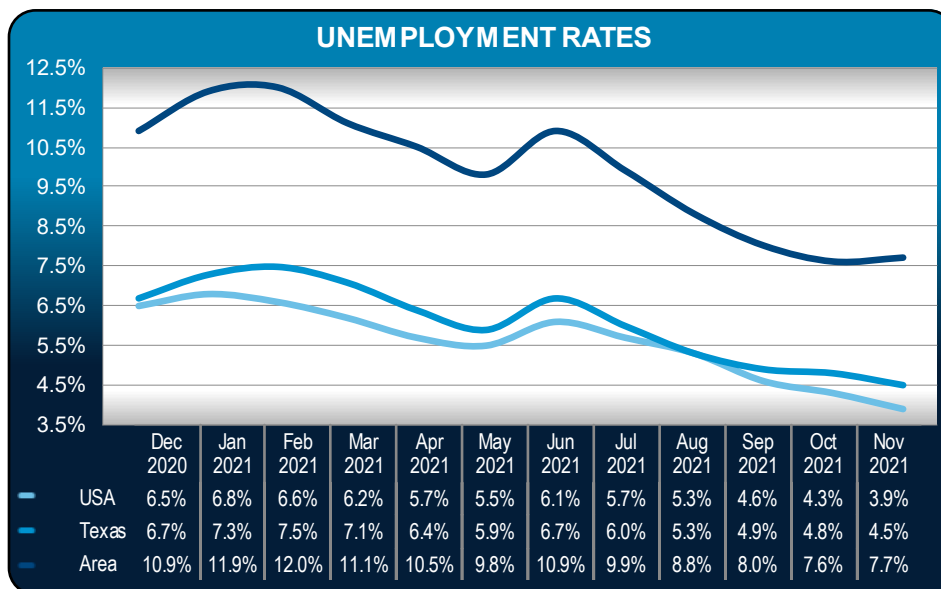


EMPLOYMENT

Total employment has increased annually over the past decade in the state of Texas by 1.3% and increased annually by 1.1% in the area. From 2019 to 2020 unemployment increased in Texas by 4.1% and increased by 5.3% in the area. In the state of Texas unemployment has decreased over the previous month by 0.3% and increased by 0.1% in the area.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2011 - 2020							
TOTAL EMPLOYMENT					UNEMPLOYMENT RATE		
Year	Texas		McAllen-Edinburg-Mission, TX Metropolitan Statistical Area		United States*	McAllen-Edinburg-Mission, TX Metropolitan Statistical Area	
	Total	% Δ Yr Ago	Total	% Δ Yr Ago		Texas	
2011	11,498,869	2.2%	287,651	2.3%	8.9%	8.0%	11.9%
2012	11,794,975	2.6%	292,711	1.8%	8.1%	6.7%	10.5%
2013	12,022,272	1.9%	296,229	1.2%	7.4%	6.3%	10.4%
2014	12,333,076	2.6%	302,287	2.0%	6.2%	5.2%	8.9%
2015	12,503,464	1.4%	304,695	0.8%	5.3%	4.5%	8.0%
2016	12,728,898	1.8%	310,858	2.0%	4.9%	4.6%	7.8%
2017	12,983,493	2.0%	317,246	2.1%	4.4%	4.3%	7.5%
2018	13,274,820	2.2%	324,589	2.3%	3.9%	3.9%	6.6%
2019	13,541,936	2.0%	329,880	1.6%	3.7%	3.5%	6.3%
2020	12,915,337	(4.6%)	318,076	(3.6%)	8.1%	7.6%	11.6%
CAGR	1.3%	-	1.1%	-	-	-	-

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate



The preceding chart depicts unemployment trends in the region, Texas and the U.S. Overall levels of unemployment in the region experienced minor fluctuations throughout the past three months. By the end of November 2021, unemployment in the region was 3.2% higher than Texas' and 3.8% higher than the national average.

TOP EMPLOYERS		
EMPLOYER NAME	EMPLOYEES	INDUSTRY
University of Texas-Rio Grande Valley	5,822	Education
H-E-B	5,586	Wholesale/Retail Trade
Walmart	5,040	Wholesale/Retail Trade
Edinburg Consolidated Independent School District	4,878	Healthcare/Social Assistance
Doctor's Hospital at Renaissance	4,600	Healthcare/Social Assistance
Pharr-San Juan-Alamo Independent School District	4,370	Education
La Joya Independent School District	4,214	Education
Hidalgo County	4,135	Public Administration
McAllen Independent School District	3,265	Education
South Texas Health System	2,500	Healthcare/Social Assistance

Source: <https://www.hidalgocounty.us>

The preceding chart depicts the top employers in Hidalgo County. Principal employers are spread throughout diverse sectors, including education and wholesale/retail trade. One of the largest employers is the University of Texas-Rio Grande Valley, with approximately 5,822 academic and administrative staff. Another prominent employer is H-E-B, a privately held supermarket chain with over 340 stores throughout Texas and northeast Mexico. Walmart, the multinational retail corporation operating a chain of hypermarkets, discount department stores, and grocery stores is also among the top employers.

AIRPORT STATISTICS

The following chart summarizes the local airport statistics.

MCALLEN MILLER INTERNATIONAL AIRPORT (MFE)		
YEAR	ENPLANED PASSENGERS	% CHG
2010	344,302	-
2011	332,706	(3.4%)
2012	327,615	(1.5%)
2013	335,483	2.4%
2014	378,219	12.7%
2015	391,673	3.6%
2016	355,224	(9.3%)
2017	336,431	(5.3%)
2018	347,440	3.3%
2019	422,434	21.6%
2020	191,497	(54.7%)

Source: U.S. Department of Transportation

SUMMARY

The McAllen-Edinburg-Mission, TX MSA is one of the fastest growing metropolitan areas in the United States. Opportunities for manufacturing, intermodal transportation and distribution are extensive in the area. Complementary areas such as business services provide opportunities for other sectors to develop. As growth in the area continues steadily, properties within the MSA are likely to appreciate steadily in the years to come.

LOCAL AREA ANALYSIS

In this section of the report, we provide details about the local area and describe the influences that bear on the real estate market as well as the subject property. Below are insights into the local area based on fieldwork, interviews, demographic data and experience working in this market.

LOCAL AREA PROFILE

The subject property is in Weslaco, Texas, within Hidalgo County. According to the 2020 census, the population was 40,160. The city is in the southeast portion of the county, approximately 16 miles east of McAllen and 15 miles southeast of Edinburg. Weslaco is bordered by Mercedes to the east, Villa Verde to the south, and Midway South and Midway North to the west. Interstate 2 and U.S. Route 83 intersect the city. Air transportation is provided by Mid Valley Airport, approximately three miles northeast of the city's central business district.

DEMOGRAPHIC PROFILE

Below is a demographic study of the area, sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

LOCAL AREA DEMOGRAPHICS

DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION				AVERAGE HOUSEHOLD INCOME			
2000 Population	5,577	40,311	80,476	2021	\$63,562	\$60,224	\$54,675
2010 Population	8,065	48,124	100,331	2026	\$85,649	\$75,626	\$68,785
2021 Population	10,692	53,200	112,862	Change 2021-2026	34.75%	25.57%	25.81%
2026 Population	11,838	55,391	118,003	MEDIAN HOUSEHOLD INCOME			
Change 2000-2010	44.61%	19.38%	24.67%	2021	\$47,365	\$44,693	\$37,909
Change 2010-2021	32.57%	10.55%	12.49%	2026	\$62,551	\$52,758	\$45,953
Change 2021-2026	10.72%	4.12%	4.56%	Change 2021-2026	32.06%	18.04%	21.22%
POPULATION 65+				PER CAPITA INCOME			
2010 Population	581	5,696	11,716	2021	\$17,256	\$18,131	\$15,841
2021 Population	1,032	7,124	14,915	2026	\$23,618	\$23,093	\$20,159
2026 Population	1,356	8,337	17,330	Change 2021-2026	36.87%	27.37%	27.26%
Change 2010-2021	77.62%	25.07%	27.30%	2021 HOUSEHOLDS BY INCOME			
Change 2021-2026	31.40%	17.03%	16.19%	<\$15,000	11.9%	16.2%	19.5%
NUMBER OF HOUSEHOLDS				\$15,000-\$24,999	11.8%	14.2%	15.6%
2000 Households	1,357	11,366	22,063	\$25,000-\$34,999	17.6%	12.2%	12.6%
2010 Households	2,079	13,735	27,850	\$35,000-\$49,999	11.5%	12.6%	12.5%
2021 Households	2,904	15,856	32,504	\$50,000-\$74,999	19.4%	17.3%	16.1%
2026 Households	3,266	16,759	34,393	\$75,000-\$99,999	10.0%	10.2%	9.8%
Change 2000-2010	53.21%	20.84%	26.23%	\$100,000-\$149,999	14.0%	11.8%	9.4%
Change 2010-2021	39.68%	15.44%	16.71%	\$150,000-\$199,999	1.1%	3.6%	2.8%
Change 2021-2026	12.47%	5.70%	5.81%	\$200,000 or greater	2.8%	1.9%	1.7%
HOUSING UNITS (2021)				MEDIAN HOME VALUE			
Owner Occupied	2,213	10,942	23,431	AVERAGE HOME VALUE	\$99,375	\$84,102	\$72,166
Renter Occupied	820	4,777	8,901	HOUSING UNITS BY UNITS IN STRUCTURE			
HOUSING UNITS BY YEAR BUILT				1, detached	2,508	11,750	21,740
Built 2010 or later	448	1,326	2,933	1, attached	20	255	435
Built 2000 to 2009	969	4,366	8,478	2	80	657	1,230
Built 1990 to 1999	609	2,873	6,503	3 or 4	97	710	1,422
Built 1980 to 1989	412	2,382	5,755	5 to 9	49	214	379
Built 1970 to 1979	244	2,049	3,941	10 to 19	68	267	497
Built 1960 to 1969	135	1,515	2,413	20 to 49	13	166	254
Built 1950 to 1959	35	705	1,436	50 or more	28	189	218
Built 1940 to 1949	52	274	525	Mobile home	169	1,428	5,925
Built 1939 or earlier	0	366	520	Boat, RV, van, etc.	1	81	233

Source: Pitney Bowes/Gadberry Group - GroundView®

Transportation Routes

Major traffic arteries are shown in the chart below:

MAJOR ROADWAYS & THOROUGHFARES

HIGHWAY	DIRECTION	FUNCTION	DISTANCE FROM SUBJECT
Interstate 2	east-west	Interstate Highway	This is within one mile of the subject property.
U.S. Route 281	north-south	Local Highway	This is within eight miles of the subject property.
SURFACE STREETS	DIRECTION	FUNCTION	DISTANCE FROM SUBJECT
West Sugarcane Drive	east-west	Secondary Arterial	The subject property fronts this street.

Public transportation is not available near the subject property.

Economic Factors

Weslaco is a suburban community for the McAllen workforce, with many of its residents commuting for work to the metropolitan area. Due to the residential nature of the city, there is a high dependency on revenue generated by residential property taxes and the influence exerted by the regional economy. The local economy relies on retail services and small office properties. Mid Valley Airport, in the northeastern portion of the city, serves as a regional transportation hub and prominent source of employment. Industrial facilities near the airport include Four Seasons Building Products, TAMEMADA Salsa, AislaCoat Products LLC, and Southeastern Freight Lines. Retail presence consists of with restaurants, big-box stores, lodging, and locally owned businesses.

Community Services

Community services and facilities are readily available in the surrounding area. These include public services such as fire stations, hospitals, police stations, and schools (all ages).

IMMEDIATE AREA PROFILE

This section discusses uses and development trends in the immediate area that directly impact the performance and appeal of the subject property.

Predominant Land Uses

Significant development in the immediate area consists of office, retail and industrial uses along major arterials that are interspersed with multi-family complexes and single-family residential development removed from arterials.

The subject property is approximately one mile north of Interstate 2 and one mile north of U.S. Route 83. Retail uses in the area include Dollar General, Walmart Supercenter, AutoZone Auto Parts, Denny's, and Pep Boys. Office uses consist of Farmers Insurance – Eitel Reyes, Melissa's Notary Services, and Hidalgo County Health Unit. Residential uses in the immediate area are mobile homes, single-family, and multi-family properties, including Santa Fe Apartments, Midtown Weslaco, Midway Villas, and Northside Apartments. The subject is approximately two miles northwest of South Texas College - Mid-Valley Campus. Weslaco Regional Rehabilitation Hospital is approximately four miles southeast of the subject.

SUBJECT PROPERTY ANALYSIS

The following discussion draws context and analysis on how the subject property is influenced by the local and immediate areas.

Subject Property Analysis

The uses adjacent to the property are noted below:

- › **North** - West Mile 9 1/4 North, Agricultural Land
- › **South** - West Sugar Cane Drive, Horizon Montessori II
- › **East** - Mixed-Use: Single-Family Residential Neighborhood / Horizon Montessori II Playground
- › **West** - Retail: 1302 West Sugarcane Drive

Access

The subject site has frontage on an arterial. Based on our field work, the subject's access is rated average compared to other properties with which it competes.

Visibility

The subject is clearly visible in both directions along the street. The visibility of the property is not hampered by adjacent properties, trees or other obstructions. In comparison to competitive properties, the subject property has good visibility.

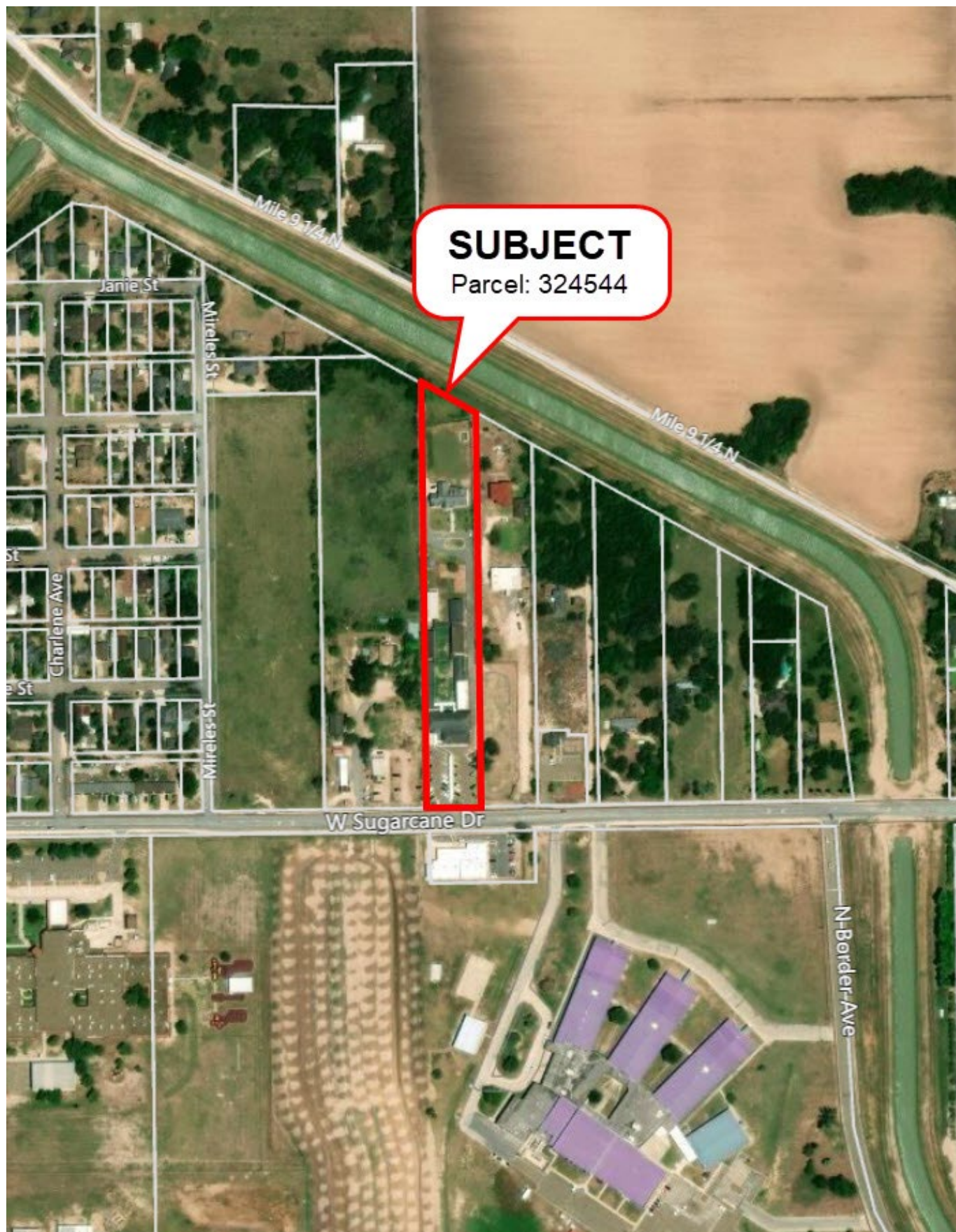
Subject Conclusion

Trends in the local and immediate areas, adjacent uses and the property's specific location features indicate an overall typical external influence for the subject, which is concluded to have a good position in context of competing properties.

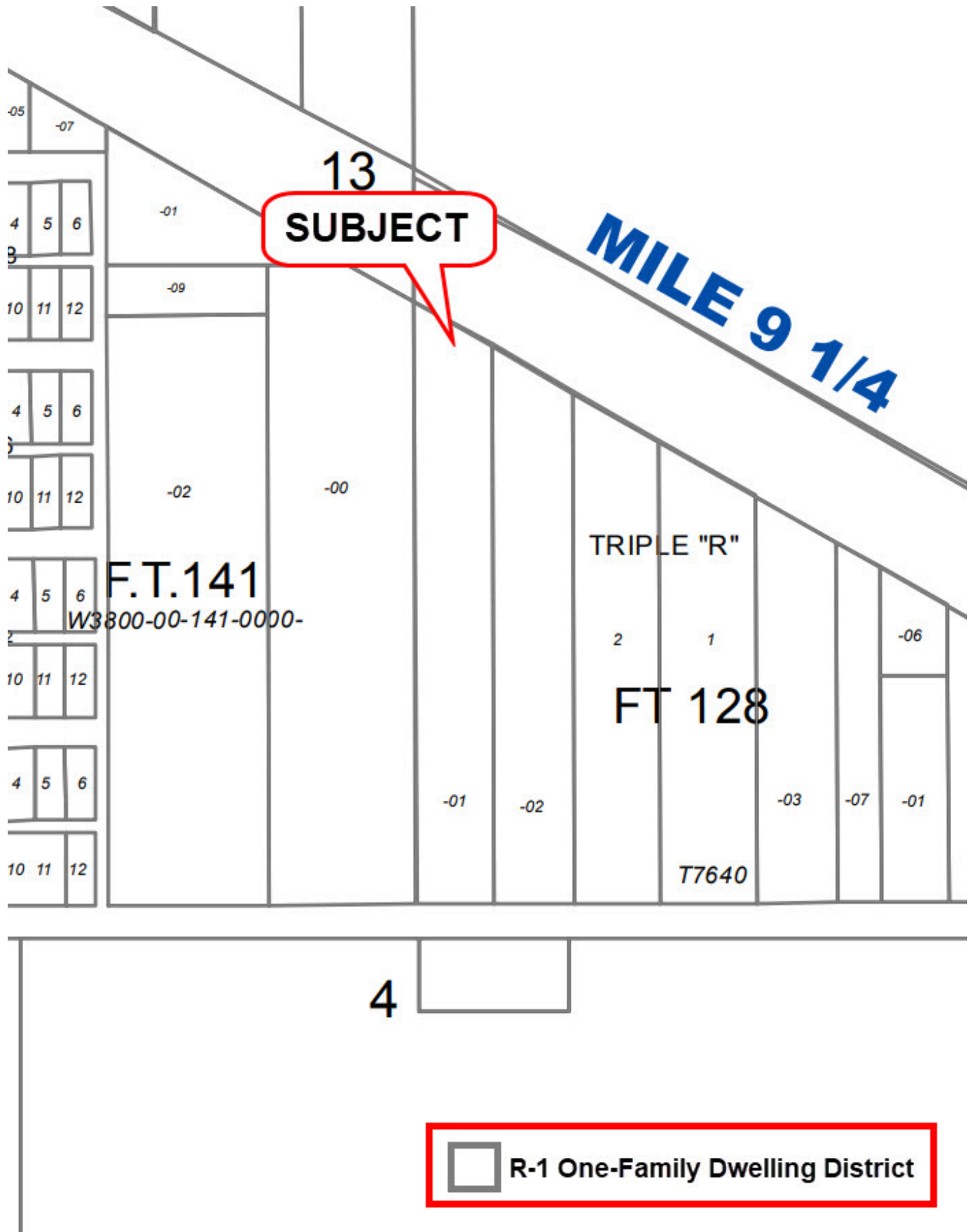
SUMMARY

Weslaco is a competitive residential and commercial location with access to a variety of commercial services and good transportation connections to the region's main employment centers. The appeal of the local area is good for a variety of uses due to consistent demand trends in the market.

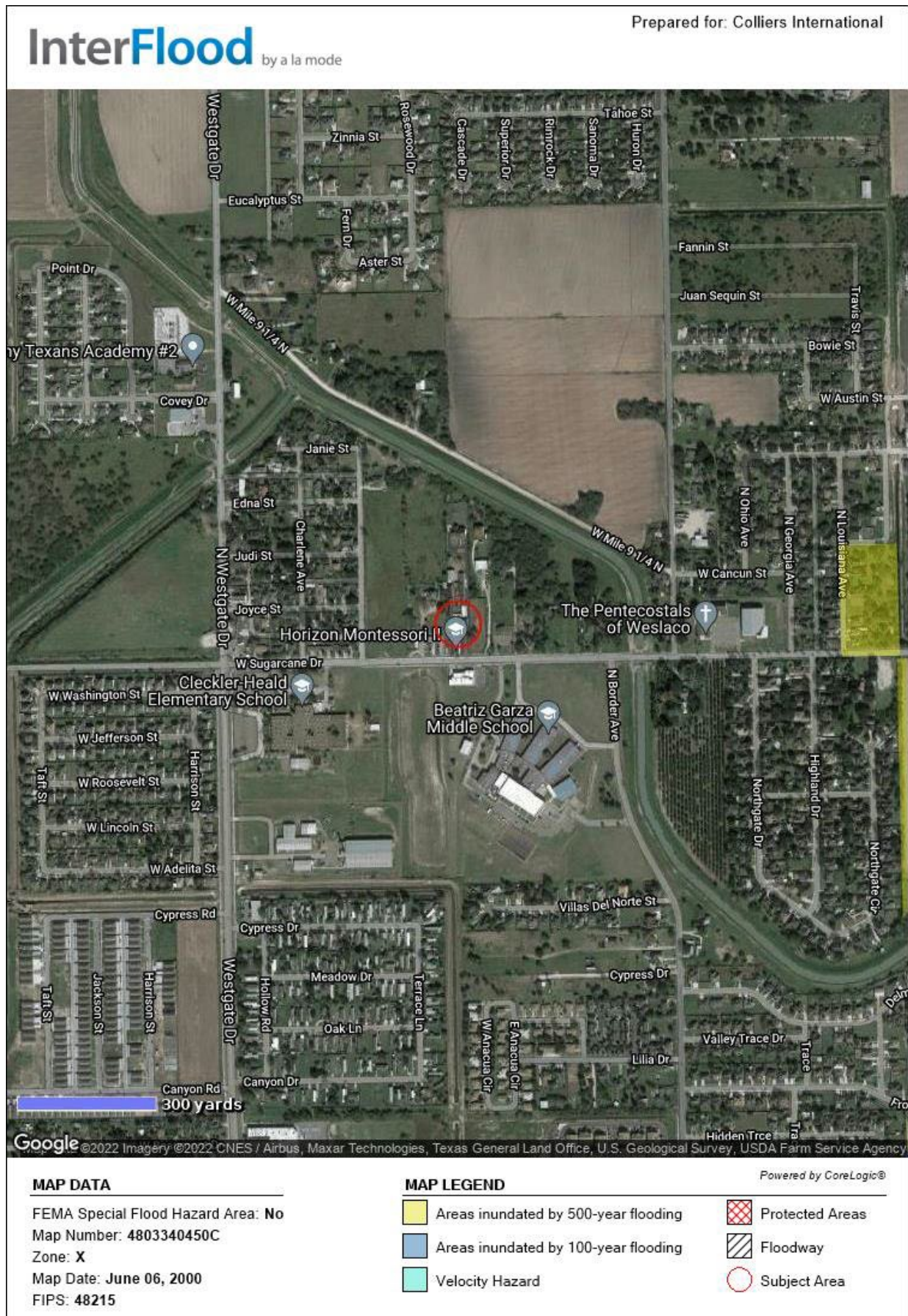
PARCEL MAP



ZONING MAP



FLOOD MAP



SITE DESCRIPTION

General Description

The subject site consists of 1 parcel. As noted below, the subject site has 124,015 SF (2.85 AC) of land area. The area is estimated based on the assessor's parcel map, and may change if a professional survey determines more precise measurements. Going forward, our valuation analyses will utilize the usable site area. The following discussion summarizes the subject site size and characteristics.

Assessor Parcel

324544

Number Of Parcels

1

Land Area

Acres

Square Feet

Primary Parcel	2.85	124,015
Unusable Land	0.00	0
Excess Land	0.00	0
Surplus Land	0.00	0

Total Land Area

2.85

124,015

Shape

Irregular - See Plat Map For Exact Shape

Topography

Level at street grade

Drainage

Assumed Adequate

Utilities

All available to the site

Street Improvements

Street	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetlights	Center Lane	Gutters
West Sugarcane Drive	Secondary Street	two-way	two-lane minor arterial	✓	✓	✓	✓	✓

Frontage

The subject has approximately 126 feet of frontage on West Sugarcane Drive.

Accessibility

Average - The subject is located within one mile of Interstate 2. Access to the subject is offered through two full-access curb cuts on West Sugarcane Drive.

Exposure

Average - The subject has adequate exposure on a minor arterial.

