

**APPRAISAL REPORT  
BELT LINE ROAD PROJECT  
PARCELS 27E AND 27R  
P.H.C.G. INVESTMENTS  
BANK BRANCH  
4020 BELT LINE ROAD  
ADDISON, DALLAS COUNTY, TEXAS**

**FOR**

**TOWN OF ADDISON  
16801 WESTGROVE DRIVE  
ADDISON, TEXAS 75001**

**PYLES WHATLEY CORPORATION  
11551 FOREST CENTRAL DRIVE, SUITE 220  
DALLAS, TEXAS 75243**

**PYLES ★ WHATLEY CORPORATION**  
**Real Estate Consultants**

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Wendell Pyles, MAI, SR/WA

Jan Whatley (1953-2013)

April 7, 2014

Ms. Lisa Pyles  
Director of Infrastructure Operations and Services  
Town of Addison  
16801 Westgrove Drive  
Addison, Texas 75001

**RE:** A real estate appraisal of Parcels 27E and 27R, a proposed partial acquisition in the Belt Line Road Project, located at the southeast corner of Belt Line Road and Surveyor Boulevard, Addison, Dallas County, Texas

Dear Ms. Pyles:

At your request, we submit this appraisal report to estimate the market value of the above referenced property. We have made an on-site inspection of the property and considered factors pertinent to and indicative of value including: Addison area characteristics, market area data and trends, locational amenities, highest and best use, and other elements of value.

Methodology and terminology used throughout the report may be found in *The Appraisal of Real Estate*, 14<sup>th</sup> Edition, as published by the Appraisal Institute.

The subject property is a tract of land totaling 56,185 square feet, improved with a bank branch, located at the southeast corner of Belt Line Road and Surveyor Boulevard. This appraisal report is in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) as provided by the Appraisal Foundation. Our opinion of value for the subject is effective as of March 29, 2014.

The appraisal problem, as applied to the subject, is to determine the property's market value and the total compensation due to the property owner for the proposed acquisition. "Market Value is the price which the property would bring when it is offered for sale by one who desires, but is not obliged to sell, and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future." *City of Austin v. Cannizzo*, 267 S.W. 2d 808 (Tex. 1954).

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Page 2

Ms. Lisa Pyles

April 7, 2014

With reference to the preceding definition, our opinions of value are as follows:

<b>Whole Property (Market Value)</b>	\$	2,370,000	
<b>Part To Be Acquired in Fee Simple</b>			\$ 7,477
<b>Part To Be Acquired in Easement</b>			\$ 39,141
<b>Remainder - Before Taking</b>	\$	2,323,382	
<b>Remainder - After Taking</b>	\$	2,323,382	
<b>Total Compensation</b>			<b>\$ 46,618</b>

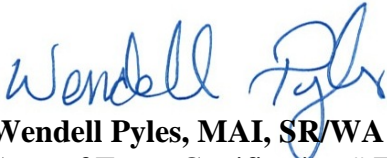
Any personal property, fixtures, or intangible items that are not real property - that are included in the valuation - are identified as personal property and discussed herein.

The following report sets forth a description of the property along with a summary of the market data considered and the conclusions derived from such data. Your attention is directed to the general assumptions and limiting conditions on the following pages, as well as the extraordinary assumptions and hypothetical conditions.

If you should have questions concerning any portion of this appraisal report, please contact our office.

Respectfully submitted,

**PYLES★WHATLEY CORPORATION**



**Wendell Pyles, MAI, SR/WA**

State of Texas Certification # TX-1320453-G

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**SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS**


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**BELT LINE ROAD PROJECT – PARCELS 27E AND 27R**


<b>Parcel Owner</b>	P.H.C.G. Investments		
<b>Parcel Number</b>	27E and 27R		
<b>Location</b>	4020 Belt Line Road Addison, Texas 75001		
<b>Mapsc</b>	DA-14-A		
<b>Whole Property Land Area</b>	1.2898 acres	<i>(or 56,185 SF)</i>	
<b>Part To Be Acquired - Fee Simple</b>	0.0118 acres	<i>(or 512 SF)</i>	
<b>Part To Be Acquired – Permanent Easement</b>	0.0819 acres	<i>(or 3,570 SF)</i>	
<b>Zoning</b>	PD; Planned Development		
<b>Highest &amp; Best Use</b>	Commercial Development		
<b>Reasonable Exposure Time</b>	12 to 18 months		
<b>Effective Date of the Appraisal</b>	March 29, 2014		
<b>Date of Appraisal Report</b>	April 7, 2014		
<b>Whole Property (Market Value)</b>	\$	2,370,000	
<b>Part To Be Acquired in Fee Simple</b>			\$ 7,477
<b>Part To Be Acquired in Easement</b>			\$ 39,141
<b>Remainder - Before Taking</b>	\$	2,323,382	
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**TABLE OF CONTENTS**


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<b>LETTER OF TRANSMITTAL</b>	
<b>SUMMARY OF IMPORTANT FACTS</b>	
	<b><u>PAGE</u></b>
<b>SCOPE OF THE ASSIGNMENT .....</b>	<b>1</b>
<b>DEFINITION OF MARKET VALUE.....</b>	<b>6</b>
<b>GENERAL ASSUMPTIONS AND LIMITING CONDITIONS.....</b>	<b>7</b>
<b>EXTRAORDINARY ASSUMPTIONS &amp; HYPOTHETICAL CONDITIONS.....</b>	<b>10</b>
<b>MARKET AREA .....</b>	<b>12</b>
<b>DALLAS/FORT WORTH METROPOLITAN AREA ANALYSIS .....</b>	<b>13</b>
<b>REGIONAL MAP.....</b>	<b>31</b>
<b>TOWN OF ADDISON ANALYSIS.....</b>	<b>32</b>
<b>SUBJECT VICINITY.....</b>	<b>37</b>
<b>LOCATION MAP.....</b>	<b>42</b>
<b>REAL ESTATE TAX ANALYSIS.....</b>	<b>48</b>
<b>AERIAL PHOTOGRAPH.....</b>	<b>49</b>
<b>SUBJECT PHOTOGRAPHS .....</b>	<b>50</b>
<b>WHOLE PROPERTY SKETCH .....</b>	<b>53</b>
<b>SITE PLAN AND BUILDING LAYOUT SKETCH.....</b>	<b>54</b>
<b>ZONING MAP .....</b>	<b>55</b>
<b>ZONING EXCERPT .....</b>	<b>56</b>
<b>FLOOD MAP .....</b>	<b>62</b>
<b>HIGHEST AND BEST USE .....</b>	<b>63</b>
<b>LAND VALUATION.....</b>	<b>65</b>
<b>COST APPROACH.....</b>	<b>74</b>
<b>SALES COMPARISON APPROACH .....</b>	<b>80</b>
<b>INCOME CAPITALIZATION APPROACH.....</b>	<b>93</b>
<b>RECONCILIATION-WHOLE PROPERTY VALUE .....</b>	<b>101</b>
<b>PART TO BE ACQUIRED.....</b>	<b>103</b>
<b>REMAINDER BEFORE TAKING.....</b>	<b>111</b>
<b>REMAINDER AFTER TAKING.....</b>	<b>112</b>
<b>SUMMARY OF COMPENSATION.....</b>	<b>113</b>
<b>APPRAISER'S CERTIFICATE .....</b>	<b>114</b>
<b>APPRAISER QUALIFICATIONS .....</b>	<b>115</b>
<b><u>ADDENDA</u></b>	
<b>TAX INFORMATION</b>	
<b>SURVEY</b>	
<b>NOTIFICATION LETTER</b>	
<b>RETURN RECEIPT</b>	

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## SCOPE OF THE ASSIGNMENT

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### **Purpose of the Appraisal**

The purpose of this appraisal is to estimate the market value of the subject property: the whole property, part to be acquired, remainder property, and any damages to the remainder property. This is an Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2 (a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and intended user(s) for the intended use stated below. The appraisers are not responsible for unauthorized use of this report.

### **Client, Intended Use, and Intended User**

The Town of Addison is the client of Pyles Whatley Corporation. The intended use of this appraisal is to assist the client in their determination of total compensation due to the property owner - the market value of the property to be acquired and any remainder damages. The intended users are the Town of Addison and Halff Associates, Inc., and its officers, employees, and agents. Any other user or uses are not intended or authorized. Use of this appraisal for any other use or by another user may invalidate the findings and conclusions.

The client has been notified that the appraiser has not appraised the subject property in the three years preceding the date of this report.

### **Effective Date of the Appraisal**

The subject property is appraised as of March 29, 2014, the effective date, and is subject to the market influences and economic conditions, which existed on that date. The subject property was inspected on March 29, 2014.

**Date of Report:** April 7, 2014

**Interest(s) Valued** Fee Simple Estate (subject to market rent, occupancy, expenses, and net operating income) and Easement Estate

A Fee Simple Estate is definable as absolute ownership, unencumbered by another interest or estate, and subject only to the limitations of eminent domain, escheat, police power, or taxation.

Easement Estate is defined as an interest in real property that conveys use, but not ownership, of a portion of an owner's property.

## **SCOPE OF THE ASSIGNMENT**

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### **Identification of Property**

The subject is located in the Town of Addison, Dallas County, Texas. Situated at the southeast corner of Belt Line Road and Surveyor Boulevard, the property's street address is 4020 Belt Line Road, Addison, Texas 75001. The subject site is improved with a bank branch. According to the information provided, the subject tract comprises 56,185 square feet (1.2898 acres). Abutting uses are Belt Line Road to the north, Surveyor Boulevard to the west, a professional office building to the south, and vacant land to the west.

The subject is currently used as a bank branch. The property appraised is identified as the subject land and improvements.

### **Legal Description**

The subject is legally described as Being a tract of land situated in the T.L. Chenoweth Survey, Abstract Number 273, Town of Addison, Dallas County, Texas, being part of Lot 1A, Belt Line-Surveyor Addition.

### **Subject History**

According to available information, ownership is vested in P.H.C.G. Investments. The property is a portion of a larger tract purchased from Amwest Savings Association in a transaction dated April 6, 1994, and recorded in an instrument in Volume 94067, Page 5798, Deed Records of Dallas County, Texas. The sale price is not disclosed.

Following the purchase, a bank branch was constructed on the site in 2004, and leased to Southtrust Bank. Today, the facility is leased to Wells Fargo Bank on absolute net terms according to a representative of the owner. The rate is \$8,333.33 per month. Escalations and the remaining term were not disclosed.

No other transactions have occurred in the last five years. To our knowledge, the property is not for sale or under a purchase contract.

This information is included only to satisfy the requirements of USPAP. It is not intended as a guarantee of title or chain of title. Any interested party should obtain a title search performed by a qualified title expert as needed.

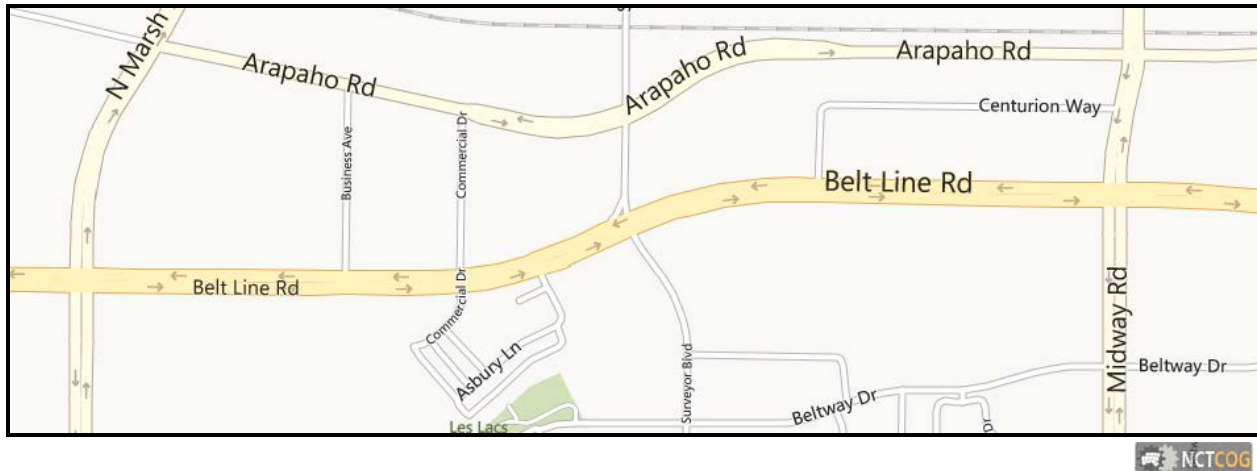
### **Inspection Information**

We contacted the subject property owner by certified mail. A copy of the letter and return receipt are included in the addenda of this report. The property owner was present at an informal meeting in the parking lot in February, but the formal inspection was conducted March 29, 2014. The tenant would not allow any interior photographs, and the interior inspection was limited to the lobby area.

## SCOPE OF THE ASSIGNMENT

### Project Description

The Belt Line Road Project by the Town of Addison is for the undergrounding of electrical utilities along Belt Line Road, between Marsh Lane and Midway Road, in Addison, Texas. The purpose is to enhance the streetscape. Permanent and temporary easements and fee simple acquisitions are required. The type and use of the acquisitions vary by parcel. The acquisition areas are for electrical utilities and switchgear, drainage facilities, manholes, street right-of-way, landscaping, and sidewalks and crosswalk ramps. The construction date has not been determined.



### Project Influence

The subject property is appraised excluding consideration of the effect, if any, on value of the whole property and the part to be acquired caused by the proposed public improvements, and excluding any non-compensable damages to the remainder property that result because of the part acquired or the public project. We conclude that the impending project has no effect on the whole property or on the comparable market data used herein.

### Part To Be Acquired

The Town of Addison proposes to acquire a part of the subject property for the Belt Line Road Project. The proposed acquisition is a permanent easement, and includes a temporary easement. Per the enclosed parcel survey and field notes, the part to be acquired in easement totals 512 square feet (0.01 acres).

### Appraisal Problem

The appraisal problem, as applied to the subject, is to determine the market value of the fee simple interest in the subject property and determine the total compensation due to the property owner for the proposed acquisition. In addressing this problem, the principles of utility, substitution, and anticipation are considered in the following valuation.



## **SCOPE OF THE ASSIGNMENT**

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### **Data Researched**

For this report, the subject market was researched for all pertinent data relating to the appraisal problem including: collecting and confirming data through brokers, appraisers, property owners, lessees/lessors, and others familiar with the real estate market. The information provided by these sources is deemed reliable, but is not guaranteed.

In addition, verifiable third party sources were utilized including the Multiple Listing Service (MLS) and others. Where applicable, additional market data was extracted from market reports and data circulated and purchased from, Real Estate Research Corporation, Price Waterhouse Coopers Korpacz Investor Survey, Yieldstar and others. The information provided by these sources is deemed reliable, but is not guaranteed.

### **Competency**

Collectively, the appraisers involved in this assignment have considerable experience in appraising this property type, and have adequate knowledge of the property type and location to meet the competency requirements of the Uniform Standards of Professional Appraisal Practice. In addition, other appraisers in the market would perform similar actions in the appraisal process to fulfill the scope of work in this assignment and the appraisal meets or exceeds the expectations of parties who are regularly intended users for similar assignments.

### **Procedure**

For this report, the area was inspected and the highest and best use analyzed considering the factors of physically possible, legally permissible, financially feasible, and maximally productive. The cost, sales comparison, and income capitalization approaches are applicable for appraisal purposes and are included in the valuation of the subject. The market was researched for all pertinent land sale data and improved sales and rentals relating to the valuation. These data are analyzed and adjusted using commonly accepted appraisal techniques. The subject land is valued by market comparison of similar tracts of land using the sales comparison approach. Using the cost approach, replacement costs are abstracted from industry sources and applied to the subject improvements, less accrued depreciation. The resulting value indications are reconciled to one final opinion of value of the whole property.

### **Exposure Time**

Exposure time is defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Considering the state of the economy, properties of the subject type, and market participants' actions, an exposure time of 12 to 18 months is concluded for the subject property – at a value consistent with the conclusions of this report.

## SCOPE OF THE ASSIGNMENT

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### Scope of Work

Pyles Whatley Corporation, through its licensed appraisers has performed all aspects of the real estate appraisal report, to include the following:

- Identified the property and interests to be appraised;
- Communicated with the Town of Addison personnel, and Halff Associates, Inc. (the design and engineering consultant), and as appropriate, other service providers, and landowners, regarding the appraisal assignment;
- When possible, communicated with the property owner regarding the history and the condition of the subject property;
- Researched the public records for data on the subject property, including zoning, assessments, taxes, acreage, buildings and site improvements, and maps;
- Performed a preliminary search of all available resources to determine market trends, influences and other significant factors pertinent to the subject properties. Inspected the subject property and subject area, and photographed the subject and relevant comparable sales and income properties; although due diligence has been exercised in inspection of the properties, the appraiser is not an expert in such matters as soils, structural engineering, hazardous waste, environmental conditions, the ADA, and other similar matters, and no warranty is given as to these elements;
- Performed an analysis of the highest and best use of the subject property;
- Researched and collected relevant data (improved sales, escrow sales, listings, and income and other market data) as present in the market area (from public and private sources) and of sufficient quality to express an opinion of value as defined in the appraisal reports;
- Gathered and analyzed the market data to reach an estimate of market value for the appropriate interest in the subject, using the methodology and valuation approaches that are relevant to the assignment;
- Assembled and wrote the narrative report, complete with maps, photos, and supporting addenda;
- Prepared and submitted a written appraisal report of the property, as requested by the client;
- A narrative appraisal report meets the client's requirements.

## DEFINITION OF MARKET VALUE

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### The definition of market value is:

“Market Value is the price which the property would bring when it is offered for sale by one who desires, but is not obliged to sell, and is bought by one who is under no necessity of buying it, taking into consideration all of the uses to which it is reasonably adaptable and for which it either is or in all reasonable probability will become available within the reasonable future.” *City of Austin v. Cannizzo*, 267 S.W. 2d 808 (Tex. 1954).

In this report, a market value opinion of the fee simple interest in the real property is developed.

## **GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

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The Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute require the appraiser to "set forth all assumptions and limiting conditions that affect the analyses, opinions, and conclusions in the report". In compliance therewith, and to assist the reader in interpreting this report, such general assumptions and limiting conditions are set forth below. Specific assumptions, if any, are referred to in the transmittal letter and their location in the report detailed.

Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, notwithstanding the fact that such matters may be discussed in the report.

No opinion is expressed on the value of subsurface oil, gas, water, or mineral rights or whether the property is subject to surface entry for the exploration or removal of such except as expressly stated.

The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date, which may affect the opinions herein stated. The opinion of value is considered reliable only as of the date of the appraisal.

The valuation is reported in dollars of U.S. currency prevailing on the date of the appraisal.

Maps, plats, and exhibits included herein are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose unless specifically identified as such.

All information and comments pertaining to this and other properties included in the report represent the personal opinion of the appraiser, formed after examination and study of the subject and other properties. While it is believed the information, estimates and analyses are correct, the appraiser does not guarantee them and assumes no liability for errors in fact, analysis or judgment.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or to the MAI or SRA designation) shall be disseminated to the public through advertising media, public relations media, sales media, or any other public means of communication without written consent and approval of the undersigned.

## **GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

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The appraiser is not required to give testimony or to appear in court by reason of this appraisal, unless prior arrangements have been made.

The distribution of the total valuation in this report between land and improvements applies only under the existing, or proposed/completed program of utilization. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

Certain information concerning market and operating data were obtained from others. This information is verified and checked, where possible, and is used in this appraisal only if it is believed to be accurate and correct. However, such information is not guaranteed.

Opinions of value contained herein are opinions only. There is no guarantee, written or implied, that the subject property will sell for such amounts. Prospective values are based on market conditions as of the effective date of the appraisal. The appraiser is not responsible if unforeseeable events alter market conditions subsequent to the effective date of the appraisal. As a personal opinion, valuation may vary between appraisers based on the same facts.

No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes can be assumed without provision of specific professional or governmental inspections. While the general conditions of the property were observed, no guarantee can be made concerning the individual components of the structures including but not limited to the heating system, plumbing, electrical services, roof, possible termite damage or building foundation, wells or septic systems. This appraiser is not qualified to make a complete physical inspection of the property. Such an inspection is beyond the scope of this report and no statements can be made concerning the adequacy or condition of these or other systems.

No investigation - unless presented in other sections of this report - was made by the appraiser to determine if asbestos, fiberglass, or synthetic mineral fiber products are present in improved properties. The existence of such products, if any, would have to be determined by a qualified inspector. It is assumed that there is no asbestos, fiberglass, synthetic mineral fiber products, nor other contaminants present that would materially affect value.

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

## **GENERAL ASSUMPTIONS AND LIMITING CONDITIONS**

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No investigation - unless presented in other sections of this report - was made by the appraiser to determine if any toxic materials are present on the subject tract. The existence of such materials, if any, would have to be determined by a qualified inspector. It is assumed that no toxic materials are present that would materially affect value or development costs.

A reasonable investigation was made to determine the existence of any underground storage tanks (UST) on the subject site. If USTs are present on the subject site details are provided in other sections of this report. It is assumed there are no USTs present that would materially affect value.

In the event the appraisal is based upon proposed improvements, it is assumed that the improvements will be completed in substantial conformity with plans and specifications, which have been furnished to the appraiser, and with good materials and workmanship. It is also assumed that the proposed foundation and construction techniques are adequate for the existing sub-soil conditions.

Any personal property, fixtures, or intangible items that are not real property, that are included in the valuation- are identified as personal property and discussed herein.

Due to the multiplicity of mathematical calculations used in standard appraisal practice, rounded values, e.g., rounded to whole dollars or whole units of measure such as linear feet or square feet, may result in inexact sums of components. The typical difference in such cases does not materially affect the value conclusions of this appraisal report or the total compensation due to the property owner.

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## **EXTRAORDINARY ASSUMPTIONS/HYPOTHETICAL CONDITIONS**

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**Extraordinary Assumptions/Hypothetical Conditions:** The Uniform Standards of Professional Appraisal Practice require the disclosure of hypothetical conditions and extraordinary assumptions when employed in the development of an appraisal. The use of these may have affected the assignment results.

As defined in the Uniform Standards of Professional Appraisal Practice, an extraordinary assumption is “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions.”

As defined in the Uniform Standards of Professional Appraisal Practice, a hypothetical condition is “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.”

The subject is appraised conditioned upon the following:

In the remainder condition the subject is appraised as though the Town of Addison project is complete and in place and the part acquired has been put to the use for which it was acquired.

The subject site is located along Belt Line Road and Surveyor Boulevard. Adequate, legal access to the subject is assumed available as of the appraisal date.

A legal opinion of the deed covering the subject property is not available. It is assumed that the deed does not contain any right, restriction, or reservation that would affect the value conclusions of this report.

The fee simple value is based on the hypothetical condition of the property being leased at market lease rates, occupancy, expenses, and net operating income. This differs from the actual leased fee value, given the subject’s current below market occupancy.

The interior inspection was limited to the lobby area. The report is prepared under the extraordinary assumption other areas of the property have similar finish and condition.

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## **EXTRAORDINARY ASSUMPTIONS/HYPOTHETICAL CONDITIONS**

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There are nine trees (Live Oaks and others of similar desirability and value) in the acquisition area. According to the plans, only three of the trees will be taken (one in the fee simple area and two in the permanent easement). The appraisal is prepared under the extraordinary assumption that the remaining six trees in the acquisition area will be allowed to remain by the acquiring entity, following utility line installation, and with no compensation being necessarily paid for the six trees, but with compensation being paid for the three trees taken.

There are two poles with pole-mounted light fixtures located in the temporary easement. According to a representative of the engineering firm, the poles and light fixtures will be moved and reestablished by the acquiring entity, at the acquiring entities' expense. The appraisal is prepared under the extraordinary assumption that the poles and pole-mounted fixtures will be moved and reestablished by the acquiring entity, at the acquiring entities' expense, following utility line installation, and with no compensation being necessarily paid.

According to a representative of the engineering firm, paving and curbing in the acquisition area for the access drive will be replaced by the acquiring entity, at the acquiring entities' expense. The appraisal is prepared under the extraordinary assumption that the concrete access drive and curbing will be restored by the acquiring entity, at the acquiring entities' expense, following utility line installation, and with no compensation being necessarily paid.

Additionally, according to a representative of the engineering firm, signage located within the permanent easement area will remain in place by agreement. As such, the appraisal is conducted under the extraordinary assumption that the signage located in the permanent easement will remain in place in the current condition, following utility line installation, with no compensation being necessarily paid.

The above are set forth for appraisal purposes and no legal reasoning is intended. The reader should be aware that in the event any of the above proves false or improperly applied, the conclusions of this appraisal could be changed or invalidated.



## **MARKET AREA**

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A market area, as defined in The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, copyrighted 2010, is:

"The area associated with a subject property that contains its direct competition."

When analyzing value influences, the focus is on market area. A market area is defined in terms of the market for a specific category of real estate and thus, is the area in which alternative, similar properties effectively compete with the subject property in the minds of probable, potential purchasers and users. A market area can encompass one or multiple neighborhoods or districts.

### **Market Area Influences**

The subject property is located in the town of Addison, Texas, situated in the Dallas-Fort Worth metropolitan area. The market area is considered to be the town of Addison, and the surrounding cities of Carrollton, Farmers Branch, and Dallas, and ultimately the Dallas Fort Worth Metropolitan area as the subject property competes with similar properties in this trade area. An area analysis and a subject vicinity description are presented in the following pages.

## **DALLAS/FORT WORTH METROPOLITAN ANALYSIS**

The subject property in this report is located in the Dallas/Fort Worth Metropolitan Area, one of the major financial and population centers in the nation. Therefore, an overview of the Metroplex is appropriate.

Downtown Dallas



Fort Worth



*Photograph Courtesy of the Dallas Convention & Visitors Bureau*

### **CLASSIFICATION**

The classifications represented in the Dallas/Fort Worth area are:

#### **Metropolitan Statistical Area (MSA) and Metropolitan Division (MD)**



With a population of over 6.4 million, Dallas/Fort Worth and the surrounding area is the fourth largest MSA under this classification. The DFW MSA is comprised of two Metropolitan Divisions; Dallas-Plano-Irving or Dallas MD on the east and Fort Worth-Arlington or Fort Worth MD on the west. The Dallas MD includes Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman, and Rockwall Counties with a 2013 estimated population of over 4.3 million. The Fort Worth MD is comprised of Johnson, Parker, Tarrant, and Wise Counties with a 2013 estimated population of over 2.3 million.

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## DALLAS/FORT WORTH METROPOLITAN ANALYSIS

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### CITY AND COUNTY CHARACTERISTICS

#### History/Introduction

The city of Dallas, located in Dallas County, began as a small Trinity River settlement founded in 1841 by John Neely Bryan. Shortly after its founding, Dallas became part of the wagon train route, the Central National Highway of the Republic of Texas. Dallas was incorporated in 1857 despite its small population, and by 1870 had a population of only 2,960.

In the 1870's, Dallas citizens, bent on making their mark in the Southwest, coaxed the Houston & Texas Central Railroad, which ran north/south, and the westbound Texas Pacific Railroad to the city, thereby becoming a crossing point for the Northeast and Southwest.

With the advent of the railroad, Dallas quickly grew to 38,500 by 1890, and by 1920 the nation was referring to Dallas as "Big D". The city's growth has been mostly attributable to the efforts and influences of the business and private sector. Dallas became the center of finance and business in the Southwest when it petitioned for and received one of the twelve District Federal Reserve Banks in 1913. Since that time, Dallas has become the fifth largest financial center in the United States.