Seismic

No Risk

Flood Zone

Zone X (Unshaded). This is referenced by Community Number 480334, Panel Number 4803340450C, dated June 06, 2000. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1-percent and .2-percent-annual-

chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

Site Rating

Overall, the subject site is considered a good special purpose site in terms of its location, exposure, and access to employment, education and shopping centers, recognizing its location along a minor arterial.

Easements

A preliminary title report was not available for review. During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.

Soils

A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

Hazardous Waste

We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

IMPROVEMENT DESCRIPTION

The information presented below is a basic description of the existing improvements using sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted.

Property Type	Special Purpose - School/University
Design	Single-Tenant Owner-Occupied - 2 Tenant Space
Number of Buildings	4
Number of Stories	1
Net Rentable Area (NRA)	13,741 SF
Gross Building Area (GBA)	17,768 SF
Site Coverage Ratio	11.1%
Land to Building Ratio	7.0 : 1
Parking	33 (Surface) 2.4/1,000 SF NRA
Year Built	1999
Year Renovated	2016
Age/Life Analysis	
Actual Age	23 Years
Effective Age	10 Years
Economic Life	45 Years
Remaining Life	35 Years
Quality	Average
Condition	Average

MULTIPLE BUILDING DESCRIPTION GRID

BUILDING	GBA	NRA	SITE COV	YEAR BUILT	YEAR RENOV.	EFF. AGE	ECON. LIFE	REM. LIFE	BAY DEPTHS	QUALITY	CONDITION
Building 1 - Main School/Office	5,826	5,826	11%	1999	2010	17	50	33	0 FT	Average	Average
Building 2 - Portables	3,402	0	11%	2006	2016	12	40	28	0 FT	Average	Average
Building 3 - Single Family Residence	5,420	4,795	11%	2002	2015	17	50	33	0 FT	Average	Average
Building 4 - Metal Gym/Cafeteria Bldg.	3,120	3,120	11%	2000	2006	15	45	30	0 FT	Average	Average
TOTAL	17,768	13,741									

Basic Construction	Wood frame and Metal frame Gym area
Foundation	Poured concrete slab
Framing	Wood post and beam and a metal sided gym area
Exterior Walls	EIFS
Roof	Shingle
Insulation	Assumed to be standard and to code for both walls and ceilings
Heating	Central HVAC
Air Conditioning	Central HVAC

Lighting	Fluorescent and Incandescent
Interior Walls	Drywall
Electrical	The building has a master meter.
Ceilings	Drywall
Windows	Standard windows; glass in aluminum frames
Doors	Automatic double door system, glass in metal frame
Flooring	Polished concrete
Plumbing	Standard plumbing set up for lower school use
Fire Protection	The subject has smoke alarms but does not have a fire sprinkler system.
Security	Surveillance Cameras
Prefabricated Buildings	7 Dual classroom prefabricated/portable classroom buildings consisting of 3,402 SF. The prefabricated buildings were constructed in 2006. The buildings are connected with approximately 636 SF of covered walkways.
Landscaping	Asphalt paving, concrete sidewalks, concrete curbing, pole mounted lights, approximately 4,256 SF in canopies, and low maintenance sprinklered landscaping. Additionally, there is a 480 SF storage/maintenance building located the at the rear (northern) portion of the school site.
Signage	There is a monument style sign visible along West Sugarcane Drive at the entrance to the subject.
Parking	The subject property has an asphalt paved parking lot that is in good/fair condition. The subject's parking lot provides a ratio of 2.0 spaces per 1,000 SF, which is similar in comparison to nearby properties.
Deferred Maintenance	The subject property is dated construction. Based on our interview with the property contact and the onsite inspection by the field appraiser, no significant observable deferred maintenance exists.
Functional Design	The subject improvements offer average to good utility to the tenants. The site coverage and parking ratios are within market standards. Overall, the subject has a functional design considering the site and building configurations.

ASSESSMENT & TAXATION

The subject property is located within the Hidalgo County municipality. The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES						
Tax Year	2021				Tax Rate	\$0.980700
Tax Rate Area	Hidalgo County				Taxes Current	Yes
Taxes SF Basis	Net Rentable Area					
APN	LAND	IMPV	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
324544	\$229,428	\$568,088	\$797,516	\$44,767	\$752,749	\$7,382
Totals	\$229,428	\$568,088	\$797,516	\$44,767	\$752,749	\$7,382
Total/SF	\$16.70	\$41.34	\$58.04	\$3.26	\$54.78	\$0.54
Additional Tax Charges						
Hidalgo County						\$4,301
Drainage District #1						\$996
Cuty of Weslaco						\$5,167
South Texas ISD						\$388
South Texas College						\$1,337
Total Additional Tax Charges						\$12,188
Total Additional Tax Charges Per SF						\$0.89
Total Base Tax & Additional Tax Charges						\$19,570
Total Base Tax & Additional Tax Charges Per SF						\$1.42

Source: Hidalgo County Assessment & Taxation

Subject Property Analysis

The total assessment for the subject property is \$797,516 or \$58.04/SF. The subject property benefits from multiple exemptions in the amount of \$44,767, reducing the taxable assessment to \$752,749 or \$54.78/SF. Total taxes for the property are \$19,570 or \$1.42/SF.

As part of the scope of work, we researched assessment and tax information related to the subject property. The following are key factors related to local assessment and taxation policy. Real property in Hidalgo County is assessed at 100% of market value. Real property is reassessed annually. The next scheduled reassessment date is January 1, 2023. In addition to scheduled reassessments, properties in Hidalgo County are reassessed upon conversion, renovation or demolition.

According to the staff representative at the Hidalgo County assessor-collector's office, real estate taxes for the subject property are current as of the date of this report.

Tax Comparables

The tax comparables that were used as a test of reasonableness for the subject's assessment and taxes are summarized in the following table.

TAX COMPARABLES										
	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	LOW	HIGH	AVG
Property Name	Horizon Montessori II	746 N Alamo Road	Little Patriots Day Care Center	111-112 W 8th	219 13th Ave	821 E 18th Street	619 E 19th Street	-	-	-
Address	1222 West Sugarcane Drive	746 N Alamo Road	300 E 2 Mile Line	111-112 W 8th	219 13th Ave	821 E 18th Street	619 E 19th Street	-	-	-
City, State	Weslaco, TX	Alamo, TX	Mission, TX	San Juan	Edinburg, TX	Weslaco	Mission	-	-	-
Year Built	1999	1984	1972	1970	1982	1983	1977	1970	1984	1978
NRA	13,741	1,920	2,450	3,966	7,048	3,807	3,092	1,920	7,048	3,714
Taxable \$	\$752,749	\$81,238	\$179,789	\$231,631	\$369,299	\$299,562	\$203,794	-	-	-
Taxable \$/SF	\$54.78	\$42.31	\$73.38	\$58.40	\$52.40	\$78.69	\$65.91	\$42.31	\$78.69	\$61.85
Total Taxes	\$19,570	\$2,112	\$4,674	\$6,022	\$9,601	\$7,788	\$5,298	-	-	-
Taxes Per SF	\$1.42	\$1.10	\$1.91	\$1.52	\$1.36	\$2.05	\$1.71	\$1.10	\$2.05	\$1.61

The comparable properties reflect taxes ranging from \$1.10 to \$2.05/SF with an average of \$1.61/SF of NRA. The taxes for the subject property are within this range.

Assessment & Taxation Conclusion

The subject property is assessed in line with comparable properties. Therefore, it is our opinion that the subject's real estate assessment and taxes are at market levels.

ZONING ANALYSIS

The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of Weslaco Planning & Zoning Department
Current Zoning	One-Family Dwelling District (R-1)
Permitted Uses	Single family dwellings, Schools, farms, nurseries, truck gardens, greenhouses, and day care centers.
Prohibited Uses	Any other use not listed above
Current Use	Mixed Use School and Single-Family Residence
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely
ZONING REQUIREMENTS	
Conforming Use	The existing improvements represent a conforming use within this zone
Minimum Lot Area (SF)	6,000
Minimum Lot Width (Feet)	50
Minimum Yard Setbacks	
Front (Feet)	25
Rear (Feet)	20% of the lot depth
Side (Feet)	10% of the lot width
Maximum Lot Coverage	60%
Maximum Building Height (Stories/Height)	2.50/35
Parking Requirement	
Spaces Per Each Employee On The Maximum On-Campus Shift Of School Area	1.00
Spaces Per Dwelling Unit SF Of Single Family Area	2.00
Spaces Provided	33

Source: City of Weslaco Planning & Zoning Department

Zoning Conclusions

Based on the interpretation of the zoning ordinance, the subject property is an outright permitted use that could be rebuilt if unintentionally destroyed.

MARKET ANALYSIS

This section provides a study of retail supply/demand conditions for the McAllen/Edinburg/Pharr market and Outlying Hidalgo County submarket, competitive dataset analysis, market participant interviews and transaction trends. These findings are used to support our conclusions for the competitive position, general vacancy and exposure period for the subject property.

MCALLEN/EDINBURG/PHARR RETAIL MARKET

The following is an analysis of supply/demand trends in the McAllen/Edinburg/Pharr retail market using information provided by CoStar, widely recognized as a credible source for tracking market statistics. The table below presents historical data for key market indicators.

MCALLEN/EDINBURG/PHARR HISTORICAL STATISTICS (LAST TEN YEARS)					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2012	34,440,661 SF	542,811 SF	756,773 SF	5.7%	\$15.12/SF
2013	35,216,490 SF	775,829 SF	629,794 SF	5.7%	\$14.54/SF
2014	35,609,819 SF	395,403 SF	609,328 SF	5.4%	\$13.91/SF
2015	36,019,798 SF	416,860 SF	624,325 SF	4.9%	\$13.82/SF
2016	36,751,481 SF	734,504 SF	783,817 SF	4.1%	\$13.85/SF
2017	37,512,791 SF	898,215 SF	679,310 SF	4.2%	\$15.03/SF
2018	38,154,185 SF	589,554 SF	512,437 SF	4.4%	\$16.97/SF
2019	38,476,737 SF	320,204 SF	228,546 SF	4.6%	\$17.46/SF
2020	38,822,125 SF	209,875 SF	(40,426) SF	5.0%	\$17.34/SF
2021	38,965,437 SF	190,454 SF	475,365 SF	4.8%	\$16.82/SF
CAGR	1.2%	-	-	-	1.1%

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.

Source: Costar®

Over the past ten years the McAllen/Edinburg/Pharr retail market was stable where there was balance in prevailing retail supply/demand conditions. Over this time period the market inventory significantly increased by 14.7%. Further there was significant positive absorption (15.3% change), moderate decrease in the vacancy rate (0.9% change) and considerable increase of the asking average rent (11.2% change).

The following table summarizes the trailing four quarter performance of the McAllen/Edinburg/Pharr market.

MCALLEN/EDINBURG/PHARR TRAILING FOUR QUARTER PERFORMANCE					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2021 Q1	38,828,931 SF	14,054 SF	155,898 SF	4.9%	\$17.52/SF
2021 Q2	38,863,612 SF	34,681 SF	(67,536) SF	5.1%	\$16.65/SF
2021 Q3	38,898,481 SF	74,973 SF	208,567 SF	4.7%	\$16.61/SF
2021 Q4	38,965,437 SF	66,746 SF	178,436 SF	4.4%	\$16.49/SF

Source: Costar®

Over the past four quarters the McAllen/Edinburg/Pharr retail market has experienced a moderate increase of supply. These key factors have resulted in positive net absorption, decrease of vacancy rates and decrease of asking rent in the marketplace.

Key supply/demand statistics for the most recent quarter, last year and historical averages are summarized below.

MCALLEN/EDINBURG/PHARR MARKET TREND ANALYSIS			
	Q4 2021	2021	Last 10
Total SF	38,965,437	38,965,437	36,996,952
Vacant SF	1,705,337	1,862,548	1,797,312
Market Vacancy	4.4%	4.8%	4.9%
Construction Growth Rate	0.2%	0.5%	1.2%
Absorption Rate	0.5%	1.2%	1.3%
Average Asking Rent/SF	\$16.49	\$16.82	\$15.49

Source: Costar®

McAllen/Edinburg/Pharr Market Conclusion

Based on the preceding analysis, the McAllen/Edinburg/Pharr retail market demonstrates sound fundamentals. Analysis of supply and demand factors indicate the market is currently stable with no evidence to prove this will change any time soon. There are no observed weaknesses of the market that stand out.

OUTLYING HIDALGO COUNTY RETAIL SUBMARKET OVERVIEW

The following is an analysis of supply/demand trends in the Outlying Hidalgo County retail submarket using information provided by CoStar. The table below presents historical data for key market indicators.

OUTLYING HIDALGO COUNTY HISTORICAL STATISTICS (LAST TEN YEARS)					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2012	11,289,820 SF	239,768 SF	266,382 SF	4.3%	\$13.10/SF
2013	11,598,534 SF	308,714 SF	272,294 SF	4.0%	\$12.30/SF
2014	11,745,041 SF	146,507 SF	182,064 SF	4.2%	\$13.23/SF
2015	11,970,580 SF	225,539 SF	239,286 SF	4.0%	\$12.58/SF
2016	12,131,836 SF	161,256 SF	278,579 SF	2.6%	\$12.84/SF
2017	12,257,878 SF	119,641 SF	78,498 SF	2.6%	\$12.93/SF
2018	12,449,382 SF	185,456 SF	100,414 SF	3.3%	\$13.98/SF
2019	12,606,015 SF	156,633 SF	230,654 SF	3.1%	\$14.66/SF
2020	12,654,746 SF	52,731 SF	42,229 SF	2.6%	\$15.80/SF
2021	12,769,584 SF	114,838 SF	192,397 SF	2.3%	\$16.30/SF
CAGR	1.2%	-	-	-	2.2%

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.

Source: Costar®

Over the past ten years the Outlying Hidalgo County retail submarket was stable where there was balance in prevailing retail supply/demand conditions. Over this time period the submarket inventory significantly increased

by 15.2%. Further there was significant positive absorption (16.7% change), moderate decrease in the vacancy rate (2.0% change) and considerable increase of the asking average rent (24.4% change).

The following table summarizes the trailing four quarter performance of the Outlying Hidalgo County submarket.

OUTLYING HIDALGO COUNTY TRAILING FOUR QUARTER PERFORMANCE					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2021 Q1	12,668,800 SF	14,054 SF	85,353 SF	2.3%	\$15.75/SF
2021 Q2	12,702,750 SF	33,950 SF	19,320 SF	2.4%	\$16.07/SF
2021 Q3	12,716,864 SF	14,114 SF	44,710 SF	2.2%	\$17.01/SF
2021 Q4	12,769,584 SF	52,720 SF	43,014 SF	2.3%	\$16.37/SF

Source: Costar®

Over the past four quarters the Outlying Hidalgo County retail submarket has experienced a moderate increase of supply. There was also positive net absorption, stability in vacancy rates and increase of asking rent in the marketplace.

Key supply/demand statistics for the most recent quarter, last year and historical averages are summarized below.

OUTLYING HIDALGO COUNTY MARKET TREND ANALYSIS			
	Q4 2021	2021	Last 10
Total SF	12,769,584	12,769,584	12,147,342
Vacant SF	288,806	293,700	400,498
Market Vacancy	2.3%	2.3%	3.3%
Construction Growth Rate	0.4%	0.9%	1.2%
Absorption Rate	0.3%	1.5%	1.5%
Average Asking Rent/SF	\$16.37	\$16.30	\$13.77

Source: Costar®

Outlying Hidalgo County Submarket Conclusion

Based on the preceding analysis, the Outlying Hidalgo County retail submarket demonstrates sound fundamentals. Analysis of supply and demand factors indicate the market is currently stable with no evidence to prove this will change any time soon. There are no observed weaknesses of the submarket that stand out.

COMPETITIVE DATASET ANALYSIS

The following table summarizes the results of a vacancy survey of directly competing properties to the subject that was confirmed during development of this assignment.

COMPETITIVE SET		AS OF JANUARY 2022		
PROPERTY NAME ADDRESS	YEAR BUILT	TOTAL NRA (SF)	% TOTAL VACANT	LEASE TYPE
Day Care Center 4602 Orem Road Santa Fe	1965	5,000	100.0%	Triple Net
Day Care 703 S Cedar Ridge Drive Duncanville	1975	9,000	0.0%	Triple Net
Day Care Center 3902 Underwood Road La Porte	1988	9,516	0.0%	Triple Net
Retail 727 W Pleasant Run Road Lancaster	2012	6,111	0.0%	Triple Net
Day Care Center 2349 FM 1960 E Houston	1979	8,100	0.0%	Triple Net
Day Care 8100 Miller Road Rowlett	1992	11,175	0.0%	Triple Net
LOW	1965	5,000	0.0%	
HIGH	2012	11,175	100.0%	
TOTALS / AVERAGES	1985	48,902	10.2%	

The survey consisted of 48,902 SF of retail space indicating a vacancy rate of 10% for properties that fall within the subject's competitive marketplace. Based on this statistical evidence and conversations with survey participants, supply/demand conditions impacting these properties are currently stable. The existing conditions are generally in line compared to what has occurred historically; therefore, they are not necessarily indicative of what can be expected moving forward.

TRANSACTION TRENDS

In the open market, the subject property type would command most interest from regional and local buyers that are actively pursuing similar partial owner-user properties. Refining the buyer profile a bit further, specific buyers known to be active for this property type primarily include family trusts, not for profit and or foundations. There is currently steady buyer demand for substitute properties of the subject based on the volume of sale transactions and reports by buyers, sellers and other market participants during confirmation of market transactions. The most probable buyer is an owner user.

Based on the preceding analysis, there is an established sales market for the subject property type; however, there appear to be limitations with regard to depth of the market. As previously discussed, the velocity of sale transactions has been steady over the past six months. Currently there is steady buyer demand, while there is somewhat limited availability for this property type on the supply side. Based on these factors, conditions are in equilibrium in regard to negotiating sale terms.

SUBJECT PROPERTY ANALYSIS

The subject is a Special Purpose (School and SFR) asset with a total net rentable area of 13,741 SF. The market generally classifies the subject as a standard investment property. The subject consists of Montessori School

space and a Single Family Residence. The subject is demised into 2 tenant spaces all of which are currently occupied. The subject's current occupancy exceeds the stabilized occupancy estimate of 95%.

Based on our analysis of the subject property and investigation of comparable properties in the marketplace, the subject is considered to have average overall tenant appeal with a typical competitive position for attracting and retaining tenants.

GENERAL VACANCY CONCLUSION

As summarized in the table below this market analysis relied on various published data sources and field research for assessing how supply/demand conditions influence the long-term vacancy estimate of the subject property.

GENERAL VACANCY CONCLUSION			
CoStar	2021 Q4	LAST YR	10 YR AVG
McAllen/Edinburg/Pharr Market	4.4%	4.8%	4.9%
Outlying Hidalgo County Submarket	2.3%	2.3%	3.3%
Competitive Set	10.2%	-	-
Subject	0.0%	0.0%	0.0%
GENERAL VACANCY RATE CONCLUSIONS			5.0%

Based on the subject's size, location and appeal, the market and submarket analyses findings warrant primary consideration. The market level analysis indicated a CoStar vacancy rate of 4.4% and an average vacancy rate of 4.9% over the past ten years. The submarket level analysis indicated a CoStar vacancy rate of 2.3% and an average vacancy rate of 3.3% over the past ten years. As of the effective date of this appraisal, the subject property has a current vacancy rate of 0.0%. Based on our analysis of supply/demand trends and considering the subject's actual performance, a general vacancy rate of 5.0% is concluded.

COVID-19

Labor/Unemployment Data

Recent unemployment insurance data and analysis are shown in the table below and obtained from the most recent U.S. Department of Labor News Release (dated January 13, 2022):

UNEMPLOYMENT INSURANCE DATA FOR REGULAR STATE PROGRAMS

WEEK ENDING	January 8	January 1	Change	December 25	Prior Year ¹
Initial Claims (SA)	230,000	207,000	+23,000	200,000	904,000
Initial Claims (NSA)	419,446	315,753	+103,693	257,870	1,082,696
4-Wk Moving Average (SA)	210,750	204,500	+6,250	199,750	812,750

WEEK ENDING	January 1	December 25	Change	December 18	Prior Year ¹
Insured Unemployment (SA)	1,559,000	1,753,000	-194,000	1,718,000	5,240,000
Insured Unemployment (NSA)	2,056,818	1,869,743	+187,075	1,638,595	5,756,886
4-Wk Moving Average (SA)	1,721,500	1,798,500	-77,000	1,860,000	5,291,000
Insured Unemployment Rate (SA) ²	1.1%	1.3%	-0.2	1.3%	3.7%
Insured Unemployment Rate (NSA) ²	1.5%	1.4%	+0.1	1.2%	4.1%

INITIAL CLAIMS FILED IN FEDERAL PROGRAMS (UNADJUSTED)³

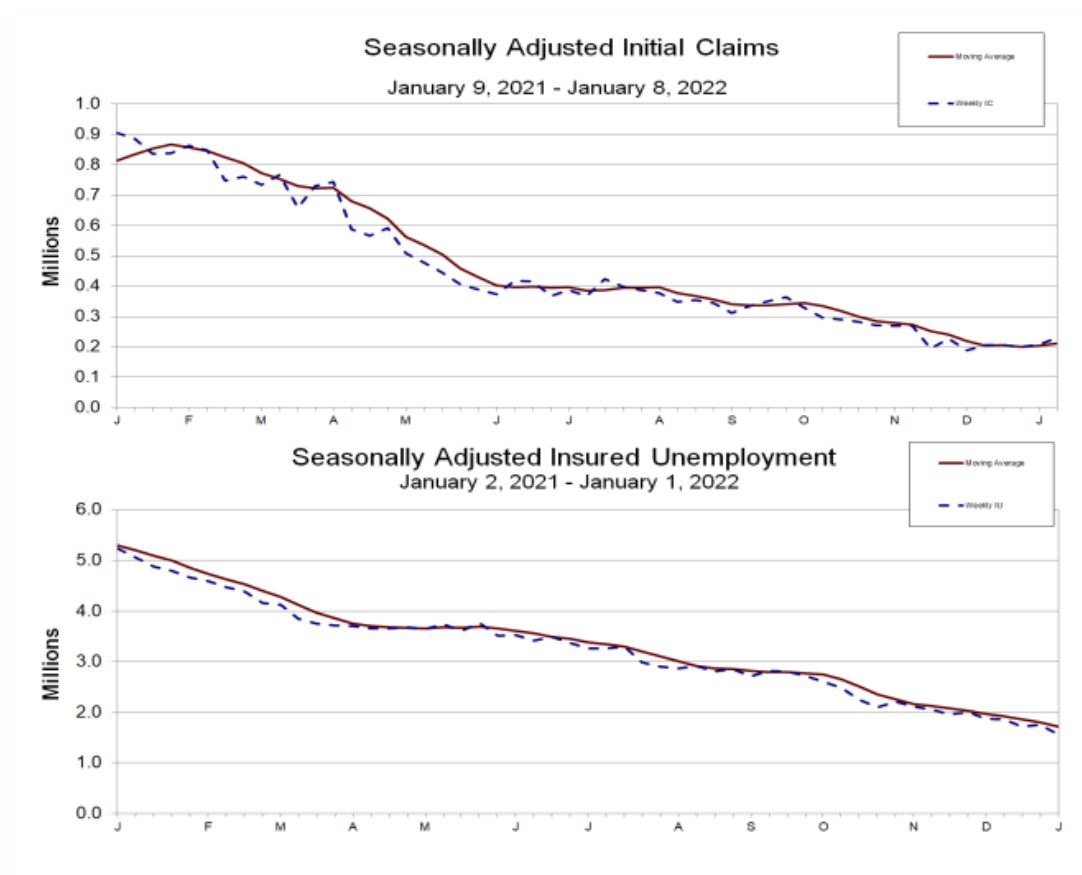
WEEK ENDING	January 1	December 25	Change	Prior Year ¹
Federal Employees (UCFE)	700	723	-23	2,029
Newly Discharged Veterans (UCX)	339	273	+66	1,062

CONTINUED WEEKS CLAIMED FILED FOR UI BENEFITS IN ALL PROGRAMS (UNADJUSTED)³

WEEK ENDING	December 25	December 18	Change	Prior Year ¹
Regular State	1,865,429	1,634,510	+230,919	5,327,960
Federal Employees	9,619	9,422	+197	16,915
Newly Discharged Veterans	4,551	4,236	+315	9,528
Extended Benefits ⁴	53,633	57,674	-4,041	1,328,333
State Additional Benefits ⁵	1,999	2,186	-187	2,560
STC / Workshare ⁶	13,393	14,332	-939	94,819
TOTAL ⁷	1,948,624	1,722,360	+226,264	19,377,528

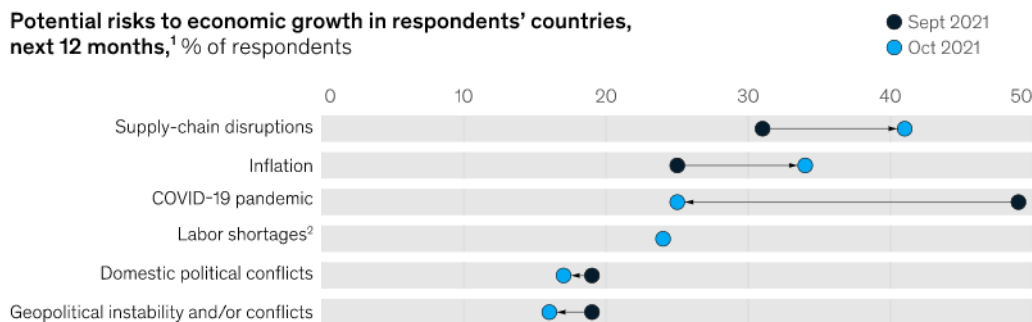
The advance number of actual initial claims under state programs, unadjusted, totaled 419,446 in the week ending January 8, an increase of 103,693 (or 32.8 percent) from the previous week. The seasonal factors had expected an increase of 81,072 (or 25.7 percent) from the previous week. There were 1,082,696 initial claims in the comparable week in 2021. The advance unadjusted insured unemployment rate was 1.5 percent during the week ending January 1, an increase of 0.1 percentage point from the prior week. The advance unadjusted level of insured unemployment in state programs totaled 2,056,818, an increase of 187,075 (or 10.0 percent) from the preceding week. The seasonal factors had expected an increase of 381,506 (or 20.4 percent) from the previous week. A year earlier the rate was 4.1 percent and the volume was 5,756,886.