Situated in North Texas, Dallas and Fort Worth serve as the principal cities of the DFW metropolitan area (commonly called the Metroplex). Dallas is the main economic center while Fort Worth is the second largest cultural and economic center of the Metroplex.

#### Demographics/Population

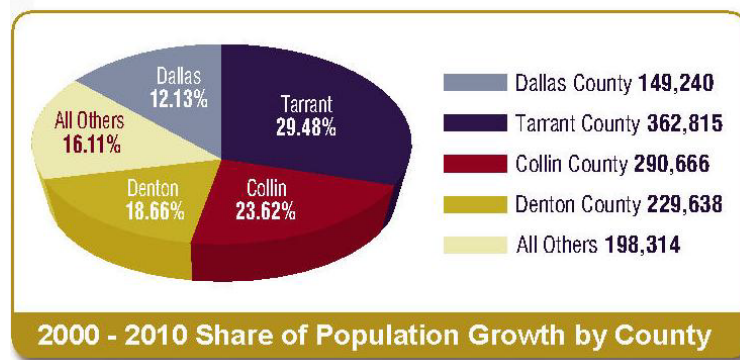
The DFW MSA is the fourth largest metro area in the nation and larger than 33 US states. Dallas is the third largest city in Texas and ninth in the nation. Dallas County is the ninth most populous county in the nation at 2,385,990 persons. Within the Dallas MD is an estimated 2012 population of 4,298,130. Fort Worth ranks as the fifth largest city in the state of Texas and eighteenth in the United States. The city serves as the county seat for Tarrant County which consists of a 2012 population of 1,831,230. Within the Fort Worth MD is a population count of 2,163,280.

From 2000 to 2008, the Dallas-Fort Worth-Arlington MSA was second only to the Atlanta region in growth nationwide. With a growth rate of 2.7%, the MSA population increased by an estimated 947,907 persons.

The Dallas MD experienced a growth rate of 24.5% between 2000 and 2012, indicating slightly lower growth than in the Fort Worth MD which experienced a 26.5% growth rate. Over the past twelve years the MSA as a whole has grown in population by 25.2%.

## DALLAS/FORT WORTH METROPOLITAN ANALYSIS

The breakdown of growth by the four major counties of the MSA are as follows:



Dallas/Fort Worth also ranks sixth in the nation in terms of urbanized land area. The urbanized area that includes the two cities and their contiguous suburbs consumed 1,407 miles of open land between 1990 and 2000 and grew by more than one-third.

Urban Area (1990-2000)	Total Area (square miles)	Urban Area (1990-2000)	Total Area (square miles)
New York	3,353	Dallas/Fort Worth	1,407
Los Angeles	1,859	Boston	1,736
Chicago	2,123	Washington DC	1,157
Philadelphia	1,799	Detroit	1,261
Miami	1,116	San Francisco	758

The subsequent table illustrates growth trends, in total numbers and annualized percentages, of all the major cities, suburbs, and statistical regions from 1990 to 2012.

## DALLAS/FORT WORTH METROPOLITAN ANALYSIS

<b>POPULATION ANNUALIZED GROWTH RATES</b>						
AREA	1990	2000	2010	2011	2012	2011-2012 Percent Change
DFW MSA	3,885,415	5,161,544	6,366,542	6,409,700	6,461,410	0.8
Dallas MD	2,553,362	3,451,226	4,230,520	4,262,910	4,298,130	0.8
Collin County	264,036	491,675	782,341	792,150	804,390	1.5
<b>Dallas County</b>	<b>1,852,810</b>	<b>2,218,899</b>	<b>2,368,139</b>	<b>2,380,510</b>	<b>2,385,990</b>	<b>0.2</b>
Denton County	273,525	432,976	662,614	669,930	683,010	2.0
Ellis County	85,167	111,360	149,610	151,030	152,580	1.0
Hunt County	64,343	76,596	86,129	86,860	87,290	0.5
Kaufman County	52,220	71,313	103,350	103,440	104,600	1.1
Rockwall County	25,604	43,080	78,337	78,990	80,270	1.6
Fort Worth MD	1,361,034	1,710,318	2,136,022	2,146,790	2,163,280	0.8
Johnson County	97,165	126,811	150,934	151,440	153,060	1.1
Parker County	64,785	88,495	116,927	117,570	118,860	1.1
Tarrant County	1,170,103	1,446,219	1,809,034	1,818,240	1,831,230	0.7
Wise County	34,679	48,793	59,127	59,540	60,130	1.0
<b>Addison</b>	<b>8,783</b>	<b>13,250</b>	<b>13,056</b>	<b>13,060</b>	<b>13,680</b>	<b>4.7</b>
Allen	18,309	43,554	84,246	84,820	86,600	2.1
Arlington	261,721	322,969	365,438	365,530	365,860	0.1
Carrollton	82,169	109,576	119,097	119,360	121,150	1.5
Coppell	16,881	35,958	38,659	38,870	38,950	0.2
Dallas	1,006,877	1,188,580	49,047	49,210	49,540	0.7
Denton	66,270	80,537	113,383	114,520	115,810	1.1
Duncanville	35,008	36,081	38,524	38,600	38,610	0.0
Farmers Branch	24,250	27,508	28,616	28,600	28,620	0.1
Fort Worth	447,619	534,694	741,206	748,450	757,810	1.3
Frisco	6,138	33,714	116,989	121,670	125,500	3.1
Garland	180,650	215,768	226,876	227,670	228,060	0.2
Grand Prairie	99,616	127,427	175,396	176,320	176,980	0.4
Irving	155,037	191,615	216,290	218,080	218,850	0.4
Lewisville	46,521	77,737	95,290	95,430	96,000	0.6
McKinney	21,283	54,269	131,117	133,010	136,180	2.4
Mesquite	101,484	124,523	139,824	139,890	139,950	0.0
Murphy	1,547	3,109	17,708	17,860	18,020	0.9
Plano	128,713	222,030	259,841	260,500	261,900	0.5
Richardson	74,840	91,802	99,223	99,870	100,450	0.6
Wylie	8,716	14,965	41,427	42,040	42,690	1.5
<i>Source: North Central Texas Council of Governments</i>						

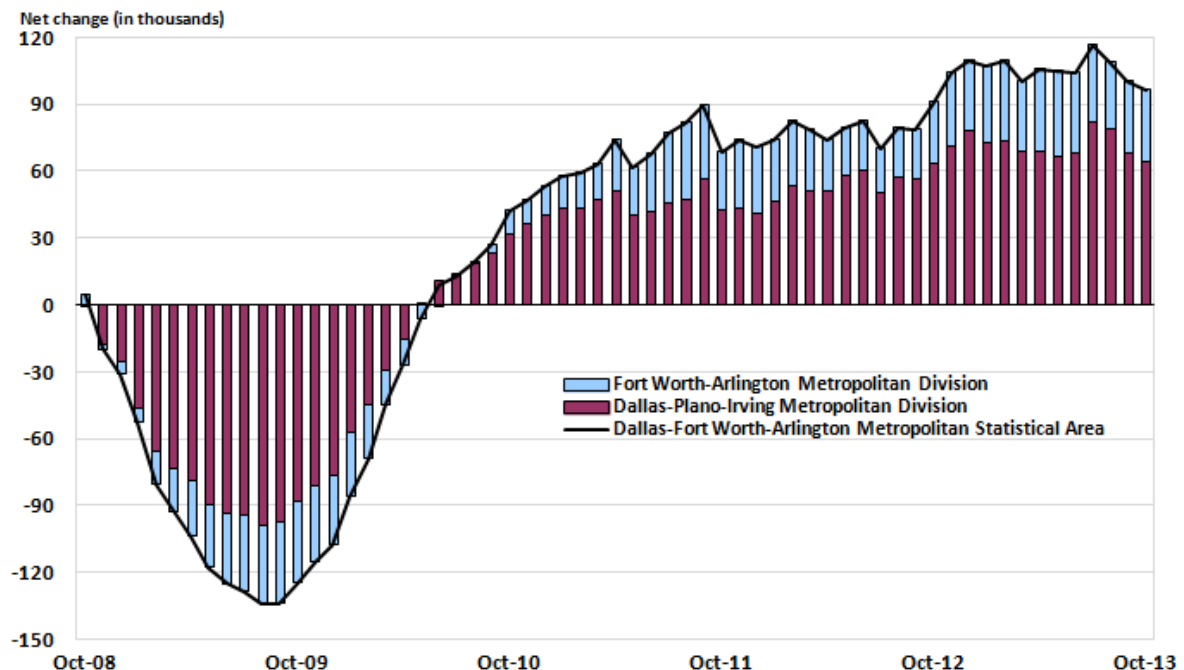
## DALLAS/FORT WORTH METROPOLITAN ANALYSIS

### EMPLOYMENT AND ECONOMIC BASE

#### DFW MSA Employment

From 1995 to 2000, the DFW MSA was consistently one of the leaders in new job creation, with annual gains in the range of 70,000 to 125,000 jobs. However, the region posted job losses totaling 36,500, or -1.3% decline for the year ending 2001, primarily due to layoffs in the high tech and telecom sectors. This was a record loss and twice the previous record of 19,500 job losses in 1991. In total, only three years of negative job growth are recorded in the last fifteen years. Employment bases of the MSAs are growing and the unemployment figures are typically slightly superior to the U.S. as a whole. Total nonfarm employment in the Dallas-Fort Worth-Arlington Metropolitan Statistical Area stood at 3,114,800 in July 2013, up 111,800 over the year, the U.S. Bureau of Labor Statistics reported. From July 2012 to July 2013, local nonfarm employment rose 3.7 percent, more than twice the national increase of 1.7 percent. Regional Commissioner Stanley W. Suchman noted that among the 12 largest metropolitan areas in the country, Dallas ranked first in the rate of job growth.

**Chart 1. Total nonfarm employment, over-the-year net change in the Dallas metropolitan area and its divisions, October 2008–October 2013**



## DALLAS/FORT WORTH METROPOLITAN ANALYSIS

Dallas-Fort Worth-Arlington was 1 of the nation's 12 largest metropolitan statistical areas in July 2013. All of these areas experienced over-the-year job growth during the period, with five exceeding the national average of 1.7 percent. The fastest rate of job growth was registered in Dallas, up 3.7 percent, closely followed by Houston-Sugar-Land-Baytown, up 3.6 percent.

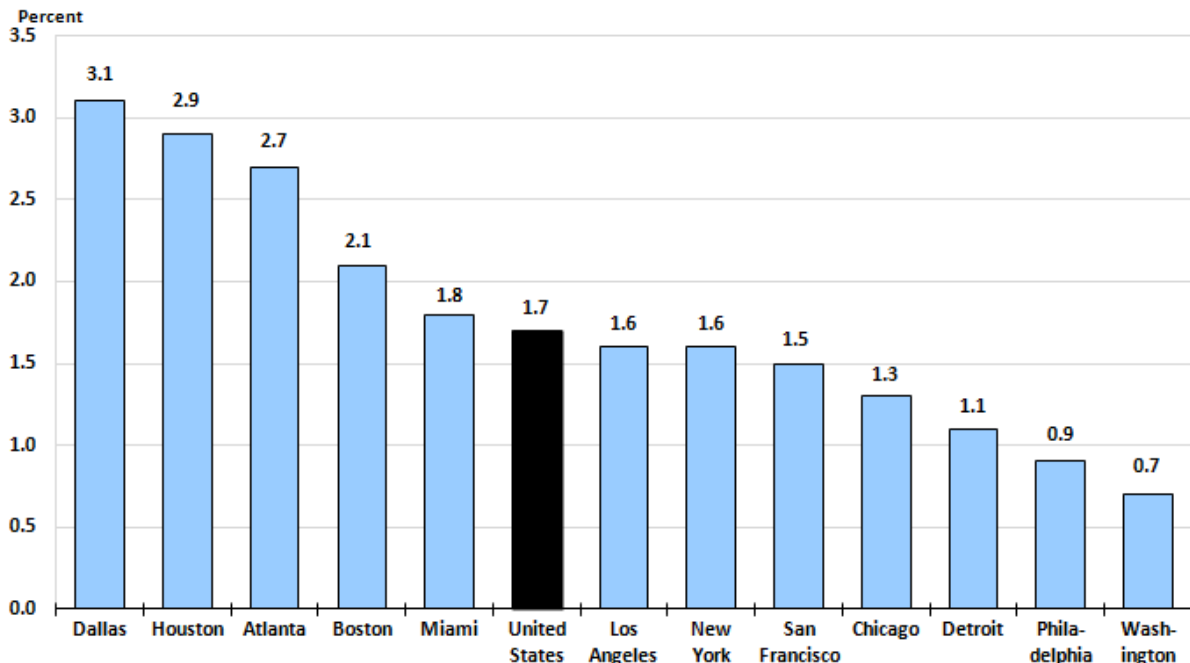
### Civilian Employment (In Thousands)

August 2013

United States	144,509,000	State of Texas	11,981.9
Abilene	80.1	Longview	111.1
Amarillo	127.4	Lubbock	139.8
Austin-Round Rock-San Marcos	931.1	McAllen-Edinburg-Mission	277.6
Beaumont-Port Arthur	169.4	Midland	92.6
Brownsville-Harlingen	146.1	Odessa	84.1
Bryan-College Station	107.3	San Angelo	53.8
Corpus Christi	208.9	San Antonio-New Braunfels	968.9
Dallas-Plano-Irving MD	2,150.5	Sherman-Denison	54.3
El Paso	293.7	Texarkana	59.0
Fort Worth-Arlington MD	1,077.6	Tyler	95.5
Houston-Baytown-Sugarland	2,916.2	Victoria	58.7
Killeen-Temple-Fort Hood	159.1	Waco	110.2
Laredo	94.8	Wichita Falls	66.7