In the week ending January 8, the advance figure for seasonally adjusted initial claims was 230,000, an increase of 23,000 from the previous week's unrevised level of 207,000. The 4-week moving average was 210,750, an increase of 6,250 from the previous week's unrevised average of 204,500. The advance seasonally adjusted insured unemployment rate was 1.1 percent for the week ending January 1, a decrease of 0.2 percentage point from the previous week's unrevised rate. The advance number for seasonally adjusted insured unemployment during the week ending January 1 was 1,559,000, a decrease of 194,000 from the previous week's revised level. This is the lowest level for insured unemployment since June 2, 1973 when it was 1,556,000. The previous week's level was revised down by 1,000 from 1,754,000 to 1,753,000. The 4-week moving average was 1,721,500, a decrease of 77,000 from the previous week's revised average. This is the lowest level for this average since March 7, 2020 when it was 1,714,500. The previous week's average was revised down by 250 from 1,798,750 to 1,798,500.



Global Economic Sentiment

According to a Global Survey on The Coronavirus Effect on Global Economic Sentiment by McKinsey & Company published in October 2021, **executives' more often indicated threats to growth in their countries' economies being associated with fallout from the supply chain and inflation rather than the pandemic itself.** The graphic below shows the change in respondents' potential risks to economic growth between September 2021 and October 2021.



¹Out of 18 risks that were presented as answer choices in September and 19 risks that were presented in October. Sept 2021, n = 958; Oct 2021, n = 902.

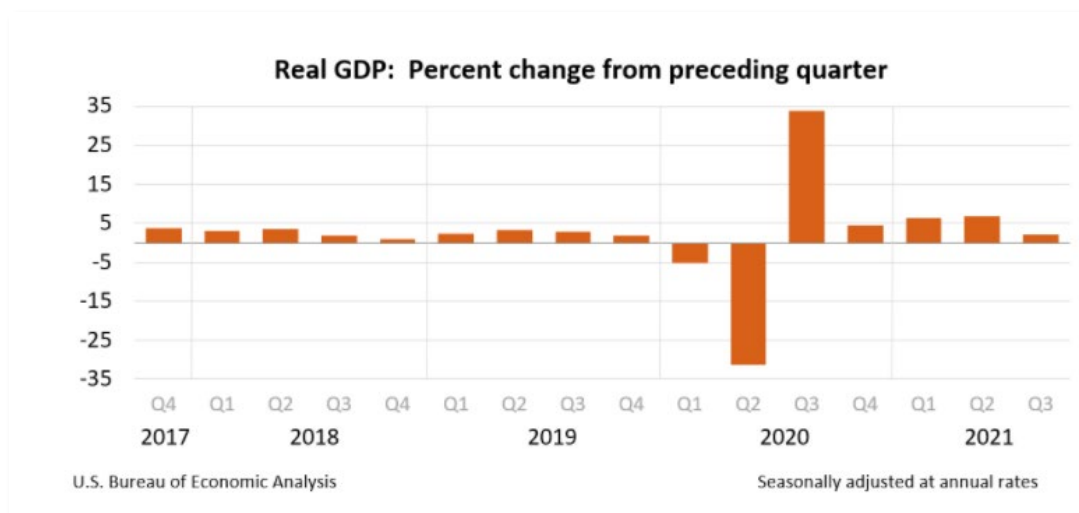
²Only asked in October 2021.

McKinsey
& Company

GDP – History and Forecasts

Market participants have provided a broad range of perspectives recognizing the uncertainty of the duration of contraction and degree the stimulus packages will aid in the rate of recovery. By and large, in the United States, the economy is performing more favorably overall compared to initial estimates by economists.

According to the U.S. BEA (Bureau of Economic Analysis), Q3 2020 saw the largest increase in GDP on record at an annualized rate of 33.1% as states began phased-reopening of non-essential businesses which lead to companies' hiring back workers from furlough and/or bringing on new hires. This comes just after the largest ever quarterly decline seen in Q2 2020 of -31.4% (annualized). The most recent real GDP release (Q3 2021) is shown below.



The Q3 2021 GDP release by the Bureau of Economic Analysis (BEA) indicated an annual 2.0% growth in GDP, which is down from 6.6% from Q2 2021. The increase in real GDP shown in the Q3 2021 chart above reflects private inventory investment increases, increases in personal consumption, as well as local government spending, federal government spending, and exports.

Colliers Capital Market Quick Hits – January 2022

November RCA Update

January 6, 2022

- November sales volume of \$70.6 billion is the highest November figure on record.
- Office sales continue to trail the volume of most other asset classes, slowing monthly since summer.
- Industrial pricing leads that of all asset classes, increasing 22.1% annually. All property types have increased by at least 14%.
- Multifamily volume continues to amaze. Cap rates have never been lower.
- December is set to break sales volume records.

November Sales Volume (by sector)

	Monthly Volume (\$ billions)	Volume Change (YOY)	Volume Change (YTD) vs. 2019 (YTD)
Hotel	2.5	44%	2%
Retail	11.3	204%	12%
Office	7.8	82%	-17%
Multifamily	30.0	112%	42%
Industrial	19.0	99%	30%
Total	70.6	111%	18%

Sources: Colliers, Real Capital Analytics

Office

Investors are still relatively less enthused about office than the other asset types. Volume has cooled for three months straight, though a number of announcements suggest December may be strong. Single-tenant assets remain popular and drove two of the larger sales in the month. The largest was the newly built Lowe's Technology Center in Charlotte, NC, which sold for \$318 million, or \$840 per square foot, to Apollo Global. This marks a new high-water mark for price per square foot in Charlotte. In Glenview, IL, Allstate's 1.9-million-square-foot campus was purchased by Dermody Properties with a short-term leaseback but an ultimate plan for redevelopment into industrial.

Industrial

Industrial's run is far from over, and in November, multiple billion-dollar transactions took place. The largest was GIC's acquisition of a 328-property portfolio from EQT Exeter Property Group for \$6.8 billion. Cross-border capital is still hungry for industrial assets. BREIT acquired a 92-property portfolio from Cabot Properties for \$2.3 billion, part of a buying spree in which more deals are forthcoming. Pricing continues to escalate: multiple deals traded in the month north of \$500 per square foot.

Multifamily

Speaking of billion-dollar transactions, multifamily investors remain on the hunt for assets. Ivanhoe Cambridge acquired a 31-property portfolio from Greystar, 9,900 units for \$3.6 billion; SREIT bought 62 properties with 15,500 units from Strata Equity Group for \$3.5 billion. With strong capital flows into multifamily, monthly and year-to-date volume is double that of 2020. Multifamily housing starts are picking up but not fast enough to meet demand.

Retail

Retail's liquidity improvement hasn't slowed. Total volume for the month topped \$11 billion, the strongest showing since mid-2018. The largest deal of the month was Aurora Capital Associates' joint venture with EMS Capital, acquiring 530 Fifth Avenue in New York. The nearly 60,000-square-foot urban center, which wraps around the block from 44th Street to 45th Street, traded for \$3,200 per square foot. In Charlotte, Regency Centers spent \$181 million for Blakeney, a center anchored by Harris Teeter, Target, Marshalls/Home Goods, Best Buy, and others. Life science owner Alexandria purchased a former Sears in San Bruno, CA, for \$206 per buildable foot, to demolish it and redevelop the site.

Hotel

Portfolio activity is back in the hotel world. Lone Star Funds acquired five properties consisting of 2,300 rooms for \$551 million. Blackstone, which bought numerous hotel assets in 2021, acquired another 1,900 rooms from Condor Hospitality Trust for \$305 million. Other portfolio trades occurred in Washington, Texas, Oregon, New York, Connecticut, and Maryland, among others. The improvement in leisure travel has stabilized hotel fundamentals in markets across the country. Investors have noticed and liquidity has improved as a result.

COVID-19 Impact Conclusion

It is prudent to note that the COVID-19 virus (aka coronavirus) is a serious illness that has impacted the world and more specifically the United States. The effects early on included extreme volatility in the stock market and capital markets. Since Q2 2021, relative stability has returned to the equity and capital markets. This was also aided by the Federal Reserve cutting interest rates to near-all-time lows which affords greater buying power, effectively. The impact to demand and ultimately values for real estate has emerged with activity returning to the markets. Real estate is an investment type that historically takes a longer period of time to be impacted in relation to alternative investment types. CIVAS professionals have consulted with market participants to understand and monitor how the subject property may be impacted. Additionally, greater emphasis has been placed on market data that has been obtained since the initial onset of the pandemic in early 2020 to reflect the most current economic conditions affecting the subject property type.

EXPOSURE TIME & MARKETING PERIOD

Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys. The following table summarizes the information that was taken into consideration to develop an estimate of exposure time and marketing period for the subject property:

EXPOSURE TIME & MARKETING PERIOD				
SOURCE	QUARTER	RANGE		AVG
PriceWaterhouse Coopers				
National Strip Shopping Center	4Q 21	2.0 to	18.0	7.3
Comparable Sales Dataset		1.0 to	28.0	11.0
AVERAGE		1.5 to	23.0	9.2

The preceding information generally supports an exposure time range from 1 to 28 months for Special Purpose (School/University) properties. The availability of acquisition financing also factors into exposure time and marketing period. Our review of the local capital market indicate that adequate financing options would have been available to consummate a sale of the subject on the date of value. Based on our analysis of the subject property and investigation of substitute properties in the marketplace, the subject is considered to have average overall buyer appeal with an average competitive position if the asset was exposed to the open market.

Exposure Time Conclusion

12 Months Or Less

Marketing Period Conclusion

12 Months Or Less

HIGHEST AND BEST USE ANALYSIS

This section develops the highest and best use of the subject property as-vacant and as-improved. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

As-Vacant Analysis

Permitted uses of the subject's One-Family Dwelling District (R-1) zoning were listed in the Zoning Analysis section. Regarding physical characteristics, the subject site is irregular in shape and has level topography with average access and average exposure. The subject site has frontage on a neighborhood street. The immediate area is developed with retail, service and light industrial development along major arterials that is interspersed with multi-family complexes and single-family residential development removed from arterials. Based on our observations of land development trends for sites with similar zoning and physical characteristics as the subject and analysis of current supply/demand trends, the highest and best use of the subject site as-vacant is development of a special purpose or residential property as market conditions warrant.

As-Improved Analysis

The subject's Special Purpose (School/University) use (as-improved) is permitted outright by the R-1 zoning. The legal factors influencing the highest and best use of the subject property support the existing use. The subject's improvements were constructed in 1999 and have a remaining economic life of 35 years based on our estimate. The project is of average quality construction and in average condition, with adequate service amenities. Legal, physical, locational and marketability factors support the existing use as the highest and best use of the subject site.

In addition to legal, physical and locational considerations, analysis of the subject property as-improved requires the treatment of alternative uses for the property. The five possible alternative treatments of the property are demolition, expansion, renovation, conversion, and the subject's use "as-improved". Among the five alternative uses, continued use as a special purpose property is the Highest and Best Use of the subject property as-improved.

VALUATION METHODS

The following presentation of the appraisal process deals directly with the valuation of the subject property. The paragraphs below describe the standard approaches to value that were considered for this analysis.

Income Approach

The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization.

Characteristics specific to the subject property warrant that this valuation technique is developed. Development of the Income Approach is a specific scope requirement of this assignment. The subject is an investment property; therefore, the Income Approach represents the decision making process of knowledgeable buyers and sellers of this property type. The Direct Capitalization method is used in this analysis. Discounted Cash Flow analysis does not contribute substantially to estimating value beyond the direct capitalization method and is not used in this analysis. To the Direct Capitalization method the value of the depreciated portable classrooms will be added.

Sales Comparison Approach

Characteristics specific to the subject property warrant that this valuation technique to be developed. Development of the Sales Comparison Approach is a specific scope requirement of this assignment. Sufficient sales data is available to provide a credible value estimate by the Sales Comparison Approach. Based on this reasoning, the Sales Comparison Approach is presented within this appraisal. To the Sales Comparison Approach the value of the single family residence as and the depreciated portable classrooms will be added.

Land Valuation

Characteristics specific to the subject property warrant that a site value is developed. Development of the subject site value is a specific scope requirement of this assignment. The site value is required to be developed for use within the Cost Approach. Within the Site Valuation section, the subject is valued as one marketable economic site.

Cost Approach

Characteristics specific to the subject property warrant that this valuation technique is developed. Development of the Cost Approach is a specific scope requirement of this assignment. The Cost Approach has limited applicability due to the age of the improvements and lack of market based data to support an estimate of accrued depreciation. Based on the preceding information, the Cost Approach will be presented.

Reconciliation of Value Conclusions

The Income (Direct Capitalization), Sales Comparison and Cost approaches are used to value the subject property, which will be reconciled into the final opinion of market value in the Analysis of Value Conclusions section.

INCOME APPROACH

As previously discussed within the Valuation Methods section, the Direct Capitalization method is used in this analysis, and Discounted Cash Flow analysis is not developed.

Direct Capitalization

The first step in the direct capitalization method is to estimate the subject's durable rental income through reconciliation of the subject's in-place lease terms and market rent analysis. Next, we analyze other income items including reimbursements and miscellaneous revenue. Then, vacancy allowance and operating expenses are estimated based on analysis of the subject and market indicators. Finally, the resulting net operating income is capitalized at an appropriate supported rate. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

Rental Income Analysis

In this section, we developed an opinion of the subject's rental income through examination of subject lease terms and market rent analysis. The rental income conclusion was reconciled taking into account such items as durability of in-place contract rents, lease escalations and market terms as measured by rent comparables.

Subject Lease Analysis

The subject property owner-occupied and is therefore unencumbered by an arm's length lease. The rental income conclusion was based solely on market rent analysis.

Having analyzed the subject's current income producing capability through an analysis of the subject lease, the next section develops the market rent.

Market Rent Analysis

This section examines competitive comparable properties within the marketplace to establish our opinion of market rent for the subject property. This allows for a comparison of the subject property's contract to what is attainable in the current market.

Adjustment Process

Quantitative adjustments are made to the comparable leases. The following adjustments or general market trends were considered for the basis of market rent analysis.

Transactional Adjustments	If warranted, the comparable leases were adjusted for varying lease structures, atypical concessions and market conditions.
Concession Adjustment	The adjustment for rent concessions is a basis for creating a comparable market standard free rent of 0 to 3 months and a minimal tenant improvement allowance. The differences between free rent and tenant improvements (+/-) is divided by the comparable's lease term, and applied to the beginning base rent of the comparable lease. This methodology does not take into account amortization of rental increases over the lease term.
Property Adjustments	Quantitative percentage adjustments were made for location and physical characteristics such as size, age, condition, exposure and parking ratio. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.
Tenant Space Adjustments	The lease comparables were further adjusted to the subject to account for tenant space specific characteristics such as size and space functionality.

The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT

Per Year As Of February 2022 3%

The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable lease date up through the valuation period.

COVID-19 Impact Adjustment

While we applied market conditions adjustments for factors such as rent growth generated market appreciation prior to COVID-19, we recognize the need for straight-line adjustment for near-term rent loss anticipated and increased risk premiums for intermediate market uncertainty, which we have applied a 0% adjustment, which differs from the market adjustments to the leases.

Analysis of Comparable School Leases

The School lease analysis is used to derive an opinion of market rent and correlating leasing assumptions for the School and SFR MLA categories. The following pages present a summation table of the comparables selected for this analysis, a location map and comparable photographs, the lease comparable adjustment process and our market rent conclusion.

SCHOOL LEASE SUMMATION TABLE

COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4	LEASE 5	LEASE 6
Name	Horizon Montessori II	Day Care Center	Day Care	Day Care Center	Retail	Day Care Center	Day Care
Address	1222 West Sugarcane Drive	4602 Orem Road	703 S Cedar Ridge Drive	3902 Underwood Road	727 W Pleasant Run Road	2349 FM 1960 E	8100 Miller Road
City	Weslaco	Santa Fe	Duncanville	La Porte	Lancaster	Houston	Rowlett
State	TX	TX	TX	TX	TX	TX	TX
Zip	78599	77517	75137	77536	75146	77073	75088

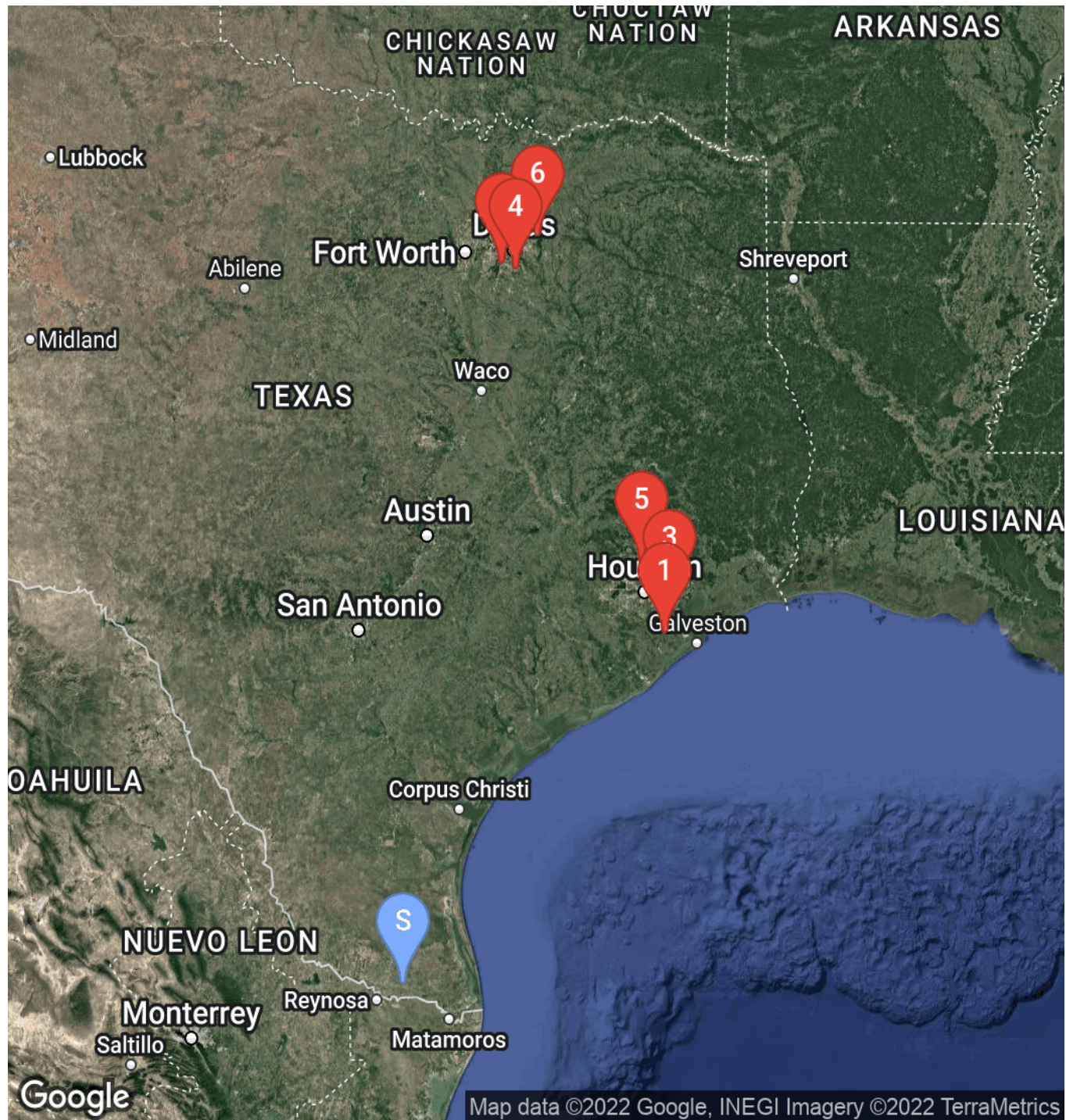
PHYSICAL INFORMATION

Property Type	Special Purpose	Retail	Retail	Retail	Retail	Retail	Retail
NRA	8,946	5,000	9,000	9,516	6,111	8,100	11,175
Occupancy	100%	-	100%	100%	100%	100%	100%
Location	Average	Average	Average	Average	Average	Average	Average
Quality	Average	Average	Average	Average	Average	Average	Average
Condition	Average	Average	Average	Average	Average	Average	Average
Exposure	Average	Average	Average	Average	Average	Average	Average
Access	Average	Average	Average	Average	Average	Average	Average
Appeal	Average	Average	Average	Average	Average	Average	Average
Year Built	1999	1965	1975	1988	2012	1979	1992
Year Renovated	2016	-	-	2017	-	-	1996

LEASE INFORMATION

Tenant Name	N/A	Spectrum of	The Peanut	Precious Lambs	Undisclosed	Childtime
Floor	-	-	-	-	-	-
Commencement Date	2/18/2022	2/1/2020	3/1/2020	9/12/2019	3/1/2019	1/1/2019
Lease Type	Listing	New	New	New	New	New
Lease Status	Signed	Signed	Signed	Signed	Signed	Signed
Rate Type	NNN	NNN	NNN	NNN	NNN	NNN
Size (SF)	5,000	9,000	9,516	3,111	8,100	11,175
Term (Yrs)	-	5	-	5	10	4
Rent (\$/SF/Yr.)	\$12.00	\$10.53	\$9.69	\$12.00	\$10.00	\$11.84

RENT COMPARABLE LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	TENANT	LEASE DATE	SF	\$/SF
SUBJECT	-	Horizon Montessori II	1222 West Sugarcane Drive, Weslaco, TX	-	-	-	\$12.50
No. 1	281.9 Miles	Day Care Center	4602 Orem Road, Santa Fe, TX	N/A	2/18/2022	5,000	\$12.00
No. 2	451.1 Miles	Day Care	703 S Cedar Ridge Drive, Duncanville, TX	Spectrum of Love	2/1/2020	9,000	\$10.53
No. 3	299.7 Miles	Day Care Center	3902 Underwood Road, La Porte, TX	The Peanut Gallery	3/1/2020	9,516	\$9.69
No. 4	449.8 Miles	Retail	727 W Pleasant Run Road, Lancaster, TX	Precious Lambs	9/12/2019	3,111	\$12.00
No. 5	309.4 Miles	Day Care Center	2349 FM 1960 E, Houston, TX	Undisclosed	3/1/2019	8,100	\$10.00
No. 6	471.8 Miles	Day Care	8100 Miller Road, Rowlett, TX	Childtime	1/1/2019	11,175	\$11.84

COMPARABLE SCHOOL RENT EXHIBITS

COMPARABLE 1

PHYSICAL INFORMATION

Name	Day Care Center
Address	4602 Orem Road
City, State, Zip Code	Santa Fe, TX 77517
MSA	Houston-The Woodlands-Sugar Land, TX
Net Rentable Area (NRA)	5,000
Year Built	1965
Site Size	87,120
Site Coverage	5.7%
Construction	Wood
Parking Spaces	10
Parking Ratio	2.00
Building Class	C



DAY CARE CENTER

CONFIRMATION

Source	CoStar
Date / Phone Number	09/24/2021

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
N/A	NNN	5,000	2/18/2022	0	\$12.00	\$13.11

COMPARABLE 2**PHYSICAL INFORMATION**

Name	Day Care
Address	703 S Cedar Ridge Drive
City, State, Zip Code	Duncanville, TX 75137
MSA	Dallas-Fort Worth-Arlington, TX
Net Rentable Area (NRA)	9,000
Year Built	1975
Occupancy	100.0%
Site Size	87,120
Site Coverage	10.3%
Construction	Brick/Block/Frame
Building Class	C
Store Frontage	Average
Floors	1

**DAY CARE****CONFIRMATION**

Name	Jordan Brandt
Source	CompStak
Date / Phone Number	06/22/2021 +1 817 600 2400

REMARKS

The property is located on the west side of South Cedar Ridge Drive, just south of West Wheatland Road. The leasing agent indicated the property has been renovated in various years.

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
Spectrum of Love	NNN	9,000	2/1/2020	5	\$10.53	\$12.83

COMPARABLE 3**PHYSICAL INFORMATION**

Name	Day Care Center
Address	3902 Underwood Road
City, State, Zip Code	La Porte, TX 77536
MSA	Houston-The Woodlands-Sugar Land, TX
Net Rentable Area (NRA)	9,516
Year Built	1988
Year Renovated	2017
Occupancy	100.0%
Site Size	43,446
Site Coverage	21.9%
Construction	Concrete/Block
Parking Spaces	35
Parking Ratio	3.70
Building Class	C
Store Frontage	195' on Underwood

**DAY CARE CENTER****CONFIRMATION**

Source	CoStar
Date / Phone Number	09/24/2021

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
The Peanut Gallery	NNN	9,516	3/1/2020	0	\$9.69	\$9.76

COMPARABLE 4**PHYSICAL INFORMATION**

Name	Retail
Address	727 W Pleasant Run Road
City, State, Zip Code	Lancaster, TX 75146
MSA	Dallas-Fort Worth-Arlington, TX
Net Rentable Area (NRA)	6,111
Year Built	2012
Occupancy	100.0%
Site Size	33,367
Site Coverage	18.3%
Construction	Brick/Masonry
Building Class	C
Store Frontage	Average
Floors	1

**RETAIL****CONFIRMATION**

Source CompStak

Date / Phone Number 06/22/2021

REMARKS

The property is located on the north side of West Pleasant Run Road, just west of Dewberry Boulevard. The space will be used by a day care tenant. The space was in shell condition when it was leased. The landlord provided six months of free rent as a tenant improvement allowance.

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
Precious Lambs	NNN	3,111	9/12/2019	5	\$12.00	\$12.20

COMPARABLE 5**PHYSICAL INFORMATION**

Name	Day Care Center
Address	2349 FM 1960 E
City, State, Zip Code	Houston, TX 77073
MSA	Houston-The Woodlands-Sugar Land, TX
Net Rentable Area (NRA)	8,100
Year Built	1979
Occupancy	100.0%
Site Size	27,443
Site Coverage	29.5%
Construction	Wood
Parking Spaces	30
Parking Ratio	3.70
Building Class	C
Store Frontage	100' on FM 1960 E

**DAY CARE CENTER****CONFIRMATION**

Source	CoStar
Date / Phone Number	09/24/2021

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
Undisclosed	NNN	8,100	3/1/2019	10	\$10.00	\$12.54

COMPARABLE 6**PHYSICAL INFORMATION**

Name	Day Care
Address	8100 Miller Road
City, State, Zip Code	Rowlett, TX 75088
MSA	Dallas-Fort Worth-Arlington, TX
Net Rentable Area (NRA)	11,175
Year Built	1992
Year Renovated	1996
Occupancy	100.0%
Site Size	45,738
Site Coverage	24.4%
Construction	Brick/Block/Frame
Building Class	C
Store Frontage	Average
Floors	1

**DAY CARE****CONFIRMATION**

Name	Dominic Sulo
Source	Leasing Broker
Date / Phone Number	06/22/2021

REMARKS

The property is located on the south side of Miller Road, just west of Dalrock Road. Tenant has one, three-year renewal option.

TENANT NAME	RATE TYPE	SIZE	START DATE	TERM	LEASE RATE	ADJ LEASE RATE
Childtime	NNN	11,175	1/1/2019	4	\$11.84	\$13.67

SCHOOL LEASE ADJUSTMENT TABLE

COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4	LEASE 5	LEASE 6
Name	Horizon Montessori II	Day Care Center	Day Care	Day Care Center	Retail	Day Care Center	Day Care
Address	1222 West Sugarcane Drive	4602 Orem Road	703 S Cedar Ridge Drive	3902 Underwood Road	727 W Pleasant Run Road	2349 FM 1960 E	8100 Miller Road
City	Weslaco	Santa Fe	Duncanville	La Porte	Lancaster	Houston	Rowlett
NRA	8,946	5,000	9,000	9,516	6,111	8,100	11,175
Occupancy	100.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LEASE INFORMATION							
Tenant Name		N/A	Spectrum of Love	The Peanut	Precious Lambs	Undisclosed	Childtime
Commencement Date		2/18/2022	2/1/2020	3/1/2020	9/12/2019	3/1/2019	1/1/2019
Lease Type		Listing	New	New	New	New	New
Lease Status		Signed	Signed	Signed	Signed	Signed	Signed
Rate Type		NNN	NNN	NNN	NNN	NNN	NNN
Size (SF)		5,000	9,000	9,516	3,111	8,100	11,175
Term (Yrs)		-	5.3	-	5.0	10.0	4.0
Rent (\$/SF/Yr.)		\$12.00	\$10.53	\$9.69	\$12.00	\$10.00	\$11.84
TRANSACTIONAL ADJUSTMENTS							
Lease Type		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Concessions		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Market Conditions		-5%	6%	6%	7%	9%	10%
COVID-19 Market Impact		0%	0%	0%	0%	0%	0%
Subtotal Eff Rent		\$11.40	\$11.16	\$10.27	\$12.84	\$10.90	\$13.02
PROPERTY ADJUSTMENTS							
Location	Average	Average	Average	Average	Average	Average	Average
<i>Adjustment</i>		0%	0%	0%	0%	0%	0%
Size (Property)	8,946	5,000	9,000	9,516	6,111	8,100	11,175
<i>Adjustment</i>		0%	0%	0%	0%	0%	0%
Quality	Average	Average	Average	Average	Average	Average	Average
<i>Adjustment</i>		0%	0%	0%	0%	0%	0%
Condition	Average	Average	Average	Average	Average	Average	Average
<i>Adjustment</i>		0%	0%	0%	0%	0%	0%
Exposure	Average	Average	Average	Average	Average	Average	Average
<i>Adjustment</i>		0%	0%	0%	0%	0%	0%
Access	Average	Average	Average	Average	Average	Average	Average
<i>Adjustment</i>		0%	0%	0%	0%	0%	0%
Age	1999	1965	1975	1988	2012	1979	1992
Renovation	2016	-	-	2017	-	-	1996
<i>Adjustment</i>		20%	20%	0%	0%	20%	10%
Gym Area	-	None	None	None	None	None	None
<i>Adjustment</i>		-5%	-5%	-5%	-5%	-5%	-5%
Subtotal Property Adj		15%	15%	-5%	-5%	15%	5%
TOTAL ADJUSTED RENT		\$13.11	\$12.83	\$9.76	\$12.20	\$12.54	\$13.67
STATISTICS	UNADJUSTED	ADJUSTED	MARKET CONCESSIONS¹				
LOW	\$9.69	\$9.76	Lease Type Triple Net				
HIGH	\$12.00	\$13.67					
MEDIAN	\$11.19	\$12.69					
AVERAGE	\$11.01	\$12.35					

¹ Market Conditions Adjustment - Compound annual change in market conditions: 3%

Date of Value (for adjustment calculations): 2/2/22

School Lease Analysis

The comparables indicate an adjusted lease rate range from \$9.76 to \$13.67/SF, with a median of \$12.69/SF and an average of \$12.35/SF. Based on the results of the preceding analysis, Comparable 1 (\$13.11/SF adjusted), Comparable 2 (\$12.83/SF adjusted), Comparable 3 (\$9.76/SF adjusted), Comparable 4 (\$12.20/SF adjusted), Comparable 5 (\$12.54/SF adjusted) and Comparable 6 (\$13.67/SF adjusted) are given primary consideration for the lease rate conclusion.

Comparable 1 (\$13.11/SF as adjusted) required a total downward transaction adjustment of -\$0.60. The comparable was adjusted downward for the listing status. This comparable required a total upward adjustment of 15% for property characteristics. The comparable was adjusted upward for an and downward for the lack of gym. The total gross adjustment applied to this comparable was 30%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 2 (\$12.83/SF as adjusted) required a total upward transaction adjustment of \$0.63. This comparable required a total upward adjustment of 15% for property characteristics. The comparable was adjusted upward for an and downward for the lack of gym. The total gross adjustment applied to this comparable was 31%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 3 (\$9.76/SF as adjusted) required a total upward transaction adjustment of \$0.58. This comparable required a total downward adjustment of -5% for property characteristics. The comparable was adjusted downward for the lack of gym. The total gross adjustment applied to this comparable was 11%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 4 (\$12.20/SF as adjusted) required a total upward transaction adjustment of \$0.84. This comparable required a total downward adjustment of -5% for property characteristics. The comparable was adjusted upward for an and downward for the lack of gym. The total gross adjustment applied to this comparable was 12%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 5 (\$12.54/SF as adjusted) required a total upward transaction adjustment of \$0.90. This comparable required a total upward adjustment of 15% for property characteristics. The comparable was adjusted upward for an and downward for the lack of gym. The total gross adjustment applied to this comparable was 34%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 6 (\$13.67/SF as adjusted) required a total upward transaction adjustment of \$1.18. This comparable required a total upward adjustment of 5% for property characteristics. The comparable was adjusted upward for an and downward for the lack of gym. The total gross adjustment applied to this comparable was 25%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

SCHOOL SPACE MARKET RENT CONCLUSION

The following table summarizes the analysis of the comparables leases and the School market rent conclusion.

SCHOOL LEASE CONCLUSION TABLE

	LEASE	ADJUSTMENT				NET GROSS		OVERALL
LEASE	RATE	TRANSACTIONAL ¹	ADJUSTED	PROPERTY ²	FINAL	ADJ %	ADJ %	COMPARISON
1	\$12.00	(\$0.60)	\$11.40	15%	\$13.11	9%	30%	PRIMARY
2	\$10.53	\$0.63	\$11.16	15%	\$12.83	22%	31%	PRIMARY
3	\$9.69	\$0.58	\$10.27	-5%	\$9.76	1%	11%	PRIMARY
4	\$12.00	\$0.84	\$12.84	-5%	\$12.20	2%	12%	PRIMARY
5	\$10.00	\$0.90	\$10.90	15%	\$12.54	25%	34%	PRIMARY
6	\$11.84	\$1.18	\$13.02	5%	\$13.67	15%	25%	PRIMARY
LOW	\$9.76					AVERAGE		\$12.35
HIGH	\$13.67					MEDIAN		\$12.69
ACHIEVABLE MRKT RANGE								CONCLUSION
School					\$11.00 - \$13.00			\$12.50
SFR					\$7.00 - \$9.00			\$7.50

¹Cumulative ²Additive (Includes Tenant Adjustments)

SINGLE FAMILY MARKET RENT CONCLUSION

A summary of comparable single family residence rentals in the subject market are noted below.

SINGLE FAMILY RENTS

ADDRESS	CITY	YEAR BLT.	SIZE SF	MONTHLY RENT	ANNUAL RENT/SF
1214 Mulberry Drive	Weslaco	2017	2,711	\$2,250	\$9.96
812 W 6th Street	Weslaco	1980	2,824	\$1,200	\$5.10
1907 W Washington Street	Weslaco	2006	2,583	\$1,500	\$6.97
1514 Tierra Bella	Weslaco	2005	2,585	\$1,600	\$7.43
626 Nora Street	Weslaco	2009	3,053	\$1,500	\$5.90
2107 W Mimosa Drive	Weslaco	2018	2,846	\$2,000	\$8.43
1323 Buena Suerte Street	Weslaco	2002	2,844	\$2,100	\$8.86
Average					\$7.52
Conclusion					\$7.50

POTENTIAL GROSS RENT

Our analysis and conclusions of the subject's potential gross rent are detailed as follows:

POTENTIAL GROSS RENT SUMMARY

AS OF JANUARY 2022

OCCUPIED SPACE

TENANT	TOTAL NRA (SF)	% OF NRA	TENANT CATEGORY	CONTRACT RENT	MARKET RENT	CONTRACT V MARKET	BASIS FOR PROFORMA	RENT FORECAST		
								\$/SF(MO.)	\$/SF(YR.)	ANNUAL
School	8,946	65.1%	School	\$12.50	\$12.50	100%	Market	\$1.04	\$12.50	\$111,825
Single Family	4,795	34.9%	SFR	\$7.50	\$7.50	100%	Market	\$0.63	\$7.50	\$35,963
OCCUPIED SUBTOTAL	13,741	100.0%	-			-	-	\$0.90	\$10.76	\$147,788
VACANT SPACE								MARKET POTENTIAL RENT (1)		
VACANT SUBTOTALS	0	0.0%						-	-	\$0
TOTAL	13,741	100.0%						\$0.90	\$10.76	\$147,788

(1) Potential rent at current market levels, reflected on an annual basis.

We applied the market rent for estimating potential gross rent.

INCOME & EXPENSE ANALYSIS

In this section, we estimate additional revenue sources, vacancy and credit loss, and applicable operating expenses. The following table summarizes the historical operations of the subject property, along with our estimate of income and expenses on a stabilized basis.

Expense Reimbursements

Based on our analysis of the leases in the subject market, the day care lease was estimated to be based on a NNN basis and would therefore be responsible for 65.1% of the expenses and the SFR lease would be based on a modified gross basis whereby the tenant is responsible for utilities and ownership is responsible for all other expenses. Our analysis and conclusions of the subject's expense reimbursements are detailed as follows:

TOTAL REIMBURSEMENT INCOME				
YEAR	TOTAL	\$/SF	%EGI	ANALYSIS
PROFORMA	\$41,709	\$3.04	23.2%	Reimbursements for the triple net lease include: real estate taxes, property insurance, common area maintenance and management fees and make up 65.1% of the subject property.

The rental income conclusion assumes a triple net expense structure for the school space where the tenant pays 65.1% real estate taxes, property insurance, common area maintenance and management fees either directly or through reimbursement to the owner, and the balance of the operating expenses are incurred by the subject owner. These reimbursements were based on the operating expenses that are concluded later in the Income Approach.

VACANCY AND CREDIT LOSS

General vacancy was discussed in depth in the market analysis section of this report. Please reference that discussion for a full analysis. Regarding credit loss, non-sophisticated investors of single-tenant assets most often lump this allocation within the general vacancy loss factor, which is applied in this analysis. Our vacancy and credit loss conclusions are summarized in the following table and are intended to mirror behavior of typical purchasers of the subject.

VACANCY & CREDIT LOSS	
General Vacancy Rate	5.0%
Credit Loss Conclusion	0.0%
Total	5.0%

ANALYSIS OF OPERATING EXPENSES

The operating expenses for the subject property were presented previously. The following chart summarizes comparable expenses used in this analysis.

EXPENSE COMPARABLES

COMPARABLE	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	LOW	HIGH	AVG
State	TX	TX	TX	TX	TX	TX	-	-	-
Expense Year	2021	2019	2019	2020	2019	2020	2019	2021	2020
Actual/Budget	Actual	Actual	Actual	Proforma	Actual	Proforma	-	-	-
Net Rentable Area	9,600	4,439	4,175	14,220	13,600	12,100	4,175	14,220	9,689
Year Built	2004	2001	2018	2000	2007	2004	2000	2018	2006
EFFECTIVE GROSS INCOME	\$11.29	\$62.31	\$44.81	\$28.33	\$32.13	\$30.99	\$11.29	\$62.31	\$34.98
EXPENSE ITEMS	\$/SF	\$/SF	\$/SF	\$/SF	\$/SF	\$/SF	LOW	HIGH	AVG
Real Estate Taxes	\$2.73	\$10.25	\$3.00	\$3.03	\$3.24	\$4.01	\$2.73	\$10.25	\$4.37
Property Insurance	\$0.99	\$0.67	\$0.60	\$1.23	\$0.56	\$0.67	\$0.56	\$1.23	\$0.78
Common Area Maintenance	\$1.10	\$2.32	\$2.90	\$2.46	\$3.20	\$2.04	\$1.10	\$3.20	\$2.34
Management Fees	\$0.40	\$3.41	\$1.79	\$0.93	\$1.29	\$1.23	\$0.40	\$3.41	\$1.51
%EGI	3.5%	5.5%	4.0%	3.3%	4.0%	4.0%	3.3%	5.5%	4.0%
Reserves	-	-	-	-	-	-	\$0.00	\$0.00	-
TOTAL EXPENSES (\$/SF)	\$5.21	\$16.65	\$8.29	\$7.64	\$8.28	\$7.94	\$5.21	\$16.65	\$9.00

CONCLUSION OF OPERATING EXPENSES

In the following section we discuss the individual expense conclusions for the subject property.

EXPENSE ANALYSIS & CONCLUSIONS

REAL ESTATE TAXES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$2.73	24.1%
				2	\$10.25	16.4%
				3	\$3.00	6.7%
				4	\$3.03	10.7%
				5	\$3.24	10.1%
				6	\$4.01	12.9%
CONCLUSION	\$19,570	\$1.42	10.9%	AVG	\$4.37	13.5%

ANALYSIS

The concluded taxes are based on the current taxes of the subject. Please refer to the Assessments and Taxes section for additional details.

PROPERTY INSURANCE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$0.99	8.7%
				2	\$0.67	1.1%
				3	\$0.60	1.3%
				4	\$1.23	4.3%
				5	\$0.56	1.7%
				6	\$0.67	2.1%
CONCLUSION	\$10,718	\$0.78	6.0%	AVG	\$0.78	3.2%

ANALYSIS

This expense includes all premiums and costs incurred for insurance covering structures, public liability, rental value, equipment and bonding of employees. The conclusion is based on the expense comparable information.

COMMON AREA MAINTENANCE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$1.10	9.7%
				2	\$2.32	3.7%
				3	\$2.90	6.5%
				4	\$2.46	8.7%
				5	\$3.20	9.9%
				6	\$2.04	6.6%
CONCLUSION	\$27,481	\$2.00	15.3%	AVG	\$2.34	7.5%

ANALYSIS

This consists of all expenses related to the common area maintenance of the subject including the costs of payroll, employee benefits, service contracts, and maintenance materials and supplies purchased for the subject. The conclusion is based on the expense comparable information.

MANAGEMENT FEES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$0.40	3.5%
				2	\$3.41	5.5%
				3	\$1.79	4.0%
				4	\$0.93	3.3%
				5	\$1.29	4.0%
				6	\$1.23	4.0%
CONCLUSION	\$6,301	\$0.46	3.5%	AVG	\$1.51	4.0%

ANALYSIS

This expense reflects the professional management service for the subject. The conclusion is based on the expense comparable information.

RESERVES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$0.00	0.0%
				2	\$0.00	0.0%
				3	\$0.00	0.0%
				4	\$0.00	0.0%
				5	\$0.00	0.0%
				6	\$0.00	0.0%
CONCLUSION	\$2,748	\$0.20	1.5%	AVG	\$0.00	0.0%

ANALYSIS

Reserves are typically not reported except by institutional investors, therefore we have relied on market information and a participants to estimate the reserve expense for the subject.

TOTAL EXPENSES		LOW	HIGH	CONCLUSION
EXPENSE COMPARABLES \$/SF	\$5.21	\$16.65		The estimated expenses fall within the range of the comparables on a % of EGI basis and below the range on a \$/SF basis (attributed to the tax expense) and are deemed reasonable.
EXPENSE COMPARABLES %EC	18.5%	46.1%		
TOTAL EXPENSES \$/SF	\$4.86			
TOTAL EXPENSES %EGI	37.1%			
TOTAL EXPENSES	\$66,818			

DEVELOPMENT OF CAPITALIZATION RATE

In developing our opinion of the capitalization rate, also known as overall rate (OAR), the following techniques were used:

- Comparable Sales
- Investor Surveys
- Band of Investment Technique

Comparable Sales

The following table presents a summary of the comparable sales used ahead in the Sales Comparison Approach, and the capitalization rates from each of those sales. We have included additional sales (Comparables A thru M) to further support capitalization rate trends for the subject property.

CAPITALIZATION RATE COMPARABLES (OAR)

NAME	CITY	ST	SALE DATE	YR BLT	NRA	\$/SF	SALE PRICE	NOI	NOI/SF	CAP RATE
1 746 N Alamo Road	Alamo	TX	October 15, 2021	1984	1,920	\$93	\$177,700	-	-	-
2 Little Patriots Day Care Center	Mission	TX	October 15, 2021	1972	2,450	\$76	\$185,000	\$12,950	\$5.29	7.00%
3 Building #940 Brooks	San Antonio	TX	August 17, 2021	1965	22,290	\$94	\$2,100,000	-	-	-
4 855 Johnson	Seguin	TX	December 17, 2020	1989	3,334	\$67	\$225,000	-	-	-
5 7009 N Navarro	Victoria	TX	December 31, 2019	1980	19,104	\$99	\$1,900,000	-	-	-
6 5718 Eckhert	San Antonio	TX	June 11, 2019	1987	6,814	\$124	\$845,000	\$58,221	\$8.54	6.89%

ADDITIONAL COMPS

A	771 Grapevine Hwy	Ft. Worth	TX	September 12, 2019	2019	10,000	\$405	\$4,051,000	7.11%
B	School of Science and Tech	Richmond	TX	November 1, 2019	2018	66,000	\$258	\$17,050,000	6.55%
C	Xplor - Anderson Mill	Austin	TX	January 15, 2020	2010	14,560	\$321	\$4,680,000	7.00%
D	The Learning Experience	Cedar Park	TX	May 8, 2019	2018	10,000	\$363	\$3,625,000	7.31%
E	Xplor - Sam Bass	Round Rock	TX	October 19, 2019	2010	14,560	\$323	\$4,700,000	6.99%
F	Primrose School	Garland	TX	February 28, 2020	2008	11,294	\$487	\$5,500,000	7.00%
G	Kiddie Academy	Frisco	TX	April 2, 2020	2016	9,941	\$503	\$5,000,000	6.30%
H	Learning Center	Missouri City	TX	January 31, 2019	2017	10,368	\$379	\$3,925,000	7.26%
I	Guidepost Montessori	Katy	TX	January 27, 2021	2010	11,077	\$528	\$5,844,000	7.10%
J	Cadence Academy	Cypress	TX	August 27, 2020	2014	14,592	\$286	\$4,170,000	6.12%
K	Crayons to Computers	Houston	TX	January 17, 2020	1999	4,270	\$265	\$1,132,500	7.00%
L	KinderCare	Sugar Land	TX	July 15, 2021	1994	7,190	\$326	\$2,343,000	6.75%
M	The Learning Experience	Cypress	TX	June 30, 2020	2019	10,000	\$360	\$3,600,000	7.43%
LOW				January 31, 2019					6.12%
HIGH				October 15, 2021					7.43%
AVERAGE				May 26, 2020					6.92%
MEDIAN				February 28, 2020					7.00%
CONCLUDED CAPITALIZATION RATE (OAR)									7.00%

Investor Surveys

The following table provides capitalization rate statistics as surveyed by investors that we considered to be relevant to the subject property and our independent market participant survey.

CAPITALIZATION RATE SURVEYS (OAR)

SOURCE	QUARTER	RANGE		AVG
PriceWaterhouse Coopers				
National Strip Shopping Center	4Q 21	5.00%	to 10.00%	7.17%
RealtyRates.com				
Schools/Day Care Centers	4Q 21	5.39%	to 14.82%	10.19%
10 Year Treasury	4Q 21	-	-	1.54%
AVERAGE		5.20%	to 12.41%	8.68%

Band of Investment Technique

Most properties are purchased with debt and equity capital; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. Available financing information from lenders and the sales comparables indicates the following terms:

BAND OF INVESTMENT ASSUMPTIONS

Loan Amortization Period	25 Years
Interest Rate	4.50%
Loan-to-Value (LTV) Ratio	70%
Mortgage Constant	6.67%

Equity dividend rates vary depending upon motivations of buyers and financing terms. The previous terms and an appropriate equity dividend rate are used in the Band of Investments calculations, which are presented on the following chart.

BAND OF INVESTMENT CALCULATION

Mortgage Component	70%	x	6.67%	=	4.669%
Equity Component	30%	x	8.00%	=	2.400%
Indicated Capitalization Rate					7.069%
INDICATED CAPITALIZATION RATE					7.07%

Capitalization Rate Conclusion

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion.

CAPITALIZATION RATE CONCLUSION (OAR)

SOURCE	QUARTER	RANGE			AVG
Comparable Sales		6.89%	to	7.00%	6.95%
Supplemental Comparable Sales		6.12%	to	7.43%	6.92%
Investor Surveys	4Q 21	5.20%	to	12.41%	8.68%
Band of Investment Technique					7.07%
AVERAGE		6.07%	to	8.95%	7.40%
CAPITALIZATION CONCLUSION (LEASED FEE)					7.00%

DIRECT CAPITALIZATION CONCLUSION

The table below summarizes the direct capitalization method and the Income Approach Value conclusion.

DIRECT CAPITALIZATION SUMMATION TABLE					
INCOME ITEMS	%PGI	%EGI	\$/SF(MO.)	\$/SF(YR.)	TOTAL
Base Contract Income			\$0.90	\$10.76	\$147,788
TOTAL RENTAL INCOME			\$0.90	\$10.76	\$147,788
REIMBURSEMENTS					
Real Estate Taxes			\$0.08	\$0.93	\$12,740
Property Insurance			\$0.04	\$0.51	\$6,977
Common Area Maintenance			\$0.11	\$1.30	\$17,890
Management Fees			\$0.02	\$0.30	\$4,102
TOTAL REIMBURSEMENTS			\$0.25	\$3.04	\$41,709
POTENTIAL GROSS INCOME (PGI)	100.0%	105.3%	\$1.15	\$13.79	\$189,497
VACANCY & CREDIT LOSS					
Rental Income		(5.0%)	(\$0.04)	(\$0.54)	(\$7,389)
Other Income		(5.0%)	(\$0.01)	(\$0.15)	(\$2,085)
TOTAL VACANCY & CREDIT LOSS		(5.0%)	(\$0.06)	(\$0.69)	(\$9,475)
EFFECTIVE GROSS INCOME (EGI)	95.0%	100.0%	\$1.09	\$13.10	\$180,022
EXPENSE ITEMS					
Real Estate Taxes	(10.3%)	(10.9%)	(\$0.12)	(\$1.42)	(\$19,570)
Property Insurance	(5.7%)	(6.0%)	(\$0.07)	(\$0.78)	(\$10,718)
Common Area Maintenance	(14.5%)	(15.3%)	(\$0.17)	(\$2.00)	(\$27,481)
Management Fees	(3.3%)	(3.5%)	(\$0.04)	(\$0.46)	(\$6,301)
Reserves	(1.5%)	(1.5%)	(\$0.02)	(\$0.20)	(\$2,748)
TOTAL EXPENSES	(35.3%)	(37.1%)	(\$0.41)	(\$4.86)	(\$66,818)
NET OPERATING INCOME (NOI)	59.7%	62.9%	\$0.69	\$8.24	\$113,204
Capitalization Rate					7.00%
Capitalized Value					\$1,617,203
INDICATED VALUE				\$118/SF	\$1,620,000
Depreciated Value of Portable Classrooms	149.3%	157.2%	\$1.72	\$20.59	\$282,950
AS-IS MARKET VALUE				\$138/SF	\$1,900,000

Rounded to nearest \$10,000

ADJUSTMENTS TO VALUE

To reflect conditions in effect at the subject property as the date of value, adjustments to the capitalized value were necessary for the depreciated cost of the portable classrooms (see Cost Approach) and a one-time \$282,950 adjustment. The following discussion summarizes our support of the value adjustments.

The preceding value adjustments were applied consistently to all approaches to value that were developed in this appraisal.

INCOME APPROACH CONCLUSION

The following table summarizes the opinion for market value that was developed by the direct capitalization method of the income approach.