*Source: Texas Workforce Commission -Texas Labor Market Review, September 2013*

**Chart 3. Over-the-year percent change in employment, United States and 12 largest metropolitan areas, October 2013**

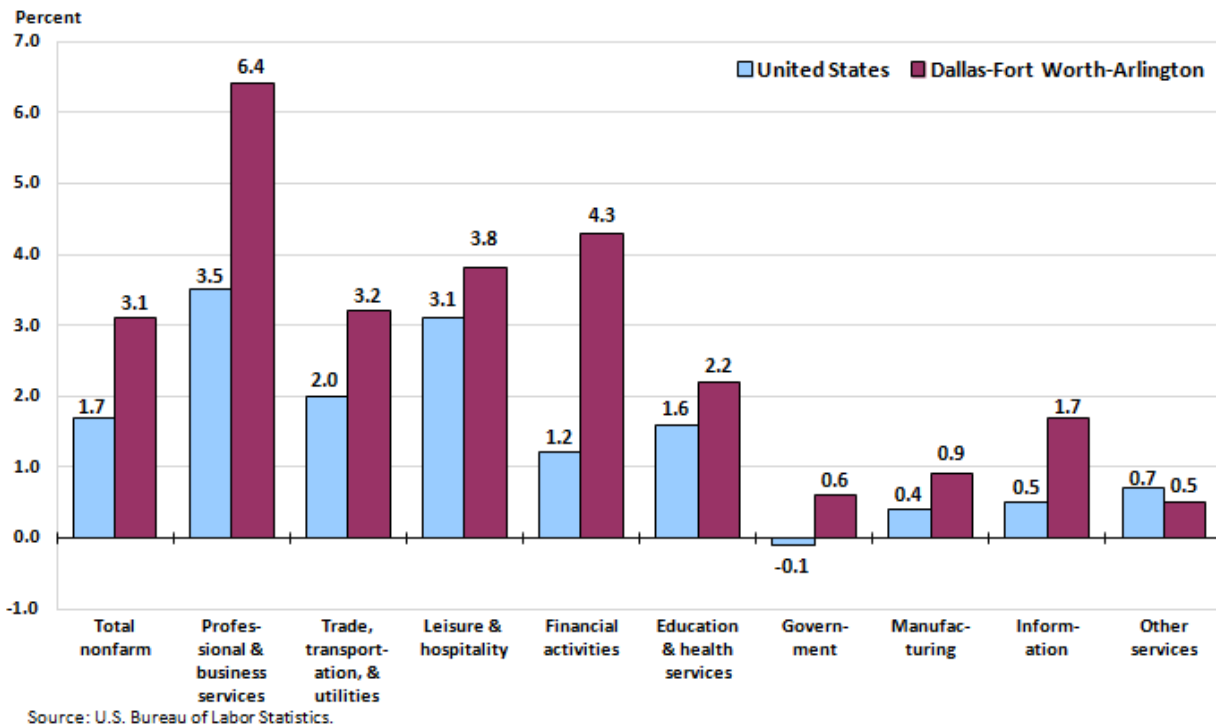


Source: U.S. Bureau of Labor Statistics.

## DALLAS/FORT WORTH METROPOLITAN ANALYSIS

In previous years, the DFW diversified economic base has generated employment opportunities, which caused substantial amounts of growth and expansion. The Dallas/Fort Worth job market has changed from a traditional manufacturing and low-skill employment to the service, high tech, and high skill employment. The subsequent chart illustrates employment growth in industry sectors in Dallas/Fort Worth and nationwide.

**Chart 2. Over-the-year percent change in employment by industry supersector, United States and the Dallas-Fort Worth-Arlington metropolitan area, October 2013**



Trade, professional, business, and other services, manufacturing, and government make up the bulk of the jobs within the Dallas/Fort Worth area.

### Local Companies

The metropolitan area boasts a long list of national and international corporate headquarters, with many major companies relocating to DFW in the past twenty years. The availability of reasonably priced land, lower living cost for employees, favorable climate, and reasonable housing are great incentives.

DFW MSA is home to 19 Fortune 500 Companies. These companies include Exxon Mobil, AT&T, AMR Corporation, Texas Instruments, Fluor, Kimberly-Clark, J.C Penney, Energy Transfer Holdings, Energy Transfer Equity, Atmos Energy, and several others.



## **DALLAS/FORT WORTH METROPOLITAN ANALYSIS**

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The largest North Texas private companies based on revenue include 7-Eleven, Inc., Energy Future Holdings, Michaels Stores Inc., Baylor Health Care System, The Neiman Marcus Group, Texas Health Resources, Glazers Distributors, Sammons Enterprises, Sabre Holdings, and Mary Kay Inc.

Below are the top ten private-sector employers located in North Texas:

<b>Dallas/Fort Worth</b>	
<b>Top Ten Employers</b>	<b>No. of Local Employees</b>
American Airlines	24,700
Bank of America	20,000
Texas Health Resources	19,230
Dallas ISD	18,314
Baylor Health Care System	17,097
AT&T Inc.	15,800
Lockheed Martin	14,126
JPMorgan Chase	13,500
UT Southwestern Medical Center at Dallas	13,122
City of Dallas	12,836
<i>Source: Dallas Business Journal 2013 Book of Lists</i>	

The largest North Texas public companies based on revenue include Exxon Mobil Corp., AT&T Inc., AMR Corp., Fluor Corp., Kimberly-Clark Corp., J.C. Penney Co. Inc., Southwest Airlines Co., Holly Frontier Corp., Texas Instruments Inc., and Dean Foods.

Below are the top ten public-sector employers located in North Texas:

<b>Dallas/Fort Worth</b>	
<b>Top Ten Employers</b>	<b>No. of Local Employees</b>
Dallas ISD	18,314
UT-Southwestern Medical Center at Dallas	13,122
City of Dallas	12,836
United States Postal Service	10,439
Fort Worth ISD	10,129
Parkland Health & Hospital System	8,134
Arlington ISD	7,907
Dallas County	7,411
Garland ISD	7,300
Dallas County Community College District	7,076
<i>Source: Dallas Business Journal 2013 Book of Lists</i>	

## DALLAS/FORT WORTH METROPOLITAN ANALYSIS

### DALLAS/FORT WORTH INVESTMENT CRITERIA

According to the Real Estate Research Center's 3rd Quarter 2013 Real Estate Report, investment criteria are as follows:

DALLAS/FT. WORTH

3RD QUARTER 2013

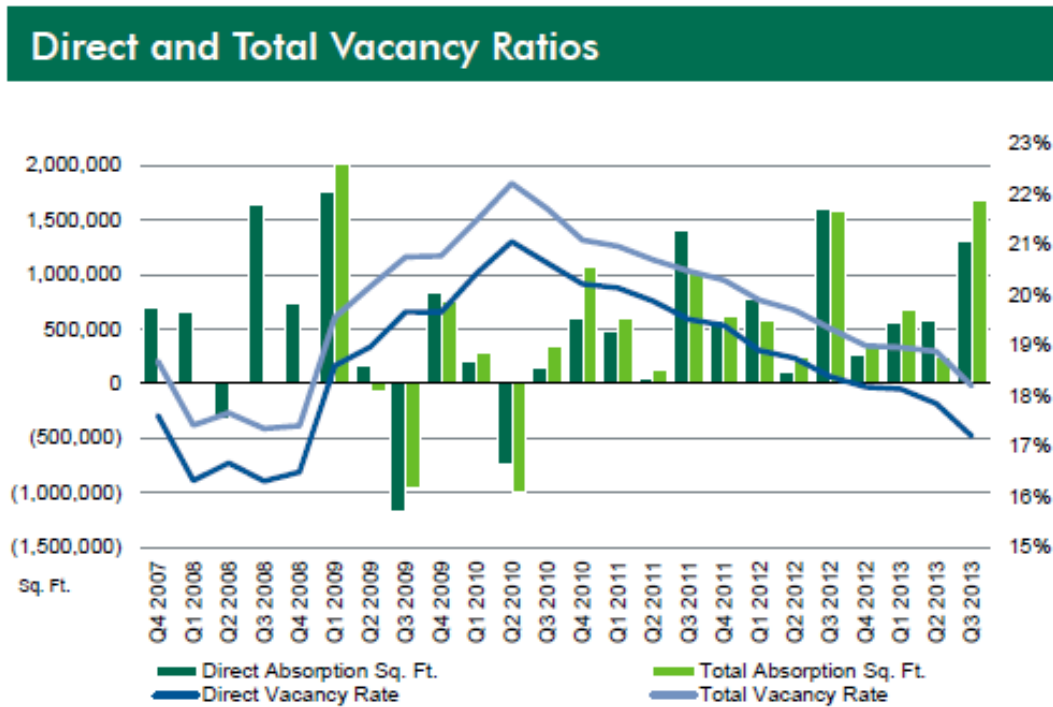
Dallas/Ft. Worth Investment Criteria   First-Tier <sup>1</sup> Investment Properties													
	Pre-Tax Yield (%)			Going-In Cap Rate (%)			Terminal Cap Rate (%)			Anticipated 1-Year Growth Rates			
	RERC Estimate	South Region	U.S.	RERC Estimate	South Region	U.S.	RERC Estimate	South Region	U.S.	National Value	South Value	National Rent	South Rent
Offc - CBD	8.7	9.3	9.0	7.1	7.6	7.3	7.9	8.4	8.0	2.1	1.6	1.9	1.4
Offc - Suburban	9.2	9.5	9.4	7.6	7.8	7.7	8.2	8.5	8.4	1.9	2.0	1.5	1.6
Ind - Warehouse	8.8	9.4	9.1	7.2	7.8	7.6	7.8	8.4	8.2	2.6	2.6	2.1	2.0
Ind - R&D	9.4	9.8	9.6	7.7	8.1	7.9	8.4	8.8	8.5	1.9	2.1	1.7	1.8
Ind - Flex	9.5	9.8	9.6	7.9	8.2	7.9	8.5	8.9	8.6	2.0	1.8	1.7	1.5
Ret - Reg Mall	8.5	9.1	9.1	7.0	7.5	7.5	7.7	8.2	8.1	1.3	1.3	1.3	1.2
Ret - Pwr Center	8.9	9.1	9.2	7.5	7.6	7.5	8.1	8.2	8.2	1.7	1.9	1.5	1.5
Ret - Neigh/ Comm.	9.0	9.3	9.3	7.5	7.8	7.7	8.1	8.3	8.4	2.1	2.5	1.9	2.1
Apartment	7.9	8.3	8.1	5.9	6.5	6.3	6.6	7.2	7.0	3.5	3.6	3.0	3.4
Hotel	10.1	10.3	10.2	8.2	8.4	8.5	9.0	9.2	9.2	2.6	3.1	2.2	2.7
<b>Average</b>	<b>9.0</b>	<b>9.4</b>	<b>9.3</b>	<b>7.4</b>	<b>7.7</b>	<b>7.6</b>	<b>8.0</b>	<b>8.4</b>	<b>8.3</b>	<b>2.2</b>	<b>2.2</b>	<b>1.9</b>	<b>1.9</b>

<sup>1</sup> First-tier investment properties are defined as new or newer quality construction in prime to good locations.  
Source: RERC Investment Survey.

## DALLAS/FORT WORTH METROPOLITAN ANALYSIS

### Office Market

According to the *CB Richard Ellis 3rd Quarter 2013 D/FW Marketview*, the Dallas/Fort Worth office market is experiencing a steady decline in vacancy rates. Overall, vacancy rates have been declining, with lease rates slightly decreasing in the most recent quarters. With the uncertainty in the global economy, investors have become lease aggressive in the office market, with the quantity of proposed office projects declining. Medical offices continue as the strongest sector within the office inventory.

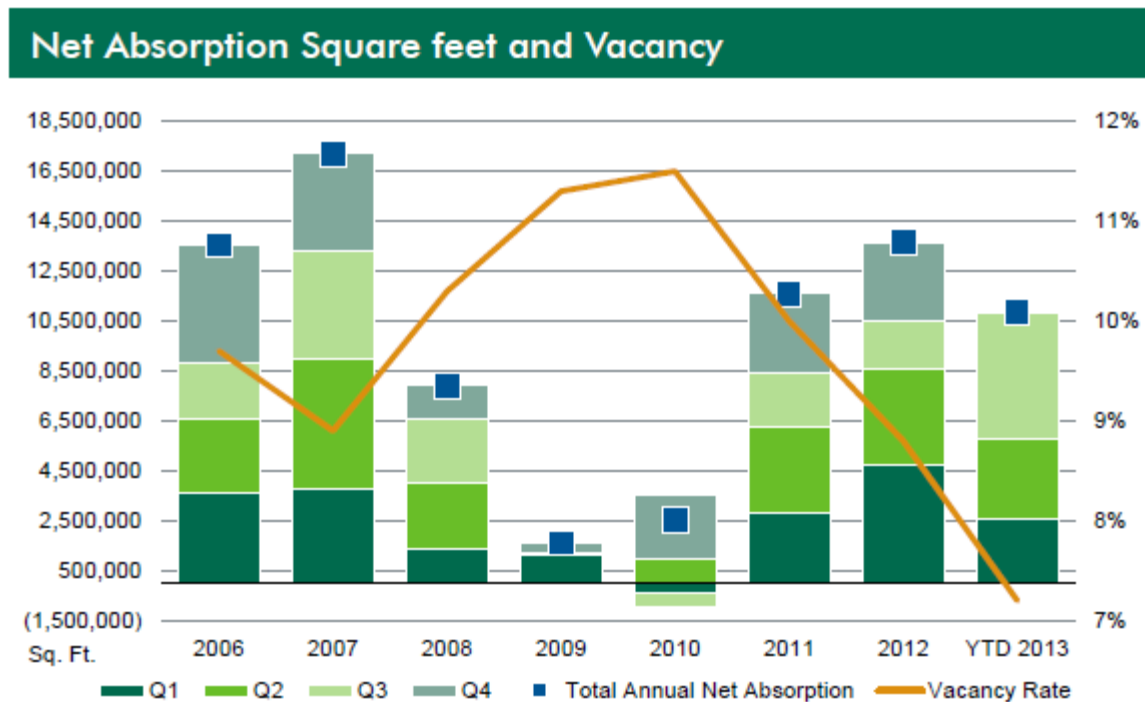


Source: CBRE Research, Q3 2013.

## DALLAS/FORT WORTH METROPOLITAN ANALYSIS

### Industrial Market

According to *CB Richard Ellis*, the industrial market showed signs of continued recovery into 2013. During the past three years, absorption has decreased and then bottomed out; however, for the sixth consecutive quarter, net absorption in the Dallas/Fort Worth industrial market has increased and vacancy rates have dropped. This indicates a growth in demand for space that will be necessary to move the market back to its pre-recession health. As tenants continue to read about the sluggish economy, they expect lower rent as a result. Supply will be increasing slightly, as construction has picked up and two speculative industrial developments have been announced.



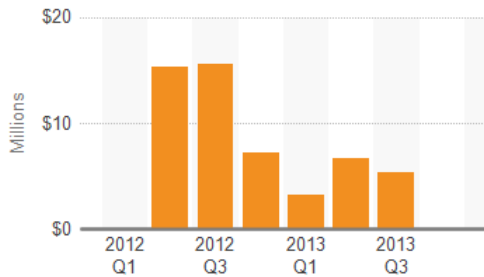
Source: CBRE Research, Q3 2013.

## DALLAS/FORT WORTH METROPOLITAN ANALYSIS

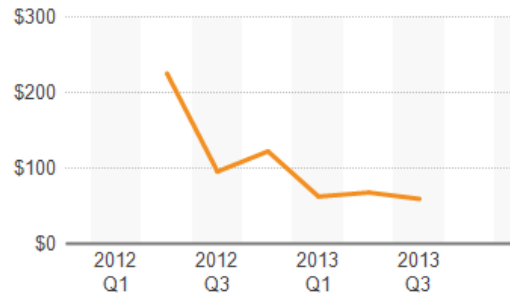
### Hospitality

The Dallas/Fort Worth Metropolitan Area remains strong in terms of the hospitality industry. The overall state of Texas market showed a 7% increase in revenue growth in the third quarter of 2013, largely driven by a 9.5% increase in the oil and gas exploration and production regions. However, Dallas/Fort Worth benefitted from a solid 5% gain in room revenue. With current broader market occupancy currently at 62.6%, the third quarter saw a 3.4% increase in occupancy from the previous period, and a 1.3% increase from the same period one year ago.

**Sales Volume**

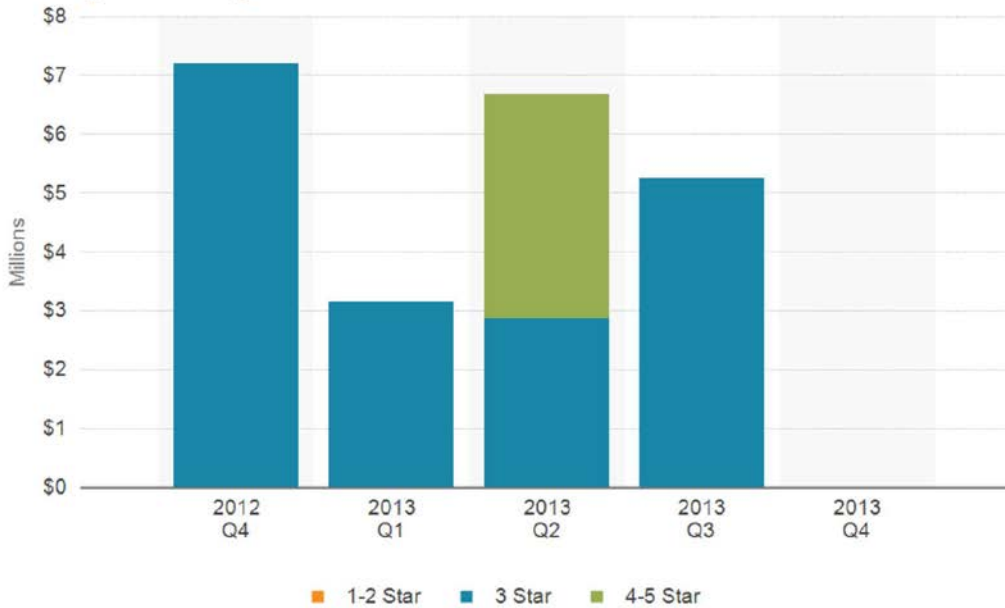


**Average Sales Price Per SF**



Sales volume as well as average sales price per square foot has declined in 2013 in comparison to 2012. This marks not only a decrease in properties offered for sale, but a recent shift away from upscale and full service properties. As displayed in the chart below, the midscale, limited service market remains consistent.

**Sales Vol by Star Rating**



Source: CoStar

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## DALLAS/FORT WORTH METROPOLITAN ANALYSIS

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### Retail

The Dallas/Fort Worth retail market continues to improve as occupancy and demand increases and rental rates remain level. Retail net absorption has been positive since 3<sup>rd</sup> quarter 2009 and is anticipated to continue. Of the total retail market inventory, neighborhood centers dominated the distribution with 32% of the market and strip centers at 24% of the inventory.

The Dallas/Fort Worth retail market is comprised of 84.7 million square feet. Relative to the other markets in the US, Dallas/Fort Worth is the 2nd largest by inventory size. Currently, Dallas/Ft. Worth has 13 square feet of neighborhood & community retail space per capita compared to the U.S. inventory level of 12.9 square feet per capita. The current Dallas/Fort Worth retail vacancy rate of 8.4% ranks 76th overall in the US. The vacancy rate has decreased by 500 basis points over the last year. Over the next five years, the vacancy rate is expected to decrease slightly.

Dallas/Fort Worth retail sales per capita are \$15,143. This is the 52nd largest sales per capita among US markets. Retail sales per capita are expected to grow by an annual rate of 3.1% over the next five years. This is projected to drive the Dallas/Fort Worth annual absorption of 1.2% as a percent of total inventory over the next five-years.

Currently, 1,163,127 square feet of neighborhood and community retail space is under construction, representing 1.4% of total inventory. Annual new supply is projected to represent 0.9% of total inventory. Over the last four years retail rents have fallen by 0.6% in Dallas/Fort Worth. The outlook in retail market fundamentals is expected to drive annual rental growth of 2.2% over the next five years. The 2012 estimated retail health ratio for Dallas/Fort Worth is 91.3 as compared to the average for all markets ratio of 99.7.

In 2011, 64 retail transactions closed totaling \$1,095.9 million. Year-to-date 2012, 40 retail transactions have closed totaling \$1,015.2 million. This level of transaction activity compares to 2007 when 126 retail transactions closed for a total of \$2,260.0 million.

New developments of higher density, mixed-use centers offer unique opportunities to both businesses and residents of the Dallas–Fort Worth region. These developments are situated along the new light rail lines and include: Mockingbird Station, West Village, Victory Park, and Park Lane Place in Dallas, and Montgomery Plaza, Museum Place, and Sundance Square in Fort Worth. In addition, historic downtowns are being redeveloped into attractive regional destinations, including downtowns in Plano, McKinney, Denton, Carrollton, and Grapevine.

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## DALLAS/FORT WORTH METROPOLITAN ANALYSIS

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### DFW ECONOMY

#### Market Center/Conventions

Located north of the Dallas Central Business District is the Dallas Market Center. This 150 acre, five building complex is the largest wholesale mart complex in the United States. Since its opening in the early 1950's, this center has grown to include a total of 5.1 million square feet consisting of the International Floral and Gift Center, Market Hall, Trade Mart, and the World Trade Center. The Dallas Market Center annually conducts more than fifty major markets for more than 200,000 professional buyers. The World Trade Center offers many services vital for international commerce, including consular offices, and trade commissions, foreign buying offices, translation and customs brokers.

The Dallas Convention Center (DCC) underwent a \$100 million expansion, completed in 2002. The Convention Center now features the world's largest singular column-free exhibit hall in the world, at 203,000 square feet and comprises one million square feet of exhibit space, ballrooms, meeting rooms, and is the only convention centre in the nation to have an art museum on the premises. The latest addition to the Dallas Convention Center is large enough to hold The Ballpark at Arlington (home to the Texas Rangers), and still have enough room so that the longest home run hit out of the ballpark would still be in the Convention Center. The DCC hosts 3,600 conventions annually and is one of the leading conventions sites in the US bringing more than \$4.2 billion to the Dallas economy.

#### Dallas/Fort Worth International Airport

The Dallas/Fort Worth International Airport, which opened January 1974, has had an enormous impact on the economy of the DFW Metroplex. Located roughly sixteen miles northwest of the Dallas CBD and employing approximately 305,000 people, the 18,000-acre space is the second largest airport facility in the nation.

The airport has 5 terminals, 7 runways, 155 gates, and 191 destinations. D/FW Airport includes 12 instrument landing approaches and 3 control towers giving it the capacity of the three New York airports combined. D/FW is the only airport where four planes can land simultaneously. Twenty passenger airlines operate out of D/FW, of which eleven are commuter airlines, and nine are foreign flag airlines.

D/FW International Airport ranks eighth in the world, serving 57,806,918 passengers in 2011, 5,509,372 of which were international travelers. DFW also ranks fourth in the world in terms of operations with 646,803 takeoff/departures in 2011. Approximately 158,375 passengers travel daily through D/FW Airport. In 2011, 58% of the passenger makeup consisted of connecting flights while 42% was local.

American Airlines makes D/FW its home base with a high amount of total passengers on a monthly basis. D/FW Airport is also home to an impressive global distribution center with several cargo carriers, 2.6 million square feet of cargo facilities and a foreign trade zone with direct highway access. Covering more than 250 acres, this area is developing into a full service free trade zone. D/FW generates an estimated \$16.6 billion annually to the Metroplex economy.

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## **DALLAS/FORT WORTH METROPOLITAN ANALYSIS**

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### **Alliance Airport**

The Alliance Airport is the world's first industrial/ air cargo and corporate airport in the nation and is designed to serve the needs of business as opposed to passenger service. Alliance Airport is located 15 miles north of downtown Fort Worth, 12 miles northwest of the Dallas/Fort Worth International Airport, and 29 miles to the northwest of downtown Dallas. This project, created by Ross Perot Jr., the city of Fort Worth and the FAA, is a master-planned industrial and commercial facility, which houses more than 140 companies – including over 62 from the Fortune 500, Global 500 and Forbes' List of Top Private Companies. Alliance is the only Foreign Trade Zone in North Texas with combined air, rail and highway access. In conjunction with the airport, Circle T Ranch, a 2,500-acre master-planned community, and Heritage, a 2,300-acre residential community, are transforming northern Tarrant County into a modern urban environment. Alliance Town Center is becoming the center of activity for the growing North Fort Worth area. The center includes a 500 acre retail center, Heritage Marketplace, luxury apartments, hospitals and more.

### **Las Colinas**

Located on major traffic routes between the Dallas/Fort Worth International Airport, downtown Dallas, and the dense residential area of North Dallas, Las Colinas has become one of the major mixed-use developments in the nation. This master planned community covers approximately 12,000 acres within the city of Irving. With 22.3 million square feet of office space, Las Colinas is currently home to more than 2,000 companies. Las Colinas features three private country clubs and four championship golf courses surrounded by residential communities. The Four Seasons Las Colinas Resort has hosted the PGAs Byron Nelson Championship since it opened in 1986. It also contains high-rise office towers, retail centers, apartment complexes, and leisure facilities.

## **DALLAS/FORT WORTH QUALITY OF LIFE**

### **Education**

Educational facilities offered by the city of Dallas and the surrounding areas have grown to keep pace with the increasing population. As of 2010, the DFW MSA consisted of almost 100 school districts and over 1,800 schools with a total enrollment of over 1.1 million. Teacher-pupil ratios ranged from 15 to 3:15. The Dallas and Fort Worth Independent School districts ranked 5th among the largest school districts in the nation.

Twenty, four-year colleges and universities, and five community college districts with a combined total 20 campuses are within one hundred miles of the DFW MSA. Several notable institutions of higher education are located within the MSA.

- |                                   |   |
|-----------------------------------|---|
| • Dallas Baptist University       | • University of Dallas                            |
| • Texas Christian University      | • University of North Texas                       |
| • Texas Wesleyan University       | • Texas Woman's University                        |
| • Baylor College of Dentistry     | • University of Texas at Dallas                   |
| • Southern Methodist University   | • University of Texas at Arlington                |
| • Texas A&M University - Commerce | • University of Texas Southwestern Medical Center |
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## **DALLAS/FORT WORTH METROPOLITAN ANALYSIS**

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Along with these colleges and universities are 75 technical and vocational programs in the Dallas/Fort Worth area. More than 280,000 full- and part-time students attend public and private four year colleges, universities, professional schools, community colleges or senior and graduate level institutions located in this region.

### **Recreation**

Dallas and Fort Worth both offer a wide range of recreational and cultural amenities. Located within 100 miles of DFW are 406 area parks encompassing almost 23,000 acres and more than 60 lakes and reservoirs covering approximately 550,000 acres. DFW has more than 175 museums and galleries, 50 pro and community theatres and dozens of local symphony and chamber orchestras, ballet groups and opera associations. The Dallas Arts District, a sixty-acre section of the Dallas Central Business District, is taking shape into what is expected to become a major focal point in the Dallas arts community. Anchored by the Dallas Museum of Art, the Meyerson Symphony Center, and Nasher Sculptor Garden, the Dallas Arts District is the largest urban arts district in the country.