VALUATION INDICES	AS-IS MARKET VALUE
INTEREST APPRAISED	FEE SIMPLE
DATE OF VALUE	JANUARY 20, 2022
INCOME CAPITALIZATION APPROACH	
Direct Capitalization	\$1,900,000
Direct Capitalization \$/SF	\$138/SF
NOI Proforma	\$113,204
NOI \$/SF	\$8.24/SF
Capitalization Rate	7.00%
INCOME CONCLUSION	\$1,900,000
Income Conclusion \$/SF	\$138/SF

SALES APPROACH

The Sales Comparison Approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison. The most relevant unit of comparison is the price per square foot of NRA, as it best reflects the analysis used by buyers and sellers in this market for improved properties with similar design and utility. We completed a thorough search for similar improved sales in terms of property type, location, physical characteristics, and date of sale. Overall, the sales selected represent the best comparables available for this analysis.

Adjustment Process

The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments including property rights transferred, financing terms, conditions of sale, expenditures after purchase and market conditions. The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT		
Per Year As Of	February 2022	3%

The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable sale date up through the valuation period.

COVID-19 Impact Adjustment

While we applied market conditions adjustments for date of sale preceding the date of value for factors such as rent growth generated market appreciation prior to COVID-19, we recognize the need for straight-line adjustment for near-term rent loss anticipated and increased risk premiums for intermediate market uncertainty, which we have applied a 0% adjustment, which differs from the market adjustments to the sales.

Property Adjustments

Quantitative percentage adjustments are also made for location and physical characteristics such as size, age, site and parking ratios, access, exposure, quality and condition, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

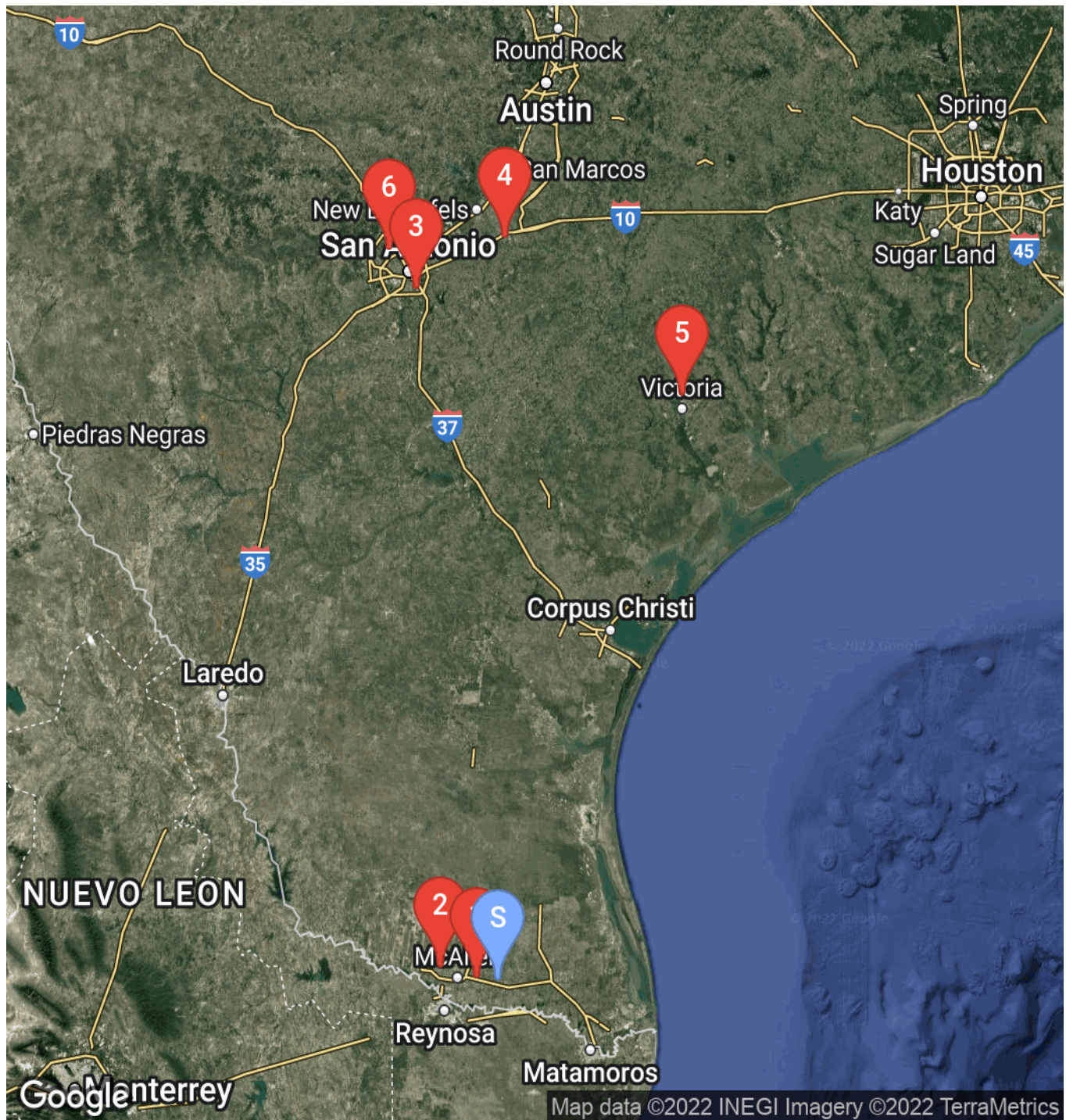
Presentation

The following Sales Summation Table, Location Map and photographs summarize the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

IMPROVED SALES SUMMATION TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Horizon Montessori II	746 N Alamo Road	Little Patriots Day Care Center	Building #940 Brooks	855 Johnson	7009 N Navarro	5718 Eckhert
Address	1222 West Sugarcane Drive	746 N Alamo Road	300 E 2 Mile Line	2860 Louis Bauer Drive	855 Johnson	7009 N Navarro	5718 Eckhert
City	Weslaco	Alamo	Mission	San Antonio	Seguin	Victoria	San Antonio
State	TX	TX	TX	TX	TX	TX	TX
Zip	78599	78516	78574	78235	78155	77904	78240
County	Hidalgo	Hidalgo	Hidalgo	Bexar	Guadalupe	Victoria	Bexar
PHYSICAL INFORMATION							
Property Type	Special Purpose	Retail	Retail	Retail	Retail	Retail	Retail
GBA (SF)	17,768	1,920	2,450	22,290	3,334	19,104	6,814
NRA (SF)	8,946	1,920	2,450	22,290	3,334	19,104	6,814
Land Area (AC)	2.8	0.5	0.8	1.2	0.4	3.0	0.6
Land Area (SF)	124,015	22,651	34,412	52,272	16,553	130,680	27,878
L:B Ratio	7.0	11.8	14.0	2.3	5.0	6.8	4.1
Location	Average	Average	Average	Average	Average	Average	Average
Quality	Average	Average	Average	Average	Average	Fair/Average	Average
Condition	Average	Fair	Fair	Average	Fair	Average	Average
Exposure	Average	Average	Average	Average	Average	Average	Average
Access	Average	Average	Average	Average	Average	Average	Average
Year Built	1999	1984	1972	1965	1989	1980	1987
Year Renovated	2016	-	-	-	-	-	-
SALE INFORMATION							
Date		10/15/2021	10/15/2021	8/17/2021	12/17/2020	12/31/2019	6/11/2019
Status		Recorded	Recorded	Recorded	Pending	Recorded	Recorded
Recording Number		3273179	3273179	-	36809	14229	20190091990
Marketing Period		1 Mos.	28 Mos.	26 Mos.	5 Mos.	3 Mos.	3 Mos.
Rights Transferred		Fee Simple	Leased Fee	Fee Simple	Fee Simple	Fee Simple	Leased Fee
Transaction Price		\$177,700	\$185,000	\$2,100,000	\$250,000	\$1,900,000	\$845,000
Analysis Price		\$177,700	\$185,000	\$2,100,000	\$225,000	\$1,900,000	\$845,000
\$/SF NRA		\$93	\$76	\$94	\$67	\$99	\$124
NOI/SF NRA	\$8.24	-	\$5.29	-	-	-	\$8.54
Occupancy	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%
Capitalization Rate		-	7.00%	-	-	-	6.89%

SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	OCC.	SALE DATE	OAR	\$/SF
SUBJECT	-	Horizon Montessori II	1222 West Sugarcane Drive, Weslaco, TX	100.0%	-	-	\$120
No. 1	7.4 Miles	746 N Alamo Road	746 N Alamo Road, Alamo, TX	100.0%	10/15/2021		\$93
No. 2	19.9 Miles	Little Patriots Day Care Center	300 E 2 Mile Line, Mission, TX	100.0%	10/15/2021	7.00%	\$76
No. 3	219.8 Miles	Building #940 Brooks	2860 Louis Bauer Drive, San Antonio, TX	0.0%	8/17/2021		\$94
No. 4	233.9 Miles	855 Johnson	855 Johnson, Seguin, TX	100.0%	12/17/2020		\$67
No. 5	194.9 Miles	7009 N Navarro	7009 N Navarro, Victoria, TX	100.0%	12/31/2019		\$99
No. 6	233.1 Miles	5718 Eckhert	5718 Eckhert, San Antonio, TX	100.0%	6/11/2019	6.89%	\$124

COMPARABLE SALES EXHIBITS

COMPARABLE 1

LOCATION INFORMATION

Name	746 N Alamo Road
Address	746 N Alamo Road
City, State, Zip Code	Alamo, TX, 78516
County	Hidalgo
MSA	McAllen-Edinburg-Mission, TX
APN	A1800-00-036-0004-00

SALE INFORMATION

Buyer	Steve and Melina Lerma
Seller	Gloria S Salazar
Transaction Date	10/15/2021
Transaction Status	Recorded
Transaction Price	\$177,700
Analysis Price	\$177,700
Recording Number	3273179
Rights Transferred	Fee Simple
Financing	Cash at Settlement
Conditions of Sale	Arms-Length
Marketing Time	1 Months

PHYSICAL INFORMATION

Gross Building Area (GRA)	1,920
Leasable Area (NRA)	1,920
Number of Buildings	1
Year Built	1984
Class	C
Quality	Average
Condition	Fair
Appeal	Average
Building Structure	Frame/Dryvit
Exterior	EIFS
Site Size	0.5 Acres (22,651 SF)
Shape	Irregular
Topography	Level
Access	Average
Exposure	Average
Site Coverage (SF)/Ratio	8.5%



746 N ALAMO ROAD



ANALYSIS INFORMATION

Price per SF	\$93
Adjusted Price per SF	\$122
Capitalization Rate	

CONFIRMATION

Name	Confidential
Company	Confidential
Source	Seller's Broker
Date / Phone Number	02/18/2022 Confidential

REMARKS

Long standing daycare center is for sale. Purchase of the inventory was an additional price. The property sits on Alamo's main road and just North and in view of the Expressway.

COMPARABLE 2**LOCATION INFORMATION**

Name	Little Patriots Day Care Center
Address	300 E 2 Mile Line
City, State, Zip Code	Mission, TX, 78574
County	Hidalgo
MSA	McAllen-Edinburg-Mission, TX

SALE INFORMATION

Buyer	Little Einstein's East Academy
Seller	Joel and Herminia Ochoa
Transaction Date	10/15/2021
Transaction Status	Recorded
Transaction Price	\$185,000
Analysis Price	\$185,000
Recording Number	3273179
Rights Transferred	Leased Fee
Financing	Cash at Settlement
Conditions of Sale	Arms-Length
Marketing Time	28 Months

PHYSICAL**INFORMATION**

Gross Building Area	2,450
(GRA)	
Leasable Area (NRA)	2,450
Number of Buildings	1
Year Built	1972
No. of Floors	1
Class	C
Quality	Average
Condition	Fair
Appeal	Average
Building Structure	Brick/Frame
Exterior	Brick Veneer and Frame
Site Size	0.8 Acres (34,412 SF)
Zoning	C1
Shape	Generally Rectangular
Topography	Level
Access	Average
Exposure	Average
Site Coverage (SF)/Ratio	7.1%

**LITTLE PATRIOTS DAY CARE CENTER****ANALYSIS INFORMATION**

Price per SF	\$76
Adjusted Price per SF	\$100
Capitalization Rate	7.00%

CONFIRMATION

Name	Confidential
Company	Confidential
Source	Seller's Broker
Date / Phone Number	02/18/2022 Confidential

COMPARABLE 3**LOCATION INFORMATION**

Name	Building #940 Brooks
Address	2860 Louis Bauer Drive
City, State, Zip Code	San Antonio, TX, 78235
County	Bexar
MSA	San Antonio-New Braunfels, TX

SALE INFORMATION

Buyer	San Antonio ISD
Seller	Brooks Development Authority
Transaction Date	08/17/2021
Transaction Status	Recorded
Transaction Price	\$2,100,000
Analysis Price	\$2,100,000
Rights Transferred	Fee Simple
Financing	Cash at Settlement
Conditions of Sale	Arms-Length
Marketing Time	26 Months

PHYSICAL**INFORMATION**

Gross Building Area (GBA)	22,290
Leasable Area (NRA)	22,290
Number of Buildings	3
Year Built	1965
Class	C
Quality	Average
Condition	Average
Appeal	Average
Building Structure	Brick
Exterior	Brick Veneer and Frame
Site Size	1.2 Acres (52,272 SF)
Zoning	MF-33
Shape	Rectangular
Topography	Level
Access	Average
Exposure	Average
Site Coverage (SF)/Ratio	42.6%

**BUILDING #940 BROOKS****ANALYSIS INFORMATION**

Price per SF	\$94
Adjusted Price per SF	\$128
Capitalization Rate	

CONFIRMATION

Name	Confidential
Company	Confidential
Source	Seller's Broker
Date / Phone Number	02/18/2022 Confidential

COMPARABLE 4**LOCATION INFORMATION**

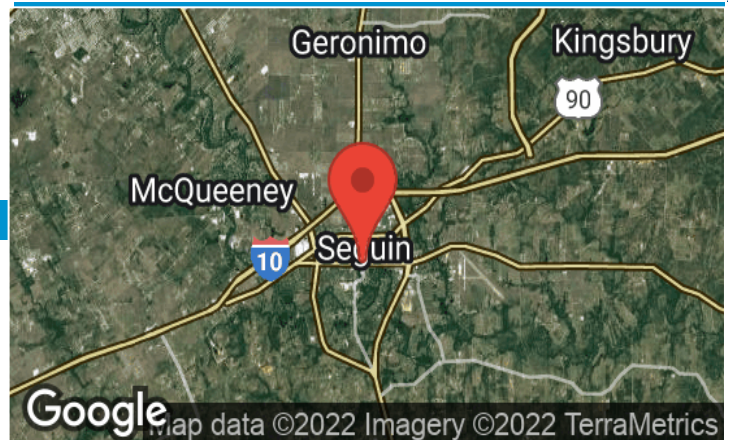
Name	855 Johnson
Address	855 Johnson
City, State, Zip Code	Seguin, TX, 78155
County	Guadalupe
MSA	San Antonio-New Braunfels, TX
APN	46005

SALE INFORMATION

Buyer	Kingdom Resources
Seller	Parents preferred Child Care, LTD
Transaction Date	12/17/2020
Transaction Status	Pending
Transaction Price	\$250,000
Analysis Price	\$225,000
Recording Number	36809
Rights Transferred	Fee Simple
Financing	Cash at Settlement
Conditions of Sale	Arms-Length
Marketing Time	5 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	3,334
Leasable Area (NRA)	3,334
Number of Buildings	1
Year Built	1989
Class	C
Quality	Average
Condition	Fair
Appeal	Average
Building Structure	Brick/Frame
Exterior	Brick Veneer and Frame
Site Size	0.4 Acres (16,553 SF)
Shape	Generally Rectangular
Topography	Level
Access	Average
Exposure	Average
Site Coverage (SF)/Ratio	20.1%

**855 JOHNSON****ANALYSIS INFORMATION**

Price per SF	\$67
Adjusted Price per SF	\$97
Capitalization Rate	

CONFIRMATION

Name	Confidential
Company	Confidential
Source	Seller's Broker
Date / Phone Number	02/18/2022 Confidential

COMPARABLE 5**LOCATION INFORMATION**

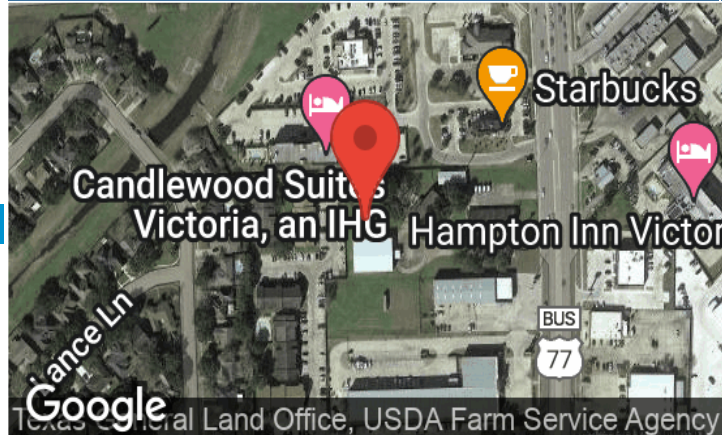
Name	7009 N Navarro
Address	7009 N Navarro
City, State, Zip Code	Victoria, TX, 77904
County	Victoria
MSA	Victoria, TX
APN	28639

SALE INFORMATION

Buyer	Akidz Care Learning Center Property, LLC
Seller	Christ for the Kids, Inc.
Transaction Date	12/31/2019
Transaction Status	Recorded
Transaction Price	\$1,900,000
Analysis Price	\$1,900,000
Recording Number	14229
Rights Transferred	Fee Simple
Financing	Cash at Settlement
Conditions of Sale	Arms-Length
Marketing Time	3 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	19,104
Leasable Area (NRA)	19,104
Number of Buildings	1
Year Built	1980
No. of Floors	1
Class	C
Quality	Fair/Average
Condition	Average
Appeal	Average
Building Structure	Metal
Exterior	Metal
Site Size	3.0 Acres (130,680 SF)
Shape	Generally Rectangular
Topography	Level
Access	Average
Exposure	Average
Site Coverage (SF)/Ratio	14.6%

**7009 N NAVARRO****ANALYSIS INFORMATION**

Price per SF	\$99
Adjusted Price per SF	\$131
Capitalization Rate	

CONFIRMATION

Name	Confidential
Company	Confidential
Source	Seller's Broker
Date / Phone Number	02/18/2022 Confidential

REMARKS

The property is a former church building that was occupied by Abundant Life Church and Christ For The Kids Inc. The property was listed for a price of \$2,250,000

COMPARABLE 6**LOCATION INFORMATION**

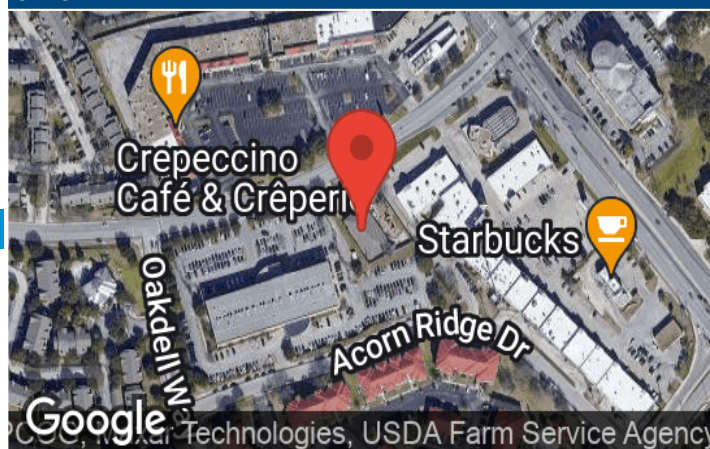
Name	5718 Eckhert
Address	5718 Eckhert
City, State, Zip Code	San Antonio, TX, 78240
County	Bexar
MSA	San Antonio-New Braunfels, TX
APN	17488-010-0060

SALE INFORMATION

Buyer	Robert J Brandom Rev Trust Et Al
Seller	Jarboe Development Co
Transaction Date	06/11/2019
Transaction Status	Recorded
Transaction Price	\$845,000
Analysis Price	\$845,000
Recording Number	20190091990
Rights Transferred	Leased Fee
Financing	Cash at Settlement
Conditions of Sale	Arms-Length
Marketing Time	3 Months

PHYSICAL INFORMATION

Gross Building Area (GBA)	6,814
Leasable Area (NRA)	6,814
Number of Buildings	1
Year Built	1987
No. of Floors	1
Class	C
Quality	Average
Condition	Average
Appeal	Average
Building Structure	Brick/Frame
Exterior	Brick Veneer and Frame
Site Size	0.6 Acres (27,878 SF)
Access	Average
Exposure	Average
Site Coverage (SF)/Ratio	24.4%

**5718 ECKHERT****ANALYSIS INFORMATION**

Price per SF	\$124
Adjusted Price per SF	\$134
Capitalization Rate	6.89%

CONFIRMATION

Name	Confidential
Company	Confidential
Source	Buyer's Broker
Date / Phone Number	02/18/2022 Confidential

REMARKS

Property was occupied by La Petite Academy.

IMPROVED SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Horizon Montessori II	746 N Alamo Road	Little Patriots Day Care Center	Building #940 Brooks	855 Johnson	7009 N Navarro	5718 Eckhert
Address	1222 West Sugarcane Drive	746 N Alamo Road	300 E 2 Mile Line	2860 Louis Bauer Drive	855 Johnson	7009 N Navarro	5718 Eckhert
City, State	Weslaco, TX	Alamo, TX	Mission, TX	San Antonio, TX	Seguin, TX	Victoria, TX	San Antonio, TX
Zip	78599	78516	78574	78235	78155	77904	78240
GBA (SF)	17,768	1,920	2,450	22,290	3,334	19,104	6,814
NRA (SF)	8,946	1,920	2,450	22,290	3,334	19,104	6,814
Land Area (AC)	2.8	0.5	0.8	1.2	0.4	3.0	0.6
Land Area (SF)	124,015	22,651	34,412	52,272	16,553	130,680	27,878
SALE INFORMATION							
Date		10/15/2021	10/15/2021	8/17/2021	12/17/2020	12/31/2019	6/11/2019
Status		Recorded	Recorded	Recorded	Pending	Recorded	Recorded
Rights Transferred		Fee Simple	Leased Fee	Fee Simple	Fee Simple	Fee Simple	Leased Fee
Analysis Price		\$177,700	\$185,000	\$2,100,000	\$225,000	\$1,900,000	\$845,000
\$/SF NRA		\$93	\$76	\$94	\$67	\$99	\$124
NOI/SF NRA	\$8.24	-	\$5.29	-	-	-	\$8.54
Occupancy	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%
TRANSACTIONAL ADJUSTMENTS							
Property Rights		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%	0%
Market Conditions		1%	1%	1%	3%	6%	8%
COVID-19 Market Impact		0%	0%	0%	0%	0%	0%
Subtotal Transactional Adj Price		\$94	\$77	\$95	\$69	\$105	\$134
PROPERTY ADJUSTMENTS							
Location	Average	Average	Average	Average	Average	Average	Average
<i>Adjustment</i>		0%	0%	0%	0%	0%	0%
Size	8,946	1,920	2,450	22,290	3,334	19,104	6,814
<i>Adjustment</i>		-5%	-5%	5%	-5%	5%	0%
Quality	Average	Average	Average	Average	Average	Fair/Average	Average
<i>Adjustment</i>		0%	0%	0%	0%	10%	0%
Condition	Average	Fair	Fair	Average	Fair	Average	Average
<i>Adjustment</i>		20%	25%	0%	30%	0%	0%
Exposure	Average	Average	Average	Average	Average	Average	Average
<i>Adjustment</i>		0%	0%	0%	0%	0%	0%
Access	Average	Average	Average	Average	Average	Average	Average
<i>Adjustment</i>		0%	0%	0%	0%	0%	0%
Age	1999	1984	1972	1965	1989	1980	1987
<i>Adjustment</i>		20%	20%	20%	10%	10%	10%
Tenancy Type	Single-Tenant	Single-Tenant	Single-Tenant	Single-Tenant	Single-Tenant	Multi-Tenant	Single-Tenant
<i>Adjustment</i>		0%	0%	0%	0%	0%	-20%
L:B Ratio	7.0	11.8	14.0	2.3	5.0	6.8	4.1
<i>Adjustment</i>		-5%	-10%	10%	5%	0%	10%
Subtotal Property Adjustment		30%	30%	35%	40%	25%	0%
TOTAL ADJUSTED PRICE		\$122	\$100	\$128	\$97	\$131	\$134
STATISTICS	UNADJUSTED	ADJUSTED					
LOW	\$67	\$97					
HIGH	\$124	\$134					
MEDIAN	\$94	\$125					
AVERAGE	\$92	\$119					

¹ Market Conditions Adjustment: 3%

Date of Value (for adjustment calculations): 2/2/22

SALES COMPARABLE ANALYSIS SCHOOL

Comparable 1 (\$122/SF as adjusted) required a total upward transaction adjustment of 1%. This comparable required a total upward adjustment of 30% for property characteristics. The comparable was adjusted downward for size and land to building ratio and upward for condition and age. The total gross adjustment applied to this comparable was 51%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given secondary consideration as a value indicator for the subject.

Comparable 2 (\$100/SF as adjusted) required a total upward transaction adjustment of 1%. This comparable required a total upward adjustment of 30% for property characteristics. The comparable was adjusted downward for size and land to building ratio and upward for condition and age. The total gross adjustment applied to this comparable was 61%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given secondary consideration as a value indicator for the subject.

Comparable 3 (\$128/SF as adjusted) required a total upward transaction adjustment of 1%. This comparable required a total upward adjustment of 35% for property characteristics. The comparable was adjusted upward for size, age and land to building ratio. The total gross adjustment applied to this comparable was 36%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 4 (\$97/SF as adjusted) required a total upward transaction adjustment of 3%. This comparable required a total upward adjustment of 40% for property characteristics. The comparable was adjusted downward for size and upward for condition, age and land to building ratio. The total gross adjustment applied to this comparable was 53%. The substantial level of gross adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given secondary consideration as a value indicator for the subject.

Comparable 5 (\$131/SF as adjusted) required a total upward transaction adjustment of 6%. This comparable required a total upward adjustment of 25% for property characteristics. The comparable was adjusted upward for size, quality and age. The total gross adjustment applied to this comparable was 31%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 6 (\$134/SF as adjusted) required a total upward transaction adjustment of 8%. This comparable required adjustments for property characteristics, however these resulted in a net adjustment of 0%. The comparable was adjusted upward for age and land to building ratio and downward for the credit of the tenancy. The total gross adjustment applied to this comparable was 48%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

SALES COMPARABLE ANALYSIS SINGLE FAMILY RESIDENCE

A summary of comparable single family residences in the subject market are noted below.

SINGLE FAMILY COMPARABLES							
ADDRESS	CITY	SALE STATUS	DATE OF SALE	YEAR BLT.	SIZE SF	SALE PRICE	SP/SF
214 Southgate Blvd.	Weslaco	Listing	Active	2002	3,184	\$400,000	\$125.63
1509 Misty Lane	Weslaco	Listing	Active	1999	5,210	\$550,000	\$105.57
2801 Cardinal Drive	Weslaco	Sale	1/19/2021	2007	3,129	\$262,000	\$83.73
1416 Filber Street	Weslaco	Sale	12/31/2020	2013	3,045	\$275,000	\$90.31
Average							\$101.31
Conclusion							\$110.00

SALES COMPARISON APPROACH CONCLUSION

The following table summarizes the analysis of the comparables, reports the reconciled price per NRA value conclusion, and presents the concluded value of the subject property.

SALES COMPARISON APPROACH CONCLUSION (NRA)								
ANALYSIS		ADJUSTMENT				NET GROSS		OVERALL
COMP	PRICE	TRANSACTIONAL¹	ADJUSTED	PROPERTY²	FINAL	ADJ %	ADJ %	
1	\$93	1%	\$94	30%	\$122	31%	51%	SECONDARY
2	\$76	1%	\$77	30%	\$100	32%	61%	SECONDARY
3	\$94	1%	\$95	35%	\$128	36%	36%	PRIMARY
4	\$67	3%	\$69	40%	\$97	45%	53%	SECONDARY
5	\$99	6%	\$105	25%	\$131	32%	31%	PRIMARY
6	\$124	8%	\$134	0%	\$134	8%	48%	PRIMARY
LOW	\$97					AVERAGE		\$119
HIGH	\$134					MEDIAN		\$125
SUBJECT SF				\$/SF CONCLUSION			VALUE	
INDICATED VALUE			8,946	x	\$120/SF	=	\$1,070,000	
ADD: SINGLE FAMILY HOUSE			4,795		\$110/SF		\$527,450	
ADD: DEPRECIATED VALUE OF PORTABLE CLASSROOM							\$282,950	
AS-IS MARKET VALUE					\$210/SF		\$1,880,400	

¹Cumulative ²Additive

Rounded to nearest \$10,000

LAND VALUATION

As previously discussed within the Valuation Methods section, the subject is valued as one marketable economic site in this appraisal. The most relevant unit of comparison is the price per square foot, as it best reflects the analysis used by buyers and sellers in this market for land with similar utility and zoning. A thorough search was made for similar land sales in terms of proximity to the subject, size, location, development potential, and date of sale. Overall, the sales selected represent the best comparables available for this analysis.

Adjustment Process

The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments including property rights transferred, financing terms, conditions of sale, expenditures after purchase such as demolition costs and market conditions. The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT		
Per Year As Of	February 2022	3%

The analysis applies an upward market conditions adjustment of 3% annually reflecting the conditions between the oldest comparable sale date up through the valuation period.

COVID-19 Impact Adjustment

While we applied market conditions adjustments for date of sale preceding the date of value for factors such as rent growth generated market appreciation prior to COVID-19, we recognize the need for straight-line adjustment for near-term rent loss anticipated and increased risk premiums for intermediate market uncertainty, which we have applied a 0% adjustment, which differs from the market adjustments to the sales.

Property Adjustments

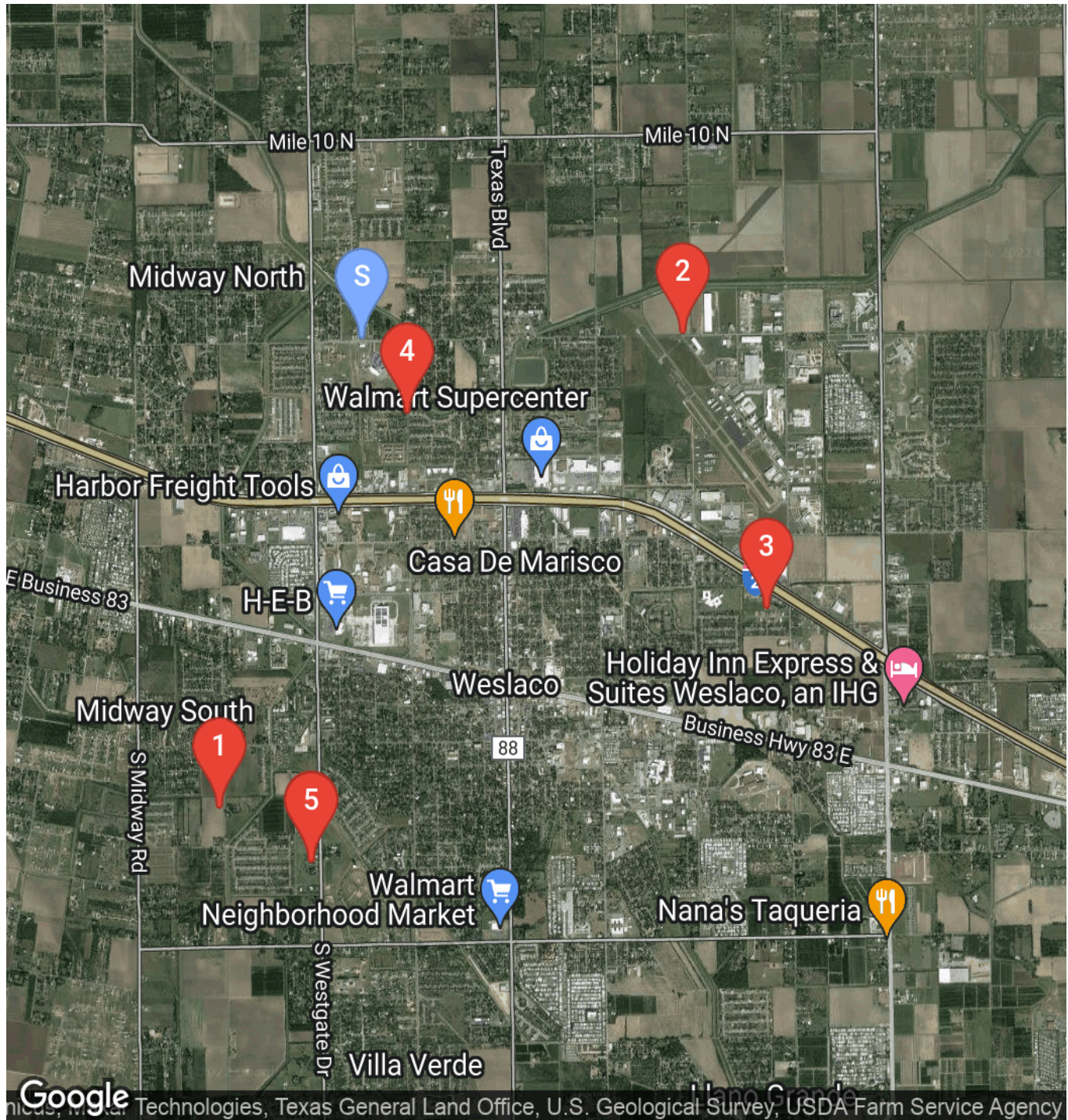
Quantitative percentage adjustments are also made for location and physical characteristics such as size, shape, access, exposure, topography, zoning and overall utility. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

Presentation

The following Land Sales Summation Table, Location Map and plat maps summarize the sales data used in this analysis. Following these items, the comparable land sales are adjusted for applicable elements of comparison and the opinion of site value is concluded.

LAND SALES SUMMATION TABLE							
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Horizon Montessori II	920 Milanos Road	Jenie Street and Sugar Cane Drive	2200 E Plaza Street	0 Mile 5 1/2 Road	1317 Westgate Drive	1311 Westgate Drive S
Address	1222 West Sugarcane Drive	920 Milanos Road	Sugar Cane Drive	2200 E Plaza Street	Mile 5 1/2 Road	1317 Westgate Drive	1311 Westgate Drive S
City	Weslaco	Weslaco	Weslaco	Weslaco	Weslaco	Weslaco	Weslaco
State	TX	TX	TX	TX	TX	TX	TX
Zip	78599	78596	78596	78596	78599	78596	78596
County	Hidalgo	Hidalgo	Hidalgo	Hidalgo	Hidalgo	Hidalgo	Hidalgo
APN	324544	W3800-00-151- 0000-03	W3800-00-141- 0000-02	P8925-02-000- 0002-00	W3800-00-172- 0000-02	W4270-02-000- 0004-00	W4270-02-000- 0005-00
PHYSICAL INFORMATION							
SF	124,015	71,003	263,973	206,474	106,286	90,821	105,851
Location	Average	Average	Average	Average	Average	Average	Average
Exposure	Average	Average	Average	Average	Average	Average	Average
Access	Average	Average	Average	Average	Average	Average	Average
Shape	Irregular	Irregular	Generally	Irregular	Rectangular	Generally	Irregular
Site Utility Rating	Average	Average	Average	Average	Average	Average	Average
Zoning	R-1	RESIDENTIAL	Commercial	Commercial	RESIDENTIAL	RESIDENTIAL	RESIDENTIAL
Flood Zone	Zone X	Zone X (Unshaded)	Zone X (Unshaded)	Zone X (Unshaded)	Zone X (Unshaded)	Zone X (Unshaded)	Zone X (Unshaded)
Corner	No	No	Yes	No	No	No	No
Topography	Level	Level	Level	Level	Level	Level	Level
SALE INFORMATION							
Date		12/16/2021	2/26/2021	12/9/2020	10/12/2021	8/19/2020	7/31/2020
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		\$110,000	\$350,000	\$200,000	\$120,000	\$115,000	\$125,000
Analysis Price		\$110,000	\$350,000	\$200,000	\$120,000	\$115,000	\$125,000
\$/SF Land		\$1.55	\$1.33	\$0.97	\$1.13	\$1.27	\$1.18

LAND SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	ADDRESS	SALE DATE	ACRES	SF	\$/SF
SUBJECT	-	1222 West Sugarcane Drive, Weslaco, TX	-	2.8	124,015	\$1.20
No. 1	1.3 Miles	920 Milanos Road, Weslaco, TX	12/16/2021	1.6	71,003	\$1.55
No. 2	1.7 Miles	Sugar Cane Drive, Weslaco, TX	2/26/2021	6.1	263,973	\$1.33
No. 3		2200 E Plaza Street, Weslaco, TX	12/9/2020	4.7	206,474	\$0.97
No. 4	0.4 Miles	Mile 5 1/2 Road, Weslaco, TX	10/12/2021	2.4	106,286	\$1.13
No. 5	2.6 Miles	1317 Westgate Drive, Weslaco, TX	8/19/2020	2.1	90,821	\$1.27
No. 6	2.6 Miles	1311 Westgate Drive S, Weslaco, TX	7/31/2020	2.4	105,851	\$1.18

LAND SALES EXHIBITS

COMPARABLE 1

LOCATION INFORMATION

Name	920 Milanos Road
Address	920 Milanos Road
City, State, Zip Code	Weslaco, TX, 78596
County	Hidalgo
MSA	McAllen-Edinburg-Mission, TX
APN	W3800-00-151-0000-03

SALE INFORMATION

Buyer	Oak Ridge Investments
Seller	Juanita M Garcia
Transaction Date	12/16/2021
Transaction Status	Recorded
Transaction Price	\$110,000
Analysis Price	\$110,000
Recording Number	329412
Rights Transferred	Fee Simple
Financing	Cash at Settlement
Conditions of Sale	Arms-Length
Marketing Time	18 Months

PHYSICAL INFORMATION

Location	Average	
Flood Zone	Zone X (Unshaded)	
Site Size	Acres	SF
Net	1.63	71,003
Gross	1.63	71,003
Zoning	RESIDENTIAL	
Shape	Irregular	
Topography	Level	
Access	Average	
Exposure	Average	



920 MILANOS ROAD

ANALYSIS INFORMATION

Price	<u>\$/Acre</u>	<u>\$/SF</u>
Gross	\$67,485	\$1.55
Net	\$67,485	\$1.55

CONFIRMATION

Name	Confidential	
Company	Confidential	
Source	Seller's Broker	
Date / Phone Number	02/18/2022	Confidential

COMPARABLE 2

LOCATION INFORMATION

Name	Jenie Street and Sugar Cane Drive
Address	Sugar Cane Drive
City, State, Zip Code	Weslaco, TX, 78596
County	Hidalgo
MSA	McAllen-Edinburg-Mission, TX
APN	W3800-00-141-0000-02

SALE INFORMATION

Buyer	Ammo Construction, LLC
Seller	Isreal Lee Rivas
Transaction Date	02/26/2021
Transaction Status	Recorded
Transaction Price	\$350,000
Analysis Price	\$350,000
Recording Number	3196641
Rights Transferred	Fee Simple
Financing	Cash at Settlement
Conditions of Sale	Arms-Length
Marketing Time	1 Months

PHYSICAL INFORMATION

Location	Average	
Flood Zone	Zone X (Unshaded)	
Site Size	Acres	SF
Net	6.06	263,973
Gross	6.06	263,973
Zoning	Commercial	
Shape	Generally Rectangular	
Topography	Level	
Access	Average	
Exposure	Average	
Corner	Yes	



JENIE STREET AND SUGAR CANE DRIVE

ANALYSIS INFORMATION

Price	<u>\$/Acre</u>	<u>\$/SF</u>
Gross	\$57,756	\$1.33
Net	\$57,756	\$1.33

CONFIRMATION

Name	Confidential	
Company	Confidential	
Source	Seller's Broker	
Date / Phone Number	02/18/2022	Confidential

COMPARABLE 3

LOCATION INFORMATION

Name	2200 E Plaza Street
Address	2200 E Plaza Street
City, State, Zip Code	Weslaco, TX, 78596
County	Hidalgo
MSA	McAllen-Edinburg-Mission, TX
APN	P8925-02-000-0002-00

SALE INFORMATION

Buyer	Heartbreaker, LLC
Seller	King Estates Weslaco, LLC
Transaction Date	12/9/2020
Transaction Status	Recorded
Transaction Price	\$200,000
Analysis Price	\$200,000
Recording Number	3173911
Rights Transferred	Fee Simple
Financing	Cash at Settlement
Conditions of Sale	Arms-Length
Marketing Time	2 Months

PHYSICAL INFORMATION

Location	Average	
Flood Zone	Zone X (Unshaded)	
Site Size	Acres	SF
Net	4.74	206,474
Gross	4.74	206,474
Zoning	Commercial	
Shape	Irregular	
Topography	Level	
Access	Average	
Exposure	Average	



2200 E PLAZA STREET

ANALYSIS INFORMATION

Price	<u>\$/Acre</u>	<u>\$/SF</u>
Gross	\$42,194	\$0.97
Net	\$42,194	\$0.97

CONFIRMATION

Name	Confidential	
Company	Confidential	
Source	Leasing Broker	
Date / Phone Number	02/18/2022	Confidential

REMARKS

Zoned commercial with access to 7MM gallon detention area.

COMPARABLE 4**LOCATION INFORMATION**

Name	0 Mile 5 1/2 Road
Address	Mile 5 1/2 Road
City, State, Zip Code	Weslaco, TX, 78599
County	Hidalgo
MSA	McAllen-Edinburg-Mission, TX
APN	W3800-00-172-0000-02

SALE INFORMATION

Buyer	Juan Jose and Maricela Avalos
Seller	Guadalupe Rodriguez
Transaction Date	10/12/2021
Transaction Status	Recorded
Transaction Price	\$120,000
Analysis Price	\$120,000
Recording Number	3271618
Rights Transferred	Fee Simple
Financing	Cash at Settlement
Conditions of Sale	Arms-Length
Marketing Time	2 Months

PHYSICAL INFORMATION

Location	Average	
Flood Zone	Zone X (Unshaded)	
Site Size	Acres	SF
Net	2.44	106,286
Gross	2.50	108,900
Zoning	RESIDENTIAL	
Shape	Rectangular	
Topography	Level	
Access	Average	
Exposure	Average	

**0 MILE 5 1/2 ROAD****ANALYSIS INFORMATION**

Price	<u>\$/Acre</u>	<u>\$/SF</u>
Gross	\$48,000	\$1.10
Net	\$49,180	\$1.13

CONFIRMATION

Name	Confidential	
Company	Confidential	
Source	Leasing Broker	
Date / Phone Number	02/18/2022	Confidential

COMPARABLE 5

LOCATION INFORMATION

Name	1317 Westgate Drive
Address	1317 Westgate Drive
City, State, Zip Code	Weslaco, TX, 78596
County	Hidalgo
MSA	McAllen-Edinburg-Mission, TX
APN	W4270-02-000-0004-00

SALE INFORMATION

Buyer	Jorge Armando & Kristina Lopez
Seller	Angel & Amy Chavero
Transaction Date	08/19/2020
Transaction Status	Recorded
Transaction Price	\$115,000
Analysis Price	\$115,000
Recording Number	3214605
Rights Transferred	Fee Simple
Financing	Cash at Settlement
Conditions of Sale	Arms-Length
Marketing Time	16 Months

PHYSICAL INFORMATION

Location	Average	
Flood Zone	Zone X (Unshaded)	
Site Size	Acres	SF
Net	2.08	90,821
Gross	2.08	90,821
Zoning	RESIDENTIAL	
Shape	Generally Rectangular	
Topography	Level	
Access	Average	
Exposure	Average	



1317 WESTGATE DRIVE

ANALYSIS INFORMATION

Price	<u>\$/Acre</u>	<u>\$/SF</u>
Gross	\$55,288	\$1.27
Net	\$55,288	\$1.27

CONFIRMATION

Name	Confidential	
Company	Confidential	
Source	Seller's Broker	
Date / Phone Number	02/18/2022	Confidential

REMARKS

Restricted to homes of 3000 sf living area, masonry, and much more. High level ground, Large 1 acre+ lots, only 12 lots to choose from. Has all city utilities, No livestock.

COMPARABLE 6

LOCATION INFORMATION

Name	1311 Westgate Drive S
Address	1311 Westgate Drive S
City, State, Zip Code	Weslaco, TX, 78596
County	Hidalgo
MSA	McAllen-Edinburg-Mission, TX
APN	W4270-02-000-0005-00

SALE INFORMATION

Buyer	Martin Villadares Jr.
Seller	Llano Grande Westgate LTD
Transaction Date	07/31/2020
Transaction Status	Recorded
Transaction Price	\$125,000
Analysis Price	\$125,000
Recording Number	3136020
Rights Transferred	Fee Simple
Financing	Cash at Settlement
Conditions of Sale	Arms-Length
Marketing Time	14 Months

PHYSICAL INFORMATION

Location	Average	
Flood Zone	Zone X (Unshaded)	
Site Size	Acres	SF
Net	2.43	105,851
Gross	2.43	105,851
Zoning	RESIDENTIAL	
Shape	Irregular	
Topography	Level	
Access	Average	
Exposure	Average	



1311 WESTGATE DRIVE S

ANALYSIS INFORMATION

Price	\$/Acre	\$/SF
Gross	\$51,440	\$1.18
Net	\$51,440	\$1.18

CONFIRMATION

Name	Confidential	
Company	Confidential	
Source	Seller's Broker	
Date / Phone Number	02/18/2022	Confidential

LAND SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Horizon Montessori II	920 Milanos Road	Jenie Street and Sugar Cane Drive	2200 E Plaza Street	0 Mile 5 1/2 Road	1317 Westgate Drive	1311 Westgate Drive S
Address	1222 West Sugarcane Drive	920 Milanos Road	Sugar Cane Drive	2200 E Plaza Street	Mile 5 1/2 Road	1317 Westgate Drive	1311 Westgate Drive S
City	Weslaco	Weslaco	Weslaco	Weslaco	Weslaco	Weslaco	Weslaco
APN	324544	W3800-00-151-0000-03	W3800-00-141-0000-02	P8925-02-000-0002-00	W3800-00-172-0000-02	W4270-02-000-0004-00	W4270-02-000-0005-00
SF	124,015	71,003	263,973	206,474	106,286	90,821	105,851

SALE INFORMATION

Date	12/16/2021	2/26/2021	12/9/2020	10/12/2021	8/19/2020	7/31/2020
Status	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Analysis Price	\$110,000	\$350,000	\$200,000	\$120,000	\$115,000	\$125,000
Price/SF	\$1.55	\$1.33	\$0.97	\$1.13	\$1.27	\$1.18

TRANSACTIONAL ADJUSTMENTS

Property Rights	0%	0%	0%	0%	0%	0%
Financing	0%	0%	0%	0%	0%	0%
Conditions of Sale	0%	0%	0%	0%	0%	0%
Expenditures After the Sale	0%	0%	0%	0%	0%	0%
Market Conditions (preceding COVID-19)¹	0%	3%	3%	1%	4%	5%
COVID-19 Market Impact	0%	0%	0%	0%	0%	0%
Subtotal Transactional Adj Price	\$1.55	\$1.37	\$1.00	\$1.14	\$1.32	\$1.24

PROPERTY ADJUSTMENTS

Location	Average	Average	Average	Average	Average	Average	Average
<i>Adjustment</i>		0%	0%	0%	0%	0%	0%
Size	124,015	71,003	263,973	206,474	106,286	90,821	105,851
<i>Adjustment</i>		-5%	5%	5%	0%	-5%	0%
Exposure	Average	Average	Average	Average	Average	Average	Average
<i>Adjustment</i>		0%	0%	0%	0%	0%	0%
Access	Average	Average	Average	Average	Average	Average	Average
<i>Adjustment</i>		0%	0%	0%	0%	0%	0%
Shape	Irregular	Irregular	Generally Rectangular	Irregular	Rectangular	Generally Rectangular	Irregular
<i>Adjustment</i>		0%	0%	0%	0%	0%	0%
Site Utility Rating	Average	Average	Average	Average	Average	Average	Average
<i>Adjustment</i>		0%	0%	0%	0%	0%	0%
Corner	No	No	Yes	No	No	No	No
<i>Adjustment</i>		0%	-10%	0%	0%	0%	0%
Subtotal Property Adjustment		-5%	-5%	5%	0%	-5%	0%
TOTAL ADJUSTED PRICE		\$1.47	\$1.30	\$1.05	\$1.14	\$1.25	\$1.24

STATISTICS	UNADJUSTED	ADJUSTED
LOW	\$0.97	\$1.05
HIGH	\$1.55	\$1.47
MEDIAN	\$1.23	\$1.25
AVERAGE	\$1.24	\$1.24

¹ Market Conditions Adjustment: 3%

Date of Value (for adjustment calculations): 2/2/22

LAND SALES ANALYSIS

The comparable land sales indicate an adjusted value range from \$1.05 to \$1.47/SF, with a median of \$1.25/SF and an average of \$1.24/SF. Based on the results of the preceding analysis, Comparable 1 (\$1.47/SF adjusted), Comparable 2 (\$1.30/SF adjusted), Comparable 3 (\$1.05/SF adjusted), Comparable 4 (\$1.14/SF adjusted), Comparable 5 (\$1.25/SF adjusted) and Comparable 6 (\$1.24/SF adjusted) are given primary consideration for the subject's opinion of land value.

Comparable 1 (\$1.47/SF as adjusted) did not require any transaction adjustments. This comparable required a total downward adjustment of -5% for property characteristics. The comparable was adjusted downward for size. The total gross adjustment applied to this comparable was 5%. The minimal amount of gross adjustments required for this comparable suggests it is similar to the subject, increasing its applicability for this analysis. Overall this comparable warrants primary consideration as a value indicator for the subject.

Comparable 2 (\$1.30/SF as adjusted) required a total upward transaction adjustment of 3%. This comparable required a total downward adjustment of -5% for property characteristics. The comparable was adjusted upward for size and downward for corner access. The total gross adjustment applied to this comparable was 18%. The minimal amount of gross adjustments required for this comparable suggests it is similar to the subject, increasing its applicability for this analysis. Overall this comparable warrants primary consideration as a value indicator for the subject.

Comparable 3 (\$1.05/SF as adjusted) required a total upward transaction adjustment of 3%. This comparable required a total upward adjustment of 5% for property characteristics. The comparable was adjusted upward for size. The total gross adjustment applied to this comparable was 8%. The minimal amount of gross adjustments required for this comparable suggests it is similar to the subject, increasing its applicability for this analysis. Overall this comparable warrants primary consideration as a value indicator for the subject.

Comparable 4 (\$1.14/SF as adjusted) required a total upward transaction adjustment of 1%. This comparable did not require any property characteristic adjustments. The total gross adjustment applied to this comparable was 1%. The moderate level of gross adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 5 (\$1.25/SF as adjusted) required a total upward transaction adjustment of 4%. This comparable required a total downward adjustment of -5% for property characteristics. The comparable was adjusted downward for size. The total gross adjustment applied to this comparable was 9%. The minimal amount of gross adjustments required for this comparable suggests it is similar to the subject, increasing its applicability for this analysis. Overall this comparable warrants primary consideration as a value indicator for the subject.

Comparable 6 (\$1.24/SF as adjusted) required a total upward transaction adjustment of 5%. This comparable did not require any property characteristic adjustments. The total gross adjustment applied to this comparable was 5%. The minimal amount of gross adjustments required for this comparable suggests it is similar to the subject, increasing its applicability for this analysis. Overall this comparable warrants primary consideration as a value indicator for the subject.

CALCULATION OF LAND VALUE

The following table summarizes the analysis of the comparables, reports the reconciled price per square foot value conclusion, and presents the concluded value of the subject site.