The Fort Worth Cultural District is home to several museums that are applauded for their architecture and the quality of their collections. Such museums include the Amon Carter Museum of American Art, Kimbell Art Museum, Modern Art Museum of Fort Worth, National Cowgirl Museum and Hall of Fame, Cattle Raisers Museum, and the Fort Worth Museum of Science and History.

Downtown Fort Worth encompasses Sundance Square in thirty five historic blocks where people live, work, stay, and play. Sundance Square is filled with great places to eat, shops and galleries, night clubs, live music and theater, Bass Performance Hall, and more.

The Fort Worth Stockyards is a nationally recognized historic district and is a major tourist attraction in the area. Stockyards Station is the only location that holds a daily longhorn cattle drive, the Fort Worth Herd. Cowboys drive the herd down East Exchange Avenue twice daily. The Stockyards is also home to the world's first indoor rodeo and opens the doors Friday and Saturday nights. Billy Bob's Texas, once a barn for prize cattle during the stock shows, is now 100,000 square feet where you can enjoy real bull riding, games, and performances by some of the biggest country music artists.

Dallas/Fort Worth is host to a wide range of sporting events throughout the year: home to the Dallas Cowboys, Texas Rangers, Dallas Mavericks, Dallas Stars, and FC Dallas Soccer. The area is also host to the Cotton Bowl (Arlington), Byron Nelson Golf Tournament (Irving), Colonial Golf Tournament (Fort Worth), and the Mesquite Rodeo (Mesquite).

Texas Motor Speedway, a development of Bruton Smith, city of Fort Worth and Denton County, opened in 1997. This facility, located at State Highway 114 and Interstate 35W, has a capacity of 200,000 persons. TMS draws huge crowds and lends to accelerated development to the area north of Alliance Airport. Major events to TMS are the NASCAR Nextel Cup, Samsung/Radio Shack 500, Dickies 500, NASCAR Busch Grand National Series, O'Reilly 300, O'Reilly Challenge, IRL, and the Bombardier Learjet 500.

## **DALLAS/FORT WORTH METROPOLITAN ANALYSIS**

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Lone Star Park, a class I horse racing facility, opened in Grand Prairie in 1997. The facility is located on Belt Line Road just to the north of Interstate 30. Lone Star Park covers 315 acres, includes a 36,000 square foot pavilion for simulcasting, and a seven story, 280,000 square foot grandstand with a capacity of roughly 8,000 people. The track has a one mile dirt oval and a 7 furlong turf track, and has accommodations for 1,600 horses across 32 barns. In 2004, it was the site of the Breeder's Cup, becoming the ninth race track to ever host a Breeders' Cup. At only seven years old, Lone Star Park is the youngest track to host the event.

### **Health Care**

The city of Dallas excels in offering health care and medical related research facilities to the Southwest. Baylor Health Care Systems has been named 18<sup>th</sup> among the nation's Top 100 integrated health care networks by SDI, a leading health care market insight and analytics firm and the nation's premier rating system for IHN's. The Southwest Medical School of the University of Texas was ranked 17<sup>th</sup> among research medical schools and 23<sup>rd</sup> among primary care medical schools in the nation. Also, located in the Dallas area is the Wadley Institute of Molecular Medicine blood disease and cancer research facilities, and the headquarters for the American Heart Association, National Association for Retarded Children, and the American Association for Respiratory Therapy. Baylor college of Medicine is ranked 12<sup>th</sup> in medical research and 13<sup>th</sup> in primary care. Parkland Memorial Hospital ranks in the top 50 in five different medical fields.

Medical facilities in Fort Worth include: Baylor Health System, Cook's Children Health Care System, University of North Texas Health Science Center at Fort Worth, JPS Hospital, Plaza Medical Center of Fort Worth, The Center for Cancer and Blood Disorders, and Texas Health Harris Methodist Hospital Fort Worth.

### **Infrastructure**

Water and wastewater needs are supplied by Dallas Water Utilities, North Texas Municipal Water District, Trinity River Authority, and Tarrant Regional Water District.

## **DALLAS/FORT WORTH METROPOLITAN ANALYSIS**

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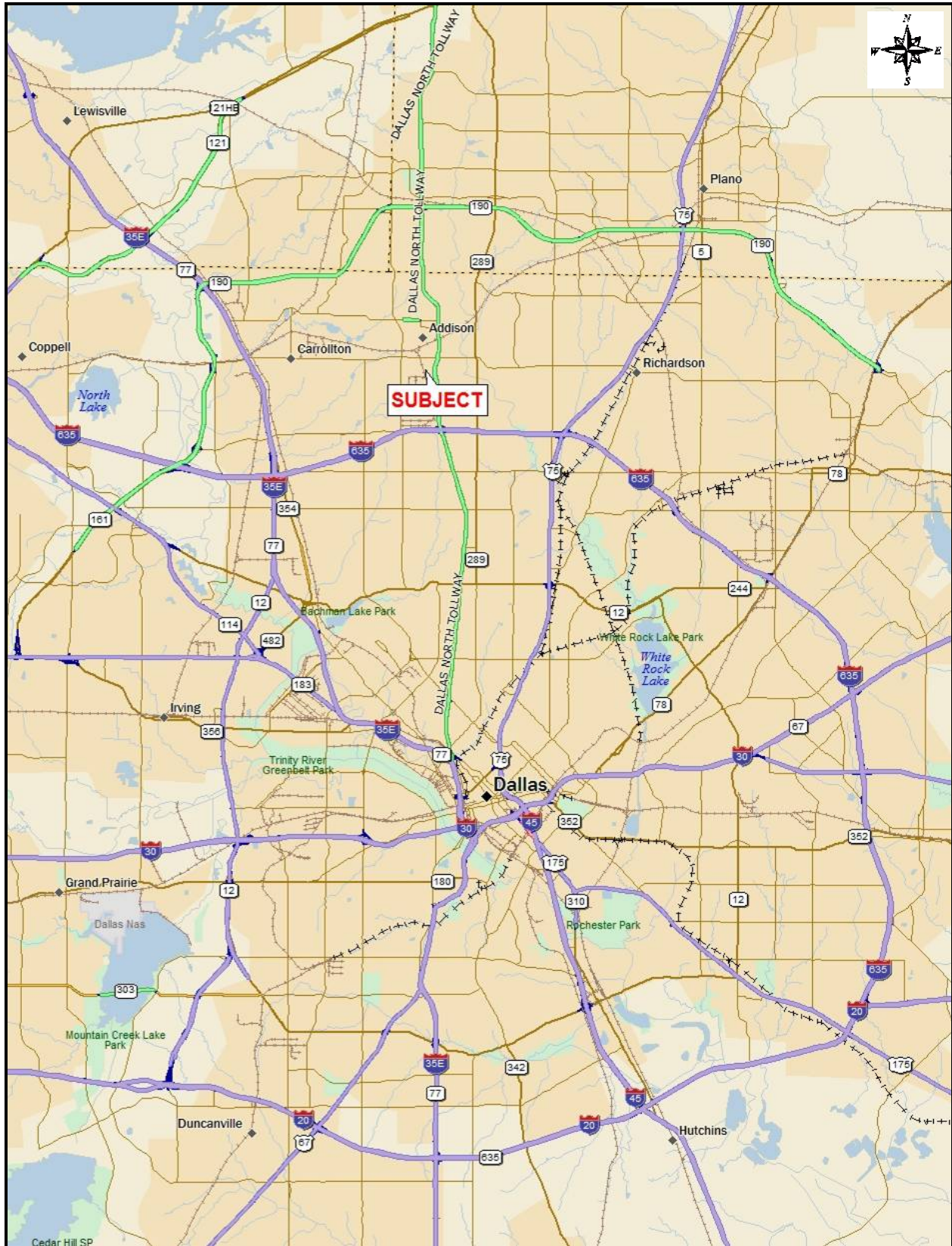
### **CONCLUSIONS**

The foregoing city data and local area economic base activity are presented to establish growth and income patterns, which materially affect real estate development, real estate sales volume and value. The Dallas/Fort Worth area, based upon past performances and reasonable forecasts, should continue an upward growth trend, both in population and employment, particularly in the suburban cities.

As population in the suburban communities continues to increase, and as traffic in and around the Central Core becomes more congested, both residents and local firms are beginning to look toward new, outlying employment centers. This is especially seen in North Dallas along the LBJ Freeway/Dallas Parkway Corridors as well as master planned areas such as Las Colinas and Legacy Business Park.

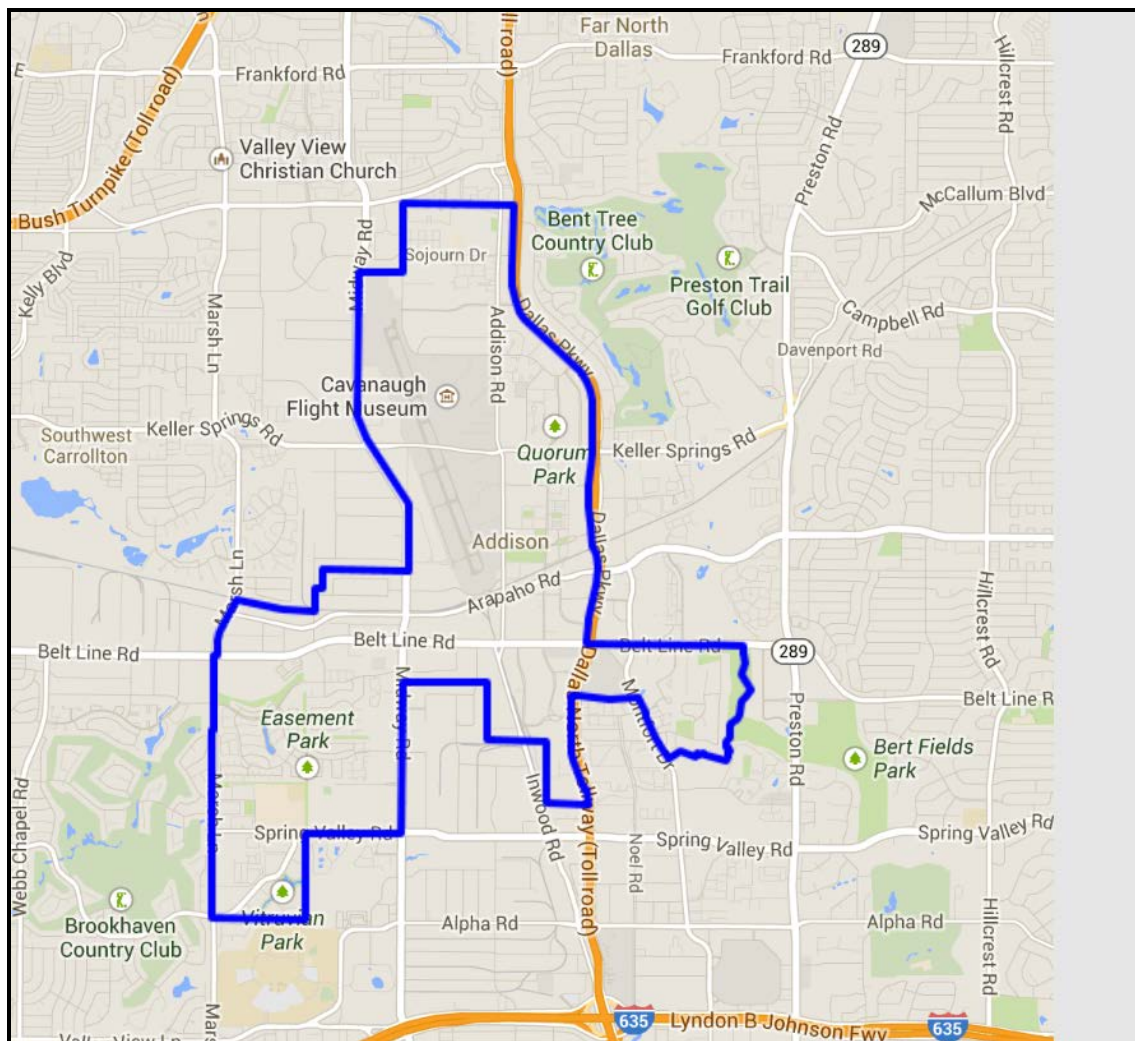
For most sectors of the North Texas metropolitan market, appreciation continued in recent years until 2007. In 2008, the Metroplex saw a record number of single-family home foreclosures. The meltdown of the subprime lending market and collapse of major financial institutions virtually halted commercial and residential lending. Development trends from 2007 through 2009 were downward and sales volumes slowed dramatically. A slow recovery is underway, and while economic forecasts are varied, modest improvement seems to be a consensus. Overall, the Texas economy is proving more resilient and less over-built as compared to Florida, Arizona, Nevada, and California.

# REGIONAL MAP



## TOWN OF ADDISON ANALYSIS

The town of Addison, Texas is located 13 miles north of downtown Dallas, 16 miles northeast of DFW airport, and 11 miles north of Love Field airport. The town is bordered by the city of Carrollton to the west, Farmers Branch to the southwest, and Dallas to the south, east, and north.



### History

Incorporated on June 15, 1953, the Town of Addison is located in the area known at one time as Peters Colony, and settled circa 1846. The area was not known as Addison until 1902, named after Addison Robertson, who served as the community's second postmaster. With the adoption of a new charter, the community became the Town of Addison on April 7, 1982.

In 1975, an election to allow liquor by the drink served in town was a major attribute to the expansion of businesses and restaurants. All combined, Addison's restaurants and eating establishments can seat over 20,000 patrons at one time.

## TOWN OF ADDISON ANALYSIS

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During the late 1970's and early 1980's, Addison experienced explosive growth. The Town of Addison is included in the Dallas-Fort Worth-Arlington Metropolitan Statistical Area, and hence benefits from the economic and population growth trends of the Dallas-Plano-Irving Metropolitan Division.