Calculation of Land Value								
Analysis		Adjustment				Net Gross	Overall	
Comp	Price	Transactional¹	Adjusted	Property²	Final	Adj %	Adj %	Comparison
1	\$1.55	0%	\$1.55	-5%	\$1.47	-5%	5%	Primary
2	\$1.33	3%	\$1.37	-5%	\$1.30	-2%	18%	Primary
3	\$0.97	3%	\$1.00	5%	\$1.05	8%	8%	Primary
4	\$1.13	1%	\$1.14	0%	\$1.14	1%	1%	Primary
5	\$1.27	4%	\$1.32	-5%	\$1.25	-2%	9%	Primary
6	\$1.18	5%	\$1.24	0%	\$1.24	5%	5%	Primary
Low	\$1.05	Average					\$1.24	
High	\$1.47	Median					\$1.25	
Component			Subject SF	\$/SF Conclusion			Value	
Total Property			124,015	x	\$1.20	=	\$150,000	

¹Cumulative ²Additive

Rounded to nearest \$10,000

COST APPROACH

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

Replacement Cost Analysis

The following cost approach to value was developed based on replacement cost analysis. Replacement Cost is defined as: The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.²

Replacement cost includes both direct and indirect costs. Direct costs are expenditures for labor and materials used in the construction of improvements (also known as hard costs). Indirect costs are expenditures for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract (also known as soft costs). Indirect costs often include real property taxes during construction, professional fees, permanent financing fees, leasing commissions, marketing costs and contingency.

Replacement Cost New (Buildings)

This section calculates the replacement cost new of the subject building improvements by estimating total direct and indirect costs to which an entrepreneurial profit incentive is applied. One source was selected to support direct and indirect costs: Marshall Valuation Service. This selection is appropriate considering the scope and intended use of the appraisal, and given that the subject improvements are dated construction.

Marshall Valuation Service

Marshall Valuation Service is a comprehensive appraisal guide widely used throughout the United States for developing replacement costs and depreciated values of buildings and other improvements, and is largely considered the authority on building costs.

The table on the following page outlines the process we applied for developing replacement cost new of the subject building improvements with Marshall Valuation Service. First, the subject components were researched to identify the applicable base building costs per square foot. Next, the base building costs were adjusted for square foot refinements, height and size refinements, and current and local cost multipliers to determine an estimate of direct costs. After determining direct costs using Marshall Valuation Service, we then analyzed market evidence to estimate indirect costs. Finally, an appropriate developer's profit was applied to provide an indication of the replacement cost new.

¹ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

² The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

REPLACEMENT COST NEW (BUILDINGS)

MARSHALL VALUATION SERVICE DIRECT COST

REPLACE WEATHER SERVICE DIRECT COST:							
Number of Buildings	4						
Gross Building Area	17,768 SF	1	2	3	4	5	6
MVS Building Type		School / Office	Portables Classrooms	Single Family Residence	Gym / Cafeteria	Covered Walkways	Canopies
Number of Stories		1	1	1	1	1	1
Height per Story		9'	9'	9'	18'	10'	10'
Component Description		Elementary School	Relocatable Classroom	Single Family Residence	Gymnasium	Covered Walkways	Canopies
MVS Section/Page/Class		18/11/D	18/15/D	12/25/D	18/25/S	18/36/D	18/36/D
MVS Publication Date		Feb-22	Feb-22	Feb-22	Feb-22	Feb-22	Feb-22
Quality Rating		Average	Average	Good	Average	Average	Average
Component SF (Gross)		5,826	3,402	4,795	3,120	636	4,256
Base Cost (Per SF)		\$121.00	\$105.00	\$130.00	\$110.00	\$39.00	\$33.00
SQUARE FOOT REFINEMENTS							
Heating and Cooling		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Garage		\$0.00	\$0.00	\$3.91	\$0.00	\$0.00	\$0.00
Covered Patio		\$0.00	\$0.00	\$10.29	\$0.00	\$0.00	\$0.00
Subtotal		\$121.00	\$105.00	\$144.20	\$110.00	\$39.00	\$33.00
HEIGHT & SIZE REFINEMENTS							
Number of Stories Multiplier		1.000	1.000	1.000	1.000	1.000	1.000
Height Per Story Multiplier		0.981	1.000	1.000	1.147	1.000	1.000
Area/Perimeter Multiplier		0.991	1.006	0.909	1.006	1.516	0.995
Subtotal		\$117.63	\$105.63	\$131.07	\$126.93	\$59.12	\$32.84
COST MULTIPLIERS							
Current Cost Multiplier		1.14	1.14	1.20	1.14	1.14	1.14
Local Multiplier		0.78	0.78	0.78	0.78	0.78	0.78
DIRECT COSTS PER SF		\$104.60	\$93.93	\$122.69	\$112.86	\$52.57	\$29.20
Indirect Cost (% of Direct) ¹	15%	15%	15%	15%	15%	15%	15%
INDIRECT COST PER SF		\$15.69	\$14.09	\$18.40	\$16.93	\$7.89	\$4.38
DIRECT & INDIRECT TOTAL PER SF		\$120.29	\$108.02	\$141.09	\$129.79	\$60.46	\$33.58
CALCULATION OF REPLACEMENT COST NEW WITH PROFIT							
Component SF (Gross)		5,826	3,402	4,795	3,120	636	4,256
Direct & Indirect Total		\$700,803	\$367,467	\$676,518	\$404,954	\$38,452	\$142,901
ENTREPRENEURIAL PROFIT % ¹	10%	10%	10%	10%	10%	10%	10%
Entrepreneurial Profit \$		\$70,080	\$36,747	\$67,652	\$40,495	\$3,845	\$14,290
FINAL TOTAL REPLACEMENT COST NE		\$770,883	\$404,214	\$744,170	\$445,450	\$42,297	\$157,191

¹Colliers International Estimate

Based on our research, indirect costs are typically 10% to 20% of direct cost for this type of development in the marketplace. Considering the size and project characteristics, we have estimated indirect costs at 15% of direct costs.

Entrepreneurial profit and overhead compensates the developer for project risk and management. It is unlikely that a developer would proceed with a development unless adequate profit is available to justify the effort. Based on anecdotal evidence provided by developers of similar School/University projects, profit is typically based on a percentage of replacement cost, generally 5% to 15%, depending upon project size, location, marketability and risk. An entrepreneurial profit and overhead allocation of 10% was used in this analysis.

The replacement cost new as developed with Marshall Valuation Service is summarized in the following table.

REPLACEMENT COST NEW SUMMARY (BUILDINGS)			
MARSHALL VALUATION SERVICE			
Direct & Indirect Costs		\$2,331,096	\$131.20/SF
Entrepreneurial Profit	@10%	\$233,110	\$13.12/SF
TOTAL REPLACEMENT COST NEW (RCN)		\$2,564,205	\$144.32/SF

Building Replacement Cost New Conclusion (Buildings)

The following table summarizes the indicators that were used to estimate the replace cost new of the subject building improvements and the reconciled conclusion.

REPLACEMENT COST NEW ESTIMATES CONCLUSION (BUILDINGS)		
APPROACH	TOTAL	\$/SF
Marshall Valuation Service Cost Estimate	\$2,564,205	\$144.32
CONCLUDED REPLACEMENT COST NEW (BUILDINGS)	\$2,564,205	\$144.32

The analysis supports a range for replacement cost new of the building improvements of \$144.32/SF. Primary weight was placed on the Marshall Valuation Services cost estimate in the reconciled conclusion of \$144.32.

Depreciation Analysis (Buildings)

The following table details the depreciation estimate developed for the subject building improvements.

DEPRECIATION ANALYSIS (BUILDINGS)						
	1	2	3	4	5	6
Component Description	Elementary School	Relocatable Classroom	Single Family Residence	Gymnasium	Covered Walkways	Canopies
TOTAL REPLACEMENT COST NEW	\$770,883	\$404,214	\$744,170	\$445,450	\$42,297	\$157,191
LESS: Physical Curable	\$0	\$0	\$0	\$0	\$0	\$0
LESS: Functional Curable	\$0	\$0	\$0	\$0	\$0	\$0
LESS: Functional Incurable	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Adjusted Replacement Cost New	\$770,883	\$404,214	\$744,170	\$445,450	\$42,297	\$157,191
Age/Life Analysis						
Economic Life	50	40	50	45	25	25
Effective Age	17	12	17	15	10	10
Remaining Economic Life	33	28	33	30	15	15
Percent Depreciated	34.0%	30.0%	34.0%	33.3%	40.0%	40.0%
LESS: Age/Life Depreciation	(\$262,100)	(\$121,264)	(\$253,018)	(\$148,483)	(\$16,919)	(\$62,877)
Adjusted Replacement Cost New	\$508,783	\$282,950	\$491,152	\$296,966	\$25,378	\$94,315
LESS: Economic Obsolescence (Extern: 0%	\$0	\$0	\$0	\$0	\$0	\$0
Depreciated Replacement Cost New (Buildings	\$508,783	\$282,950	\$491,152	\$296,966	\$25,378	\$94,315

Our analysis of depreciation reflects physical and functional curable prior to consideration of physical and functional incurable items, which are treated as components of the age-life analysis. If applicable, economic obsolescence was independently estimated and deducted. For this analysis it is assumed that economic obsolescence was allocated solely to the improvements. The depreciation analysis for the subject building improvements is summarized in the following table.

DEPRECIATION ANALYSIS SUMMARY (BUILDINGS)

APPROACH	TOTAL	\$/SF
TOTAL REPLACEMENT COST NEW	\$2,564,205	\$144
LESS: Physical Curable	\$0	\$0
LESS: Functional Curable	\$0	\$0
LESS: Functional Incurable	\$0	\$0
LESS: Age/Life Depreciation	(\$864,661)	-\$49
LESS: Economic Obsolescence (External)	\$0	\$0
Depreciated Replacement Cost New (Buildings)	\$1,699,545	\$96

Site Improvements Replacement Cost

The replacement cost new of the subject site improvements is presented in the following table.

SITE IMPROVEMENTS REPLACEMENT COST NEW

ITEM	UNITS	AREA	RCN	TOTAL RCN	INDIRECT 15%	ADJUSTED RCN	PROFIT 10%	TOTAL RCN
Site Improvements	SF	55,137	\$4.00	\$220,550	\$33,082	\$253,632	\$25,363	\$278,995

The site improvements area was calculated based on the subject useable land area less the footprint of the buildings, or (124,015 SF land - 13,741 SF footprint) 55,137 SF. The replacement cost new was estimated at \$4.00/SF with support from Marshall Valuation Service. Allocations for indirect costs of 15% and profit of 10% were carried forward from the conclusions made within the analysis of building improvements.

The following table shows the estimated depreciation and the resulting depreciated replacement cost for the subject site improvements.

SITE IMPROVEMENTS DEPRECIATION

ITEM	RCN	PHYS CURABLE	FUNCT CURABLE	ADJ TOTAL	ECON LIFE	EFF AGE	C %	AGE/LIFE DEPREC	ADJ TOTAL	ECON OBS 0%	DEPREC COST
Site Improvements	\$278,995	\$0	\$0	\$278,995	20	10	50%	(\$139,498)	\$139,498	\$0	\$139,498

Depreciation for physical and functional curable was noted in the schedule above. If applicable, economic obsolescence is independently estimated and deducted.

COST APPROACH CONCLUSION

The Cost Approach analysis and conclusion are presented in the following table.

COST APPROACH VALUE CONCLUSION

IMPROVEMENTS (BUILDINGS)

Direct & Indirect Costs	\$2,331,096
PLUS: Entrepreneurial Profit	\$233,110
LESS: Total Depreciation	<u>(\$864,661)</u>
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (BUILDINGS)	\$1,699,545

IMPROVEMENTS (SITE)

Direct & Indirect Costs	\$253,632
PLUS: Entrepreneurial Profit	\$25,363
LESS: Total Depreciation	<u>(\$139,498)</u>
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (SITE)	\$139,498

SUMMARY (ALL IMPROVEMENTS)

Adjusted Costs/Cost New	\$2,584,728
PLUS: Total Entrepreneurial Profit	<u>\$258,473</u>
TOTAL REPLACEMENT COST NEW	\$2,843,201
LESS: Total Depreciation	<u>(\$1,004,159)</u>
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS	\$1,839,042
PLUS: Land Value (Primary Site)	<u>\$150,000</u>
AS-IS MARKET VALUE	\$112/SF \$1,990,000

Rounded to nearest \$10,000

RECONCILIATION OF VALUE CONCLUSIONS

The Analysis of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. The following table summarizes the opinions of the As-Is Market Value of the subject property's fee simple interest. Based on the overall quality of the data and analyses, and considering the decision-making process of the typical buyer profile of the subject asset similar emphasis was placed on the Sales and Income Approaches, which is reflected in our final opinion of market value below.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

ANALYSIS OF VALUE CONCLUSIONS	
VALUATION INDICES	AS-IS MARKET VALUE
INTEREST APPRAISED	FEE SIMPLE
DATE OF VALUE	JANUARY 20, 2022
Cost Approach	\$1,990,000
Sales Comparison Approach	\$1,880,400
Income Approach	\$1,900,000
FINAL VALUE CONCLUSION	\$1,900,000
\$/SF	\$138/SF
Implied Capitalization Rate	5.96%
Exposure Time	Six Months or Less
Marketing Period	Six Months or Less

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 of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The signers of this report has 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.
- Christopher Stallings, MAI, CCIM, MRICS has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Kyle Knox, MAI has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The 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 reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- Christopher Stallings, MAI, CCIM, MRICS inspected the property that is the subject of this report. Craig Cook inspected the property that is the subject of this report. Kyle Knox, MAI did not inspect the property that is the subject of this report.
- Craig Cook (Texas State Registered Appraiser Assistant No. TX1340208T) provided significant real property appraisal assistance to the appraisers signing the certification.

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 Christopher Stallings, MAI, CCIM, MRICS and Kyle Knox, MAI completed the continuing education program for Designated Members of the Appraisal Institute.

As of the date of this report Craig Cook has completed the Standards and Ethics Education Requirement for (Candidates or Practicing Affiliates) of the Appraisal Institute.



Christopher Stallings, MAI, CCIM, MRICS
 Managing Director
 Certified General Real Estate Appraiser
 State of Texas License #TX1320312G
 +1 713 835 0088
 chris.stallings@colliers.com

February 14, 2022
 Date



Kyle Knox, MAI
 Managing Director
 Certified General Real Estate Appraiser
 State of Texas License #1323097G
 +1 214 217 9335
 kyle.knox@colliers.com

February 14, 2022
 Date

This appraisal is subject to the following assumptions and limiting conditions:

- The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal

injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

Professional Service Agreement

Preliminary Title Report

Subject Data

Valuation Glossary

Qualifications of Appraisers

Qualifications of Colliers International Valuation & Advisory Services

Professional Service Agreement



Park Seventeen
1717 McKinney Ave, Suite 900
Dallas, TX 75202
WEB www.colliers.com/valuationadvisory

December 7, 2021

Kyle Knox, MAI
Managing Director
Direct +1 214-217-9335
kyle.knox@colliers.com

Alim Ansari
Horizon Montessori Public Schools
2402 E. Business 83
Weslaco, TX 78596
956-969-3092
Email: alim.ansari@hmps.net

RE: Appraisal of Horizon Montessori II School, Weslaco, TX

Dear Mr. Ansari:

Thank you for considering Colliers International Valuation & Advisory Services, LLC for the assignment identified in the below stated Professional Service Agreement. Please sign one copy of the agreement and return it to me, thereby indicating your authorization for us to proceed with this assignment and your acceptance of the attached Terms and Conditions.

PROFESSIONAL SERVICE AGREEMENT **("Agreement")**

Project	Horizon Montessori II School, Weslaco, TX ("Property")
Location	1222 W. Sugarcane Dr, Weslaco, TX 78599:
Project Description	Grounded Buildings: School Building 5,533 sq. ft. - built in 1999; Single Family Residence 5,420 sq. ft. - built in 2002; Gymnasium Enclosed Pavilion 40x80 sq. ft. - built in 2018 Portable Buildings: (7) Dual-Classroom Portables; (1) Storage Unit 20x16 sq. ft. All situated on ~2.847 Acre Parcel of Land
Parties	Colliers International Valuation & Advisory Services, LLC ("CIVAS"), and Horizon Montessori Public Schools and Alim Ansari (herein at times referred to as "Client")
Intended User	The appraisal will be prepared for Horizon Montessori Public Schools and Alim Ansari. Intended users include the Client. No other users are intended. It should be noted that if this engagement is directly with the owner of the Property, the Appraisal will not be accepted by federally insured lenders due to FIRREA Compliance, limiting the use of this report. Should this potentially impact your source of lenders, we recommend engagement be directed by a Federally Insured Lender.
Intended Use	The report to be performed under this Agreement ("Appraisal") is intended only for use in Mortgage Underwriting. The report is not intended for any other use.
Purpose	Market Value
Type of Appraisal	CVAS will produce an Appraisal Report in which the appraiser's analysis and conclusions will be fully described within this document.
Rights Appraised	Fee Simple (no going concern)
Date of Value	Date of inspection

Professional Service Agreement

Continued

Scope of Work	<p>CIVAS and/or its designated affiliate will provide the Appraisal in accordance with USPAP, and the Code of Ethics and Certifications Standards of the Appraisal Institute and State Licensing Laws. CIVAS will research relevant market data and perform analysis to the extent necessary to produce credible appraisal results.</p> <p>Based on our discussions with the Client, the Client has requested the following valuation scenarios:</p> <ul style="list-style-type: none">› As Is (no going concern) <p>CIVAS anticipates developing the following valuation approaches:</p> <ul style="list-style-type: none">› Sales Comparison Approach› Cost Approach <p>An interior/exterior observation of the subject property will be performed.</p> <p>Please note if it's a requirement per the client's underwriting guidelines to analyze and report all approaches to value, this will be performed although some approaches may be limited in application.</p> <p>The scope of work will be included in the Appraisal. A copy of the Assumptions and Limiting Conditions, which appear in the Appraisal, is available upon request.</p>
Delivery	<p>Draft Appraisal: Delivered 30 business days from the date of authorization, receipt of retainer, and timely receipt of property specific information.</p> <p>Final Appraisal: Delivered three (3) days after completion of client review and authorization to deliver final report(s).</p>
Professional Fee	\$6,050
Expenses	Fees do not include all associated expenses
No. of Reports	<p>One (1) Electronic Draft Appraisal and One (1) Electronic Final Appraisal.</p> <p>One (1) Spiral Bound Printed Final Appraisal will be delivered to the client.</p>
Retainer	A retainer of 50% of the fee is required prior to our proceeding.
Payment Terms	<p>A retainer of 50% of the fee is required prior to proceeding and 50% upon remittance of printed copy to the client. CIVAS will proceed with the assignment upon receipt of the executed agreement and receipt of retainer. Please notify Shannon Limberg at shannon.limberg@colliers.com when payment has been sent.</p> <p>Please remit all payments to</p> <p>Colliers International Valuation & Advisory Services</p> <p>Wire Instructions</p> <p>JP Morgan Chase Bank, NA</p> <p>Chicago, IL</p> <p>70-2322/719</p> <p>Account Name: Colliers International Valuation & Advisory Services, LLC</p> <p>Account No. 899559074</p> <p>ABA No. 021000021</p> <p>ACH Payment Transit Routing Number: 071000013</p> <p>Swift code for International Wires ONLY: CHASUS33</p> <p>**Please include Property Name/Address in addenda/memo payment information**</p>
Acceptance Date	These specifications are subject to modification if this Agreement is not accepted within three (3) business days from the date of this letter.

Professional Service Agreement

Continued

Terms and Conditions

The attached Terms and Conditions and Specific Property Data Request are deemed a part of this Agreement as though set forth in full herein. The following is a list of information needed to begin and complete our analysis. The Client signing this Agreement or the party sending the specific property data certifies that all the information provided is accurate and complete as of the date of this request, and that any updates, revisions or additional relevant information that comes into control or possession of the Client prior to the date on which the Appraisal is delivered shall be provided to CIVAS immediately. Please forward with the Agreement or as soon as possible.

- › Survey with Legal Description & Site Size
- › Title Report
- › Engineering studies, soil tests or environmental assessments
- › Existing Building or Improvement Plans
- › Individual Floor or Unit Plans
- › Current County Property Tax Bill
- › Details on any Sale, Contract, or listing of the property in the past 3 years
- › Construction Cost/Budget (within past 3 years)
- › Property Condition Report
- › Details regarding the historical and future replacement schedule (i.e., roof, cabinetry, HVAC, etc.)
- › Capital improvements history (2 years) & budget
- › Three year & YTD Income & Expenses
- › Current Budget
- › Detailed occupancy report for the past 3 years and YTD
- › Detailed current rent roll indicating any vacant units and in-place rents
- › Details regarding any pending changes to the rent roll
- › Details regarding any concessions currently being offered for new and existing tenants
- › Marketing plan and/or local competitive study, if available
- › Copy of recent Appraisals or Market Studies
- › Name and telephone number of property contact for physical inspection and additional information needed during the appraisal process
- › Property Contact _____

In addition to the items requested above, please forward any additional materials you would consider relevant in the analysis of the subject property.

Reliance Language

The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with the stated Intended Use. CIVAS is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by CIVAS or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that CIVAS will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to CIVAS, by a party satisfactory to CIVAS.

CIVAS does consent to your submission of the reports to rating agencies, loan participants or your accountants/auditors in its entirety (but not component parts) without the need to provide CIVAS with an Indemnification Agreement and/or Non-Reliance letter. CIVAS hereby expressly grants to Client the right to copy the Appraisal and distribute it to employees of Client. The Appraisal requires CIVAS to submit a Summation of the Appraisal Findings in the form of a Letter of Transmittal along with the Summary of Salient Facts and Special/Limiting Conditions applicable to the Appraisal. This will be completed in conjunction with the Appraisal at the above stated fee.

If you have questions regarding the enclosed, please feel free to contact me. CIVAS appreciates this opportunity to be of service to you on this assignment and looks forward to serving you. If you have additional questions, please contact us.

Alim Ansari and Horizon Montessori Public Schools agree to the above stated terms and authorize Colliers International Valuation & Advisory Services, LLC to prepare the above referenced appraisal.


Alim Ansari
Horizon Montessori Public Schools

Date: 12/15/2021

Respectfully,

Colliers International Valuation & Advisory Services, LLC



Kyle Knox, MAI
Managing Director
Direct +1 214.217.9335
Kyle.knox@colliers.com

Professional Service Agreement

Continued

Terms and Conditions "T&C"

- 1) The Appraisal will be subject to Colliers International Valuation & Advisory Services, LLC's ("CIVAS") Assumptions and Limiting Conditions that are incorporated into each appraisal, and any Extraordinary Assumptions and Hypothetical Conditions that may be incorporated into each appraisal.
- 2) Any capitalized, non-defined words shall have the same meaning as defined in the Agreement to which these T&Cs are attached.
- 3) Client is defined as the party signing the Agreement and shall be responsible for payment of the fees stipulated in the Agreement. Payment of the fee for the Appraisal is not contingent on the appraised value(s) or the outcome of the report(s). Additional fees will be charged on an hourly basis for any work that may exceed the scope of this proposal, including performing additional valuation scenarios, additional research, and conference calls, meetings, deposition preparation, deposition, trial testimony or travel that may exceed the time allotted by CIVAS for an assignment of this nature. If CIVAS is requested to cease working on the Appraisal for any reason prior to the completion of the appraisal(s), CIVAS will be entitled to bill the Client for the time spent to date at CIVAS' hourly rates for the personnel involved. The Client will be billed a minimum \$500 or at a rate of \$250 per hour for associate time, \$300 per hour for valuation services director, \$400 per hour for managing director, and \$450 per hour for executive managing director. If the Client delays completion of the assignment beyond ninety (90) days, the fee may be renegotiated. This may result in the total fee exceeding the original agreed fee agreed upon cost.
- 4) Client agrees to pay all fees and expenses, including attorney's fees, incurred by CIVAS in connection with the collection or attempted collection of the fees and expenses. In the event Client fails to make payments when due and payable, the amount due shall bear interest at 1.5% per month or the maximum rate permitted in the state in which the CIVAS office executing the Agreement is located, whichever is lesser.
- 5) The fee is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. If a draft is requested, the fee is considered earned upon delivery of our draft report.
- 6) In the event that either party commences any legal action relating to the provisions of the Agreement, including collection, the prevailing party shall be entitled to its actual attorneys' fees and costs. The Agreement shall be governed by and construed in accordance with the laws of the state where the CIVAS office executing the Agreement is located. The venue of any action arising out of the Agreement shall be the county where the CIVAS office executing the Agreement is located. Client will have up to thirty (30) days from receipt of the Draft Appraisal to review and communicate its review to CIVAS. CIVAS reserves the right to bill Client for additional appraisal efforts that may arise from the Client not responding within this time period.
- 7) CIVAS does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to CIVAS by Client. In the event that any such information is inaccurate, misleading or incomplete, CIVAS shall have no responsibility or liability for any matters relating thereto (whether to the Client or to any third party).
- 8) CIVAS shall have no responsibility for legal matters, questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The Appraisal will not constitute a survey of the Property analyzed.
- 9) Client shall provide CIVAS with such materials with respect to the Appraisal as requested by CIVAS and which are in the possession or under the control of Client. Client shall provide CIVAS with sufficient access to the Property to be analyzed and hereby grants permission for entry, unless discussed in advance to the contrary.
- 10) The data gathered in the course of the Appraisal (except data furnished by Client) and the Appraisal prepared pursuant to the Agreement are, and will remain, the property of CIVAS. With respect to data provided by Client, such data shall be confidential, and CIVAS shall not disclose any information identified as confidential furnished to CIVAS. Notwithstanding the foregoing, CIVAS is authorized by Client to disclose all or any portion of the Appraisal and the related data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable CIVAS to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
- 11) Unless specifically noted, CIVAS does not assume any duty to analyze or examine the Property or adjacent property for the possible presence of toxic and/or hazardous substances or materials (including but not exclusive to asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (hazardous material), or the cost of encapsulation or removal thereof) and accepts no liability regarding the issue. If such materials exist, CIVAS defers to the expertise of professionals specifically trained in analyzing the cost to remediate, which will not be a part of the appraisal fee proposal. The Appraisal will contain a comprehensive disclaimer to this effect.
- 12) CIVAS understands that there is no major or significant deferred maintenance in the Property which would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, and are not a part of the fee contemplated in the Agreement.
- 13) Client acknowledges that CIVAS is being retained hereunder as an independent contractor to perform the services described herein and nothing in the Agreement shall be deemed to create any other relationship between Client and CIVAS. The Agreement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal discussed herein.
- 14) Client agrees that its only remedy for losses or damages relating to the Agreement shall be limited to the amount of the appraisal fee paid by the Client and in no circumstances shall CIVAS be liable for any losses or damages in excess of this amount. Should the Client, or any other entitled party, make a claim against CIVAS, its directors, officers, employees and other affiliates and shareholders, relating to this engagement or the appraisal(s), the maximum damages recoverable from CIVAS, its

Professional Service Agreement

Continued

directors, officers, employees and other affiliates and shareholders, shall be the amount of funds actually collected by CIVAS under the Agreement, and no claim shall be made for any consequential or punitive damages.