### **Government**

Governed by a council-manager form of government, the Town Council consists of a Mayor and six members who are elected by at-large elections. The Council enacts ordinances and determines policies, adopts the budget, and appoints the City Manager, who is the chief administrator.

### **Population, Transportation, and Commerce**

Addison contains an estimated 15,179<sup>1</sup> people in a total of 8,419 households. During the day, the population of the town of Addison is estimated to increase to over 100,000 persons, attributable to the large number of employers in the area, as well as the more than 170 restaurants, 27 hotels with over 4,000 rooms, and a large number of retail stores and office buildings along the primary thoroughfares. Further, Addison is corporate headquarters to Dresser, Mary Kay Cosmetics, Jani-King, Palm Harbor Homes, and MillionAire. Average per capita income is estimated to be \$47,727 and average household income is \$63,279, with an average unemployment rate of 6.1%.

The town of Addison covers 4.4 square miles of land, roughly one-half of which is improved with Addison Airport. The airport runway is 7,203 x 100 feet, and is equipped for ILS/DME and VOR/DME instrument approaches. The airport has an average of 366 aircraft operations each day, with 88% being considered general aviation, and 12% being air taxi, charter, or commercial flights. Aircraft based at the airport total 774, 49% of which are single engine, 24% of which are multiple engine, 24% of which are jet aircraft, and 3% of which are helicopters.

Primary thoroughfares providing north/south linkage include the Dallas Parkway/Dallas North Tollway, Addison Road, Inwood Road, Midway Road, and Marsh Lane. East/west linkage is provided by Keller Springs Road, Arapaho Road, Belt Line Road, and Spring Valley Road.

The area is one of the heaviest-developed business centers in northern Dallas, with dense concentrations of low-, mid-, and high-rise office buildings, industrial districts, and retail and restaurant uses. Though Addison is better than 90 percent built out, the Town continues to prosper into the new millennium, and prime real estate and redevelopment opportunities remain at and near the Addison Airport and are anticipated for the future.

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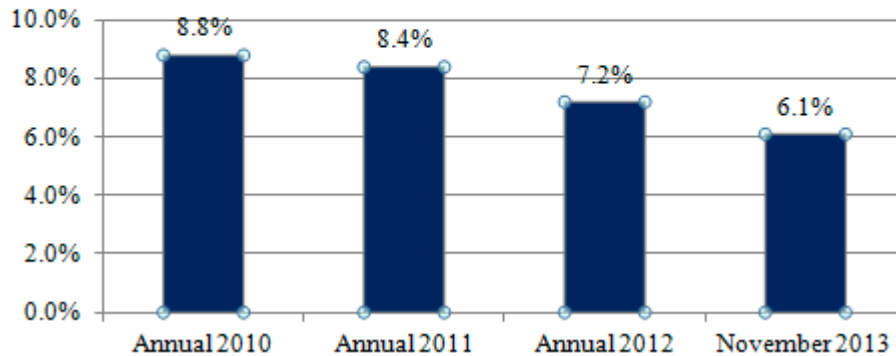
<sup>1</sup> CBRE, *MarketView*.

## TOWN OF ADDISON ANALYSIS

### Employment and Unemployment

The Texas Workforce Commission does not specifically track the unemployment rate for Addison. Addison historical unemployment rates are estimated to be at or lower than Dallas County as a whole.

### Unemployment Rate Dallas County (Source: Texas Workforce Commission)

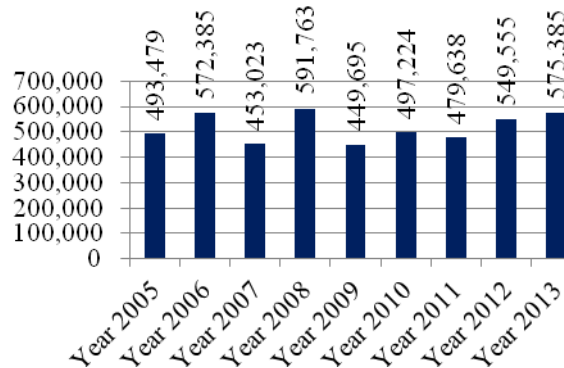


### Retail Sales

In 2013, retail sales in the town of Addison totaled over \$575 million. Sales in 2005 totaled \$493 million, indicating 2% annual compounded growth. The number of retail businesses has increased from 427 in 2005 to 655 in 2013, indicating 5.5% annual compounded growth.

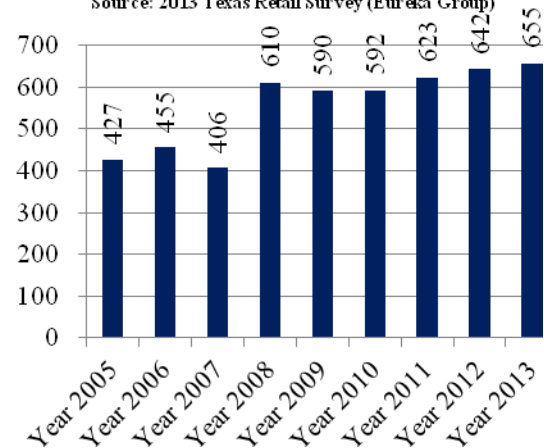
### Gross Retail Sales (\$1,000s)

Source: 2013 Texas Retail Survey (Eureka Group)



### Retail Businesses

Source: 2013 Texas Retail Survey (Eureka Group)



**Community Services**

The town of Addison is served by the Dallas Independent School District and the Carrollton-Farmers Branch Independent School District. Fire and police protection are provided by the town of Addison. Electrical and telephone services are available through various providers, and natural gas is provided by Atmos Energy. Water and sewer services are also provided by the town of Addison.

Located between Addison Road, Addison Circle Drive, Quorum Drive, and Festival Way, Addison Circle Park is a 10-acre open space that serves as the special event site for the Town of Addison's community events such as: Taste of Addison, Kaboom Town, Oktoberfest, and others throughout the year.

**Town of Addison Real Estate Market**

The town of Addison is extensively developed with industrial, office, retail, and multifamily housing, with each property type considered in general terms below.

**Industrial**

A surveyed region, which includes Addison and neighboring areas, indicates a total of 101,377,615 square feet of industrial space, with a vacancy rate of 8.0% and average lease rates ranging from \$4.63 to \$7.51 per square foot on NNN terms.<sup>2</sup>

**Office**

In a manner similar to the industrial analysis, a surveyed region, which includes Addison and neighboring areas, indicates a total of 37,126,805 square feet of office space, with a vacancy rate of 14.5% and average lease rates of \$20.95 per square foot on full service terms.<sup>3</sup>

**Retail**

A surveyed region, including Addison and neighboring areas, indicates a total of 28,332,820 square feet of office space, with a vacancy rate of 8.7% and average lease rates of \$14.76 per square foot on NNN terms.<sup>4</sup>

**Multi-Family Residential Apartments**

In a survey of an area designated as "North Dallas/Addison", 106 properties are considered, with 28,727 units. The average rent per month is \$1.02 per square foot, with 92% occupancy.<sup>5</sup>

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<sup>2</sup> CBRE, *MarketView*.

<sup>3</sup> CBRE, *MarketView*.

<sup>4</sup> CBRE, *MarketView*.

<sup>5</sup> CBRE, *MarketView*.

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## TOWN OF ADDISON ANALYSIS

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### Single-Family and Multi-Family Owned Units

According to the 2010 United States Census for Addison, 73.4% of the 8,419 households are located in multifamily complexes (either condominium ownership or apartments). The remaining 2,239 units are detached single-family.<sup>6</sup> Given the significant level of build-out in the town, new development is nominal. However, City Homes recently completed construction of 183 condominiums in the Addison Circle Urban Center. The homes range between 1,500 to more than 2,000 square feet.

Condominium list prices range from \$73,500 to \$280,000, or \$94.80 to \$141.03 per square foot. Detached single-family list prices range from \$182,500 to \$849,900, or \$93.63 to \$193.00 per square foot. Townhome list prices range from \$157,000 to \$382,000, or \$110.81 to \$189.14 per square foot.<sup>7</sup>

### CONCLUSIONS

The Town of Addison is located along the prestigious Dallas Parkway corridor, and is a major employment center of northern Dallas. The locale is enhanced by residential areas in neighboring communities, and the area is expected to continue to be a major focal point in the commercial real estate market in the Dallas metropolitan area. Residential construction is evident in isolated areas throughout the town, but land availability will tend to retard this growth in the future.

The transportation network in the area is good and surrounding land uses are considered to be compatible and homogenous. The area is in proximity to employment centers and quality schools and services, and is considered a stable residential and commercial environment, with no noticeable nuisances or hazards. The majority of improvements are in the early to middle stages of economic life, and sufficient neighborhood services are accessible to service the community. The long-term prospects for the area and the subject property are positive.

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<sup>6</sup> United States Census, Addison, Texas Estimated 2012 Population.

<sup>7</sup> North Texas Real Estate Information Systems (Local MLS), January 22, 2013.

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## **SUBJECT VICINITY**

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The subject is located in the Belt Line Road corridor in the Town of Addison. The vicinity is west of Midway Road and east of Marsh Lane, and approximately one mile west of the Dallas North Tollway and 2.5 miles north of Interstate Highway 635 (LBJ Freeway).

The area consists of a variety of mostly commercial improvements, ranging from retail buildings and shopping centers, restaurants, office buildings, and others. The majority of improvements are adequately maintained and in average condition. The area is in a stable phase of its life cycle, with an estimated 95% of the land in use.

The traffic system is adequate to service the locale, with Belt Line Road as the primary east-west thoroughfare, and Midway Road and Marsh Lane the primary north-south routes. A number of connecting streets are interspersed throughout the area.

The following pages provide demographic data for the vicinity.

**Neighborhood Demographics**

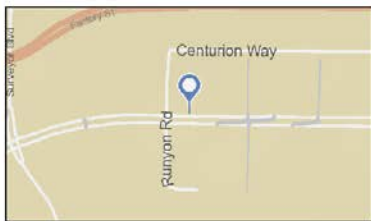
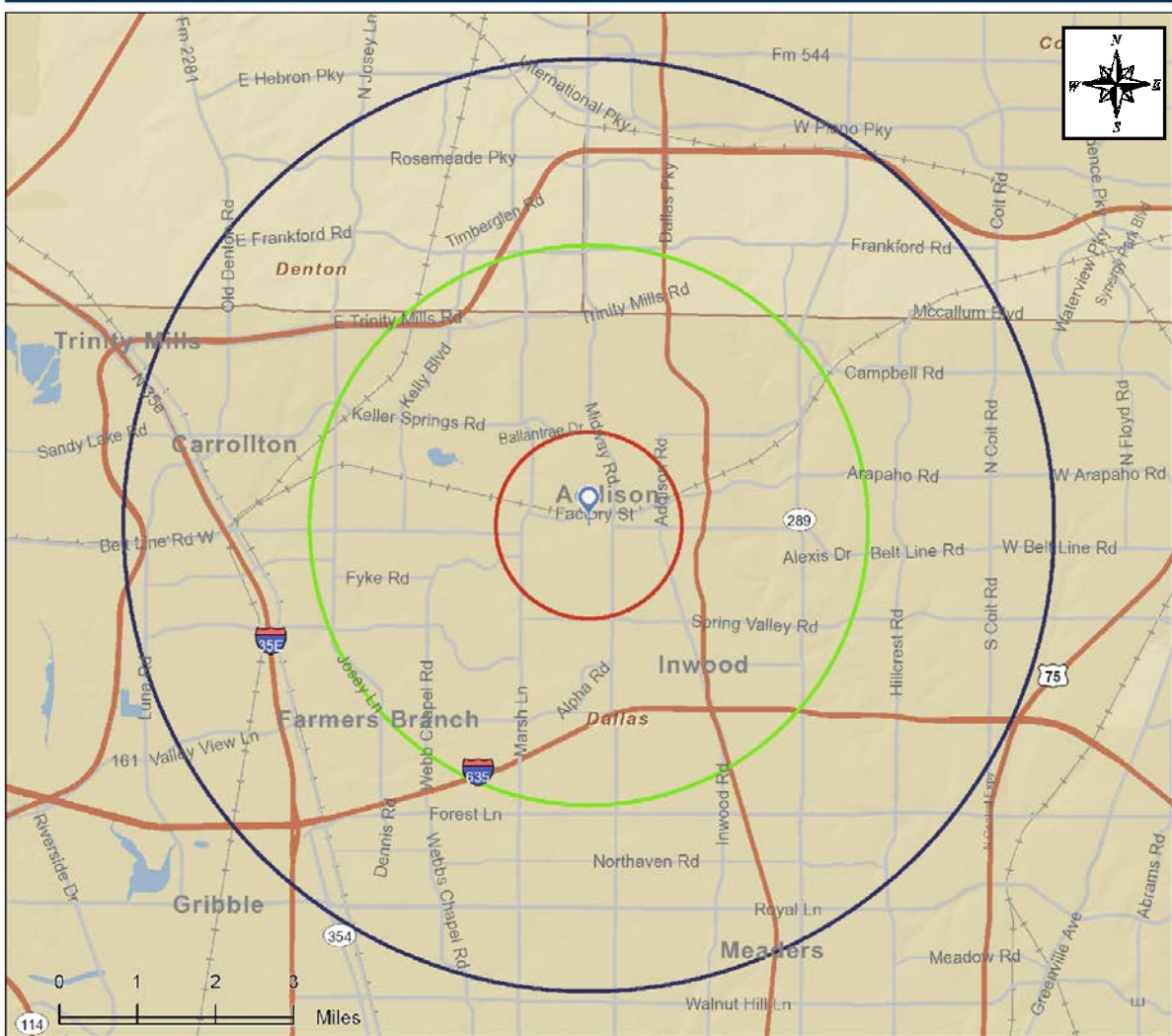
The following Executive Summary provided by Site To Do Business provides demographic and income data for 1-mile, 3-mile, and 5-mile radii centered on the subject's location.