- 15) If CIVAS or any of its employees receives a subpoena or other judicial notification to produce documents or provide testimony involving the Appraisal in connection with a lawsuit or related proceeding, CIVAS will notify the Client of receipt of the subpoena or notification. However, if CIVAS is not part of the lawsuit or proceedings, Client agrees to compensate CIVAS for the professional time required and to reimburse CIVAS for the expenses incurred in responding to any such subpoena or judicial notification, including any attorneys' fees, as they are incurred. CIVAS is to be compensated at the prevailing hourly rates of the personnel responding to the subpoena or command for testimony.
- 16) If expert witness testimony is required in connection with the Appraisal, the following hourly rates will apply. The Client will be billed at the rate of \$250 per hour for associate time, \$350 per hour for valuation services director, \$400 per hour for managing director, and \$450 per hour for executive managing director. The hourly billings pertain to court preparation, waiting and travel time, document review and preparation (excludes appraisal report) and all meetings related to court testimony.
- 17) Client shall indemnify and hold CIVAS, its parent, subsidiaries, affiliates, its officers, directors, employees and agents ("CIVAS Indemnities"), fully harmless against all losses, damages, claims, and expenses of any kind whatsoever (including costs and reasonable attorneys' fees), sustained or incurred by a third party as a result of the negligence or intentional acts or omissions of Client (including any failure to perform any duty imposed by law), any misrepresentation, distortion or if Client fails to provide complete and accurate information to CIVAS, for which recovery is sought against the CIVAS Indemnities; however, such obligation to defend and indemnify shall not apply to the extent caused by the negligent act or willful misconduct of CIVAS. Client shall indemnify and hold CIVAS Indemnities harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the Appraisal to any third party. LIMITATION OF LIABILITY. EXCEPT FOR THE INDEMNIFICATION PROVISION ABOVE, ANYTHING IN THE AGREEMENT TO THE CONTRARY NOTWITHSTANDING, UNDER NO CIRCUMSTANCES WHATSOEVER SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, OR INCIDENTAL DAMAGES OF ANY KIND WHATSOEVER.
- 18) CIVAS agrees to maintain Professional Liability Insurance in the amount of \$1,000,000 and General Liability insurance in the amount of \$2,000,000, as well as Workers Compensation per local regulatory requirements. CIVAS will endeavor to provide Client with written notice regarding any cancellation of any such insurance. CIVAS will provide Client with certificates of insurance naming Client as an additional insured on the General Liability policy upon request.
- 19) The Appraisal and the name Colliers International Valuation & Advisory Services may not be used in any marketing or investment material or offering memoranda without CIVAS' prior written consent. CIVAS, its employees and appraisers have no liability to any recipients of any prepared material and disclaim all liability to any party other than the Client.
- 20) Unless CIVAS consents in writing, the Appraisal cannot be used by any party or for any purpose other than the Client for the purposes specified in the Agreement. Should the Client provide a copy of this Appraisal to any person or entity not authorized by CIVAS in writing, Client hereby agrees to hold CIVAS, its directors, officers, employees and other affiliates and shareholders, harmless from all damages, expenses, claims and costs, including any attorney's fees. The Client acknowledges that any opinions and conclusions expressed by the professionals of CIVAS pursuant to the Agreement are made as employees and not as individuals. CIVAS' responsibility is limited to the Client, and the use of the Appraisal or related product by third parties shall be solely at the risk of the Client and/or third parties.
- 21) The use of this appraisal shall be used only for the purpose as set forth in the Intended Use section of the Agreement. In the event that the client wishes to use this report or portions of this report for any other purpose such as, to become part of or be referenced in, any offering or other material intended for the review of others, or to be submitted to others, will be at the Client's sole and absolute discretion and, if given, will be on condition that CIVAS will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to CIVAS and the Client, by a party satisfactory to CIVAS and the Client. CIVAS does consent to Client submission of the complete Appraisal to rating agencies, loan participants or your accountants/auditors without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.

91735268m

CHARGE TO SECURITY LAND TITLE CO.

WARRANTY DEED WITH VENDOR'S LIEN

827347

Date: NOVEMBER 30, 1999

Grantor: UNITED CHURCH THE ROCK MINISTRIES, A TEXAS CORPORATION fka UNITED BAPTIST CHURCH OF WESLACO, TEXAS, A TEXAS CORPORATION

Grantor's Mailing Address (including county):

471 TAMPICO
WESLACO, TEXAS 78596
HIDALGO COUNTY

Grantee: ALIM U. ANSARI

Grantee's Mailing Address (including county):

804 SOUTH GEORGIA
WESLACO, TEXAS 78596-6846
HIDALGO COUNTY

Consideration: TEN AND NO/100 DOLLARS and other good and valuable consideration and the further consideration of a note of even date, that is in the principal amount of FIFTEEN THOUSAND AND NO/100 DOLLARS (\$15,000.00) and is executed by Grantee, payable to the order of Grantor. It is secured by a vendor's lien retained in this deed and by a deed of trust of even date, from Grantee to THOMAS P. WINGATE, Trustee.

Property (including any improvements):

A 2.847 acre tract or parcel of land out of Farm Tract 128, Block 161, WEST TRACT SUBDIVISION, Hidalgo County, Texas, according to the map or plat thereof recorded in Volume 2, Page 34, Map Records of Hidalgo County, Texas and being more particularly described by metes and bounds as follows:

COMMENCING at a point 1020.45 feet North of the Southwest corner of said Farm Tract 128, the Northwest corner of this tract and PLACE OF BEGINNING of this parcel;

THENCE, South 1020.45 feet with and along the West boundary line of said Farm Tract 128 to a point, the Southwest corner of said Farm Tract 128 and the Southwest corner of this parcel;

THENCE, East 126 feet with and along the South line of Farm Tract 128 to a point in said line, the Southeast corner of this parcel;

THENCE, North parallel with the West boundary line of said Farm Tract 128 to a point in the canal right of way, the Northeast corner of this tract;

THENCE, with and along the canal right of way to the POINT OF BEGINNING.

WARRANTY DEED WITH VENDOR'S LIEN

1

SAVE AND EXCEPT any portion of the canal Right of Way along the North side of said tract as conveyed to Hidalgo and Cameron Counties Water Control & Irrigation District No. 9 in Warranty Deed recorded in Volume 314, Page 62, Deed Records of Hidalgo County, Texas.

Reservations From and Exceptions to Conveyance and Warranty:

- A. Visible and apparent easements on or across the land herein described.
- B. Easements for roadways as shown on the map of the subdivision herein referred to.
- C. Statutory rights in favor of Hidalgo and Cameron Counties Water Control & Irrigation District No. 9, pursuant to applicable sections of the Texas Water Code.
- D. Easements in favor of Hidalgo and Cameron Counties Water Control & Irrigation District No. 9.
- E. Reservation of all oil, gas and other minerals, as described in instrument dated January 5, 1980, executed by A. K. Polis, Trustee to Juan Cruz Rojas and wife, Josefina H. Rojas, recorded in Volume 1654, Page 985, Deed Records of Hidalgo County, Texas, reference

to which instrument is here made for all purposes.

- F. Terms, conditions and stipulations contained in Oil, Gas and Mineral Lease dated December 27, 1976, between Maurice Neil Chandler and W. L. Popejoy, recorded in Volume 364, Page 43, Oil and Gas Records of Hidalgo County, Texas.
- G. Standby fees, taxes and assessments by any taxing authority for the year 2000, and subsequent years, and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage ownership.

Grantor, for the consideration, receipt of which is acknowledged, and subject to the reservations from and exceptions to conveyance and warranty, grants, sells and conveys to Grantee the property, together with all and singular the rights and appurtenances thereto in any wise belonging, to have and hold it to Grantee, Grantee's heirs, executors, administrators, successors or assigns forever. Grantor binds Grantor and Grantor's heirs, executors, administrators and successors to warrant and forever defend all and singular the property to Grantee and Grantee's heirs, executors, administrators, successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the reservations from and exceptions to conveyance and warranty.

The vendor's lien against and superior title to the property are retained until each note described is fully paid according to its terms, at which time this deed shall become absolute.

When the context requires, singular nouns and pronouns include the plural.

UNITED CHURCH THE ROCK MINISTRIES, A
TEXAS CORPORATION fka UNITED BAPTIST
CHURCH OF WESLACO, TEXAS, A TEXAS
CORPORATION

BY: *Jose G. Alvarado*
JOSE G. ALVARADO, PRESIDENT

WARRANTY DEED WITH VENDOR'S LIEN

2

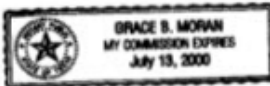
ACKNOWLEDGMENT

STATE OF TEXAS

§
§
§

COUNTY OF HIDALGO

This instrument was acknowledged before me on Dec. 1, 1999, by JOSE G. ALVARADO, PRESIDENT of UNITED CHURCH THE ROCK MINISTRIES, A TEXAS CORPORATION fka UNITED BAPTIST CHURCH OF WESLACO, TEXAS, a Texas corporation, on behalf of said corporation.



Grace S. Moran
Notary Public, State of Texas

PREPARED IN THE OFFICE OF:

OF 2001-7512 0000
THOMAS F. WINGATE
ATTORNEY AT LAW
313 MOLANA
MCALLEN, TEXAS 78504
(P: 361/2512-7512, F: 361/2512-7512)

Filed for Record in:
Hidalgo County
by Juan D. Salinas III
County Clerk

On: Dec 02, 1999 at 03:59P

AFTER RECORDING RETURN TO:

ALIM U. ANSARI
804 SOUTH GEORGIA

As a
Recording
Document Number: 827347
Total Fees: 13.00

WESLACO, TEXAS 78596-6846

Receipt Number - 252084
By,
Bea Cruz

WARRANTY DEED WITH VENDOR'S LIRN

3

COMMENCING at a point 1020.45 feet North of the Southwest corner of said Farm Tract 128, the Northwest corner of this tract and PLACE OF BEGINNING of this parcel;

THENCE, South 1020.45 feet with and along the West boundary line of said Farm Tract 128 to a point, the Southwest corner of said Farm Tract 128 and the Southwest corner of this parcel;

THENCE, East 126 feet with and along the South line of Farm Tract 128 to a point in said line, the Southeast corner of this parcel;

THENCE, North parallel with the West boundary line of said Farm Tract 128 to a point in the canal right of way, the Northeast corner of this tract;

THENCE, with and along the canal right of way to the POINT OF BEGINNING.

SAVE AND EXCEPT any portion of the canal Right of Way along the North side of said tract as conveyed to Hidalgo and Cameron Counties Water Control & Irrigation District No. 9 in Warranty Deed recorded in Volume 314, Page 62, Deed Records of Hidalgo County, Texas.

Hidalgo CAD

Property Search Results > 324544 ANSARI ALIM U for Year

Tax Year: 2022

2022

Property

Account

Property ID:	324544	Legal Description:	WEST TRACT W2.847AC-16.912AC FT 128 2.847AC NET
Geographic ID:	W3800-00-128-0000-01	Zoning:	CO
Type:	Real	Agent Code:	
Property Use Code:			
Property Use Description:			

Location

Address:	1222 W SUGAR CANE DR WESLACO, TX	Mapsc0:	
Neighborhood:	WEST TRACT	Map ID:	VOL 2 PG 36
Neighborhood CD:	W380000		

Owner

Name:	ANSARI ALIM U	Owner ID:	427187
Mailing Address:	1222 W SUGAR CANE DR WESLACO, TX 78599-3892	% Ownership:	100.0000000000%
		Exemptions:	HS, OTHER

Values

(+) Improvement Homesite Value:	+	\$226,032	
(+) Improvement Non-Homesite Value:	+	\$339,048	
(+) Land Homesite Value:	+	\$40,293	
(+) Land Non-Homesite Value:	+	\$189,135	Ag / Timber Use Value
(+) Agricultural Market Valuation:	+	\$0	\$0
(+) Timber Market Valuation:	+	\$0	\$0

(=) Market Value:	=	\$794,508	
(-) Ag or Timber Use Value Reduction:	-	\$0	

(=) Appraised Value:	=	\$794,508	
(-) HS Cap:	-	\$0	

(=) Assessed Value:	=	\$794,508	

Taxing Jurisdiction

Owner:	ANSARI ALIM U
% Ownership:	100.0000000000%
Total Value:	\$794,508

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax	Tax Ceiling
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CAD	APPRAISAL DISTRICT	0.000000	\$794,508	\$794,508	\$0.00	
CWL	CITY OF WESLACO	0.696700	\$794,508	\$784,508	\$5,147.24	\$1,467.39
DR1	DRAINAGE DISTRICT #1	0.126400	\$794,508	\$794,508	\$1,004.26	
GHD	HIDALGO COUNTY	0.575000	\$794,508	\$779,508	\$4,284.62	\$1,247.57
JCC	SOUTH TEXAS COLLEGE	0.171500	\$794,508	\$794,508	\$1,315.40	\$409.57
R02	ROAD DIST 02	0.000000	\$794,508	\$794,508	\$0.00	
SST	SOUTH TEXAS SCHOOL	0.049200	\$794,508	\$794,508	\$390.90	
SWL	WESLACO ISD	0.980700	\$794,508	\$759,508	\$7,442.44	\$2,262.55
Total Tax Rate:		2.599500				
Taxes w/Current Exemptions:					\$19,584.86	
Taxes w/o Exemptions:					\$20,606.06	

Improvement / Building

Improvement #1:	COMMERCIAL	State Code:	F1	Living Area:	5825.5 sqft	Value: \$245,474
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Type	Description	Class CD	Exterior Wall	Year Built	SQFT
OFF	OFFICE	50 - DAV	FRM	1999	4000.0
OFF	OFFICE	50 - DAV	FRM	2002	900.0
CAN	CANOPY	*		2002	96.0
ASP2	ASPHALT 2	* - DAV		2002	15100.0
OFF	OFFICE	50 - DAV	FRM	2010	925.5
CAN	CANOPY	*		2010	162.0
CAN	CANOPY	*		2010	90.0
CAN	CANOPY	*		2010	800.0

Improvement #2:	COMMERCIAL	State Code:	F1	Living Area:	6282.0 sqft	Value: \$93,574
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Type	Description	Class CD	Exterior Wall	Year Built	SQFT
CLS	CLASSROOM	*		2006	336.0
CLS	CLASSROOM	*		2006	336.0
CLS	CLASSROOM	*		2006	336.0
CLS	CLASSROOM	*		2006	336.0
CAN	CANOPY	*		2006	96.0
CAN	CANOPY	*		2006	96.0
CAN	CANOPY	*		2006	96.0
CAN	CANOPY	*		2006	96.0
CLS	CLASSROOM	*		2006	1386.0
CLS	CLASSROOM	*		2006	336.0
POR	PORCH (COVERED)	*		2006	336.0
CLS	CLASSROOM	*		2006	96.0
POR	PORCH (COVERED)	*		2006	96.0
CLS	CLASSROOM	*		2010	1560.0
CLS	CLASSROOM	*		2010	1560.0
POR	PORCH (COVERED)	*		2010	270.0
POR	PORCH (COVERED)	*		2010	270.0
CAN	CANOPY	*		2010	312.0

CAN	CANOPY	*	2010	90.0
CAN	CANOPY	*	2010	90.0
STG	STORAGE	*	2010	100.0
STG	STORAGE	*	2010	480.0
CAN	CANOPY	*	2014	288.0
CAN	CANOPY	*	2016	2040.0

Improvement #3:	RESIDENTIAL	State Code:	A1	Living Area:	4795.0 sqft	Value: \$226,032
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Type	Description	Class CD	Exterior Wall	Year Built	SQFT
MA	MAIN AREA	BRKAV - 7P	DBRK	2002	2822.0
GAR	GARAGE	*		2002	625.0
POR	PORCH (COVERED)	*		2002	48.0
PAT	PATIO	*		2002	156.0
POR	PORCH (COVERED)	*		2002	136.0
MA2	MAIN 2ND FL	BRKAV - 7P	DBRK	2002	1973.0
CAN	CANOPY	*		2015	960.0

Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	L	LOT	0.5000	21780.00	0.00	0.00	\$40,293	\$0
2	L	LOT	2.3470	102235.32	0.00	0.00	\$189,135	\$0

Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2022	\$565,080	\$229,428	0	794,508	\$0	\$794,508
2021	\$568,088	\$229,428	0	797,516	\$9,767	\$787,749
2020	\$554,515	\$142,618	0	697,133	\$0	\$697,133
2019	\$550,865	\$108,114	0	658,979	\$0	\$658,979
2018	\$528,765	\$239,671	0	768,436	\$0	\$768,436
2017	\$531,636	\$239,671	0	771,307	\$0	\$771,307
2016	\$444,407	\$107,183	0	551,590	\$0	\$551,590
2015	\$444,407	\$107,183	0	551,590	\$0	\$551,590
2014	\$451,038	\$239,589	0	690,627	\$0	\$690,627
2013	\$458,753	\$75,379	0	534,132	\$0	\$534,132
2012	\$466,751	\$75,379	0	542,130	\$0	\$542,130
2011	\$468,250	\$75,379	0	543,629	\$0	\$543,629
2010	\$423,031	\$75,379	0	498,410	\$23	\$498,387
2009	\$425,465	\$75,379	0	500,844	\$23,357	\$477,487
2008	\$406,007	\$75,379	0	481,386	\$21,148	\$460,238

Deed History - (Last 3 Deed Transactions)

#	Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Deed Number
1	12/2/1999	WDV	WARRANTY DEED/VENDORS LIEN	UNITED BAPTIST CHURCH-WESLACO	ANSARI ALIM U			827347

1/13/22, 10:04 AM				Hidalgo CAD - Property Details			
2	12/1/1995	CONV	CONVERSION	ROJAS JUAN C	ROJAS JOSEPHINE H	489319	
3	12/1/1995	CONV	CONVERSION	ROJAS JOSEPHINE H	UNITED BAPTIST CHURCH-WESLACO	489326	

Tax Due

Property Tax Information as of 01/13/2022

Amount Due if Paid on: 

Year	Taxing Jurisdiction	Taxable Value	Base Tax	Base Taxes Paid	Base Tax Due	Discount / Penalty & Interest	Attorney Fees	Amount Due
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NOTE: Penalty & Interest accrues every month on the unpaid tax and is added to the balance. Attorney fees may also increase your tax liability if not paid by July 1. If you plan to submit payment on a future date, make sure you enter the date and RECALCULATE to obtain the correct total amount due.

Questions Please Call (956) 381-8466.

Valuation Glossary

Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015 (Dictionary).

Uniform Standards of Professional Appraisal Practice, 2020-2022 Edition (USPAP).

The Appraisal of Real Estate, Fifteenth Edition, Appraisal Institute, Chicago, Illinois, 2020 (15th Edition).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. *(Dictionary)*

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. *(15th Edition)*

Aggregate of Retail Values (ARV)

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called *sum of the retail values*. *(Dictionary)*

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. *(Dictionary)*

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. *(Dictionary)*

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. *(Dictionary)*

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. *(Dictionary)*

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. *(Dictionary)*

Cash-Equivalent Price

The price of a property with nonmarket financing expressed as the price that would have been paid in an all-cash sale. *(Dictionary)*

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. *(Dictionary)*

Contract Rent

The actual rental income specified in a lease. *(15th Edition)*

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; deducting 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. *(Dictionary)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called hard costs. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter 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 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 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. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(15th Edition)*

Economic Life

The period over which improvements to real property contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions - e.g. free rent, excessive tenant improvements, moving allowances, lease buyouts, cash allowances, and other lease incentives. *(15th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the takings clause, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called developer's profit) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. *(Dictionary)*

Entrepreneurial Profit

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

development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the lessor and may reflect superior management, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(15th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time

An opinion, based on supporting market data, of the length of time that 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. *(USPAP)*

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. *(USPAP)*

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be temporary or permanent. *(Dictionary)*

Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of market value.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency. *(Dictionary)*

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. *(USPAP)*

Fee Simple Estate

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

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the 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. *(Dictionary)*

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. *(Dictionary)*

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. *(Dictionary)*

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. *(Dictionary)*

Going-concern

An established and operating business having an indefinite future life. *(Dictionary)*

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern or market value of the total assets of the business. *(Dictionary)*

Gross Building Area (GBA)

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. *(Dictionary)*

Gross Leasable Area (GLA) - Commercial

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. *(Dictionary)*

Gross Living Area (GLA) - Residential

Total area of finished, above-grade residential area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) *(Dictionary)*

Highest & Best Use

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. 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 that asset when formulating the price that it would be willing to bid (IVS). *(Dictionary)*

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. 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)*

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. *(15th Edition)*

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. *(Dictionary)*

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called soft costs. *(Dictionary)*

Insurable Replacement Cost

The cost estimate, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). *(Dictionary)*

Interim Use

The temporary use to which a site or improved property is put until a different use becomes maximally productive. *(Dictionary)*

Investment Value

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. *(Dictionary)*

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 reversion right when the lease expires. *(Dictionary)*

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. *(Dictionary)*

Legally Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; also known as a grandfathered use. *(Dictionary)*

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 the local currency) 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. *(Dictionary)*

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas. *(Dictionary)*

Market Rent

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

Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. *(Dictionary)*

Market Value (Most Common Non-FRT)

The most probable price, as of a specific date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue distress. *(Dictionary)*

Market Value (Interagency Guidelines)

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. (Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. *(Dictionary)*

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. *(Dictionary)*

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). *(15th Edition)*

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. *(Dictionary)*

Off-site Costs

Costs incurred in the development of a project, excluding on-site costs such as grading and construction of the building and other improvements; also called common costs or off-site improvement costs. *(Dictionary)*

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. *(Dictionary)*

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. *(15th Edition)*

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. *(Dictionary)*

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. *(Dictionary)*

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. *(Dictionary)*

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. *(Dictionary)*

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. *(Dictionary)*

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 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 achieved sellout or a stabilized level of long-term occupancy. *(Dictionary)*

Qualitative Adjustment

An indication that one property is superior, inferior, or the same as another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. *(Dictionary)*

Quantitative Adjustment

A numerical (dollar or percentage) adjustment to the indicated value of the comparable property to account for the effect of a difference between two properties on value. *(Dictionary)*

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. *(Dictionary)*

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. *(Dictionary)*

Reproduction Cost

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

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." *(Dictionary)*

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 vacant when an adequate supply of comparable sales is available. *(Dictionary)*

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. *(USPAP)*

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. *(15th Edition)*

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. *(Dictionary)*

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. *(Dictionary)*

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. *(Dictionary)*

Triple Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called NNN, triple net lease, or fully net lease. *(Dictionary)*

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. *(Dictionary)*

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. *(Dictionary)*

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income deductions due to vacancies, tenant turnover, and non-payment of rent; also called vacancy and credit loss or vacancy and contingency loss. *(Dictionary)*

Yield Capitalization

A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. *(Dictionary)*



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Christopher Stallings is the Managing Director of the Houston office of Colliers International Valuation & Advisory Services. Mr. Stallings started his career in valuation and consulting in 1983 after completing a Masters Degree in Land Economics and Real Estate at Texas A&M University. He also holds the MAI designation by the Appraisal Institute as well as the CCIM and MRICS designations.

As a Managing Director, Mr. Stallings has extensive experience in commercial real estate valuation. Based on 25+ years of experience, he has significant expertise with multi-family valuation, feasibility, and market studies of conventional and affordable properties, condominiums, hotels, single and multi-tenant office buildings, industrial, retail, mixed-use developments, subdivisions, master planned communities, golf courses, marinas, and a wide variety of special purpose property types. Other valuation specialties include going concerns, FF&E and property tax appeal representation. Chris is qualified as an expert witness and has testified in numerous courts regarding real estate valuation matters.

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Chris was a Managing Director at BBG, and Grubb & Ellis Landauer Valuation Advisory Services, LLC. Prior to becoming associated with Grubb & Ellis Landauer, Mr. Stallings was an Associate Director with Integra, Houston; he was Director and Regional Manager for the Commercial Appraisal Group with CB Richard Ellis in Houston and San Francisco and served as a Manager for Standard and Poor's Corporate Value Consulting.

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Appraiser: **CHRISTOPHER JAY STALLINGS**

License #: **TX 1320312 G**

License Expires: **08/31/2022**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
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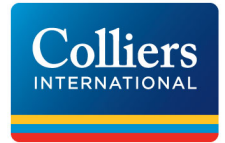
A blue ink signature of Chelsea Buchholtz, the Commissioner, is located on the right side of the certificate.

Chelsea Buchholtz
Commissioner



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APPRAISAL INSTITUTE COURSES

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Market Analysis and Highest & Best Use

Sales Comparison Approach

Site Valuation and Cost Approach

Basic Appraisal Procedures

Valuation Analysis & Report Writing

Case Studies in Real Estate Valuation

Basic Valuation Procedures

Capitalization Theory & Technique

Real Estate Appraisal Principles

Hotel Valuation

Comparative Analysis

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Real estate valuations play a pivotal role in today's business climate. An accurate and well supported opinion of property value can mean the difference between reaching a critical goal—securing a loan, closing a sale, reporting to investors, choosing the best asset—or failing to achieve it altogether.

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