**Site Map**

4101 Belt Line Rd, Addison, Texas, 75001  
 Ring: 1, 3, 5 Miles

Prepared by Wendell Pyles  
 Latitude: 32.954498  
 Longitude: -96.84323





## Executive Summary

4101 Belt Line Rd, Addison, Texas, 75001  
Rings: 1, 3, 5 mile radii

Prepared by Wendell Pyles  
Latitude: 32.954498307  
Longitude: -96.84323032

	1 mile	3 miles	5 miles
<b>Population</b>			
2000 Population	7,012	123,610	329,719
2010 Population	7,605	129,115	334,277
2013 Population	7,761	130,669	342,352
2018 Population	8,167	137,002	365,395
2000-2010 Annual Rate	0.82%	0.44%	0.14%
2010-2013 Annual Rate	0.63%	0.37%	0.74%
2013-2018 Annual Rate	1.02%	0.95%	1.31%
2013 Male Population	48.0%	49.3%	49.5%
2013 Female Population	52.0%	50.7%	50.5%
2013 Median Age	38.5	34.5	35.2

In the identified area, the current year population is 342,352. In 2010, the Census count in the area was 334,277. The rate of change since 2010 was 0.74% annually. The five-year projection for the population in the area is 365,395 representing a change of 1.31% annually from 2013 to 2018. Currently, the population is 49.5% male and 50.5% female.

### Median Age

The median age in this area is 35.2, compared to U.S. median age of 37.3.

### Race and Ethnicity

	1 mile	3 miles	5 miles
2013 White Alone	68.0%	64.1%	66.1%
2013 Black Alone	9.6%	11.6%	10.8%
2013 American Indian/Alaska Native Alone	1.4%	0.6%	0.6%
2013 Asian Alone	5.3%	6.1%	6.3%
2013 Pacific Islander Alone	0.0%	0.0%	0.0%
2013 Other Race	12.2%	14.3%	13.0%
2013 Two or More Races	3.4%	3.2%	3.1%
2013 Hispanic Origin (Any Race)	30.5%	36.3%	33.9%

Persons of Hispanic origin represent 33.9% of the population in the identified area compared to 17.4% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 75.0 in the identified area, compared to 62.1 for the U.S. as a whole.

### Households

	1 mile	3 miles	5 miles
2000 Households	3,834	57,266	141,339
2010 Households	3,948	59,201	142,352
2013 Total Households	4,007	59,766	145,649
2018 Total Households	4,207	62,627	155,509
2000-2010 Annual Rate	0.29%	0.33%	0.07%
2010-2013 Annual Rate	0.45%	0.29%	0.71%
2013-2018 Annual Rate	0.98%	0.94%	1.32%
2013 Average Household Size	1.94	2.18	2.35

The household count in this area has changed from 142,352 in 2010 to 145,649 in the current year, a change of 0.71% annually. The five-year projection of households is 155,509, a change of 1.32% annually from the current year total. Average household size is currently 2.35, compared to 2.34 in the year 2010. The number of families in the current year is 82,475 in the specified area.

**Data Note:** Income is expressed in current dollars

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018. Esri converted Census 2000 data into 2010 geography.



## Executive Summary

4101 Belt Line Rd, Addison, Texas, 75001  
Rings: 1, 3, 5 mile radii

Prepared by Wendell Pyles  
Latitude: 32.954498307  
Longitude: -96.84323032

	1 mile	3 miles	5 miles
<b>Median Household Income</b>			
2013 Median Household Income	\$62,922	\$52,481	\$55,316
2018 Median Household Income	\$80,212	\$63,365	\$70,125
2013-2018 Annual Rate	4.98%	3.84%	4.86%
<b>Average Household Income</b>			
2013 Average Household Income	\$85,302	\$78,205	\$87,071
2018 Average Household Income	\$101,065	\$92,945	\$103,450
2013-2018 Annual Rate	3.45%	3.51%	3.51%
<b>Per Capita Income</b>			
2013 Per Capita Income	\$42,970	\$35,871	\$37,066
2018 Per Capita Income	\$50,765	\$42,605	\$44,037
2013-2018 Annual Rate	3.39%	3.50%	3.51%

### Households by Income

Current median household income is \$55,316 in the area, compared to \$51,314 for all U.S. households. Median household income is projected to be \$70,125 in five years, compared to \$59,580 for all U.S. households

Current average household income is \$87,071 in this area, compared to \$71,842 for all U.S. households. Average household income is projected to be \$103,450 in five years, compared to \$83,667 for all U.S. households

Current per capita income is \$37,066 in the area, compared to the U.S. per capita income of \$27,567. The per capita income is projected to be \$44,037 in five years, compared to \$32,073 for all U.S. households

### Housing

2000 Total Housing Units	3,987	61,039	149,051
2000 Owner Occupied Housing Units	1,503	21,530	66,227
2000 Owner Occupied Housing Units	2,331	35,736	75,112
2000 Vacant Housing Units	153	3,773	7,712
2010 Total Housing Units	4,238	65,099	155,171
2010 Owner Occupied Housing Units	1,626	22,468	66,521
2010 Renter Occupied Housing Units	2,322	36,733	75,831
2010 Vacant Housing Units	290	5,898	12,819
2013 Total Housing Units	4,292	66,294	159,466
2013 Owner Occupied Housing Units	1,650	22,178	66,906
2013 Renter Occupied Housing Units	2,357	37,588	78,743
2013 Vacant Housing Units	285	6,528	13,817
2018 Total Housing Units	4,450	68,833	168,844
2018 Owner Occupied Housing Units	1,815	23,656	72,411
2018 Renter Occupied Housing Units	2,392	38,972	83,098
2018 Vacant Housing Units	243	6,206	13,335

Currently, 42.0% of the 159,466 housing units in the area are owner occupied; 49.4%, renter occupied; and 8.7% are vacant. Currently, in the U.S., 56.4% of the housing units in the area are owner occupied; 32.3% are renter occupied; and 11.3% are vacant. In 2010, there were 155,171 housing units in the area - 42.9% owner occupied, 48.9% renter occupied, and 8.3% vacant. The annual rate of change in housing units since 2010 is 1.22%. Median home value in the area is \$235,948, compared to a median home value of \$177,257 for the U.S. In five years, median value is projected to change by 2.38% annually to \$265,381.

**Data Note:** Income is expressed in current dollars

**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018. Esri converted Census 2000 data into 2010 geography.

**Conclusions**

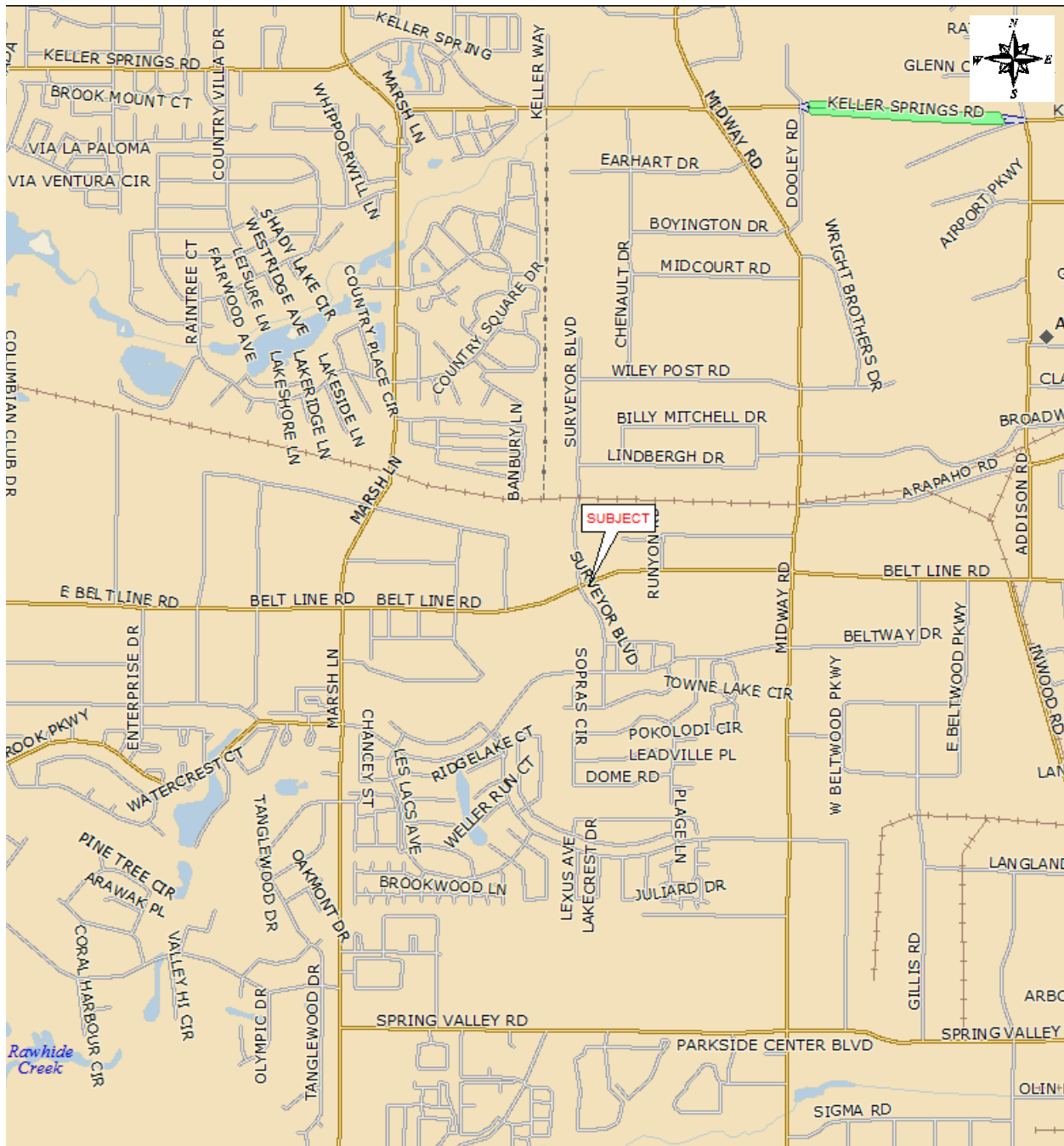
The immediate neighborhood is a diverse employment center in northern Dallas, and is enhanced by the surrounding residential areas. The transportation network in the area is good. Major roadways, regional freeways and toll roads provide good access for the area.

The area has enjoyed favorable economic opportunities. Characterized as a stable commercial and residential environment, the vicinity is a mixture of retail and restaurant buildings, office buildings, hotels, and office-warehouses and light industrial uses. The subject is congruent with neighborhood land uses.

The subject area is in a stable phase of development and in proximity to employment centers and quality schools and services with few improvements needing repairs and/or renovations. Consequently, some new construction, as well as renovation of older properties, is more likely to occur within the subject area in the near future. Additionally, there appears to be no detrimental influences upon the area that would inhibit the income-producing capabilities of the improved properties.

No noticeable nuisances or hazards are in the area and the majority of improvements are in the early to middle stages of economic life, and sufficient area services are accessible to service the community. The long-term prospects for the area and the subject property are positive.

# LOCATION MAP



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## SUBJECT PROPERTY

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The whole subject property is improved with a bank branch, located at 4020 Belt Line Road, Addison, Dallas County, Texas.

### SITE DATA

#### Site/Dimensions/Frontage

Based on the information available, the whole property tract is irregular in shape, and contains 56,185 square feet, or 1.2898 acres. The site is located at the southeast corner of Belt Line Road and Surveyor Boulevard, with 213.79 feet of frontage along the south side of Belt Line Road and 267.23 feet along Surveyor Boulevard.

#### Abutting Uses

The subject abuts Belt Line Road to the north, Surveyor Boulevard to the west, a professional office building to the south, and vacant land to the west.

#### Linkages

The subject is accessible to arterial linkages and the distance to employment centers, retailers, restaurants, and schools is considered within reason in the town of Addison. In terms of travel time and actual distances by road, the subject property is within community standards.

#### Access

Belt Line Road is a six-lane divided thoroughfare. Surveyor Boulevard is a two-lane road. Overall, access for the neighborhood is rated as average. Access to and from the subject is average, with curb-cut drive to Belt Line Road. Visibility and exposure are rated as good.

#### Topography/Flood Zone

The topography of the tract is mostly level and at street grade, and is not problematic to development. According to FEMA flood hazard map 48113C0180J, dated August 23, 2001, the subject is located outside of the designated 100-year floodplain. Drainage of the site appears graded and adequate. No representation is made that the site will or will not flood. A hydrological study or survey is required for confirmation of flood-designated boundaries.

#### Environmental Conditions

To our knowledge, a Phase I Environmental Site Assessment has not been completed for the subject property as of the date of inspection. A current Phase I ESA is recommended. The subject is appraised predicated on the absence of detrimental environmental conditions. The conclusions of this appraisal report would be materially changed if detrimental environmental conditions affect the subject.



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## **SUBJECT PROPERTY**

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### **Utilities/Community Services**

Electricity, water, sewer, and phone services are available to the subject. Electric service and telecommunication services are available by various providers. Natural gas service is available from Atmos Energy. Water and wastewater is provided by the Town of Addison. Police and fire protection are provided by the Town of Addison, and the subject is located in the Dallas Independent School District.

### **Zoning**

The site is zoned under a planned development ordinance. Specifically, the site is zoned under Ordinance Number 04-020, which is specific for improvement with a bank branch.

Copies of the referenced ordinance is in the report.

### **Soils**

Soils in this area vary and can require specific engineering considerations. This condition is considered typical for the area, and no unusually unstable soil-bearing capacities are known.

### **Easements**

In the plat, dated April 14, 2004, a 24-foot access easement along the eastern side of the property is indicated with one-half located on the subject and one half on the neighboring property to the east. Additionally, as indicated on the survey of the area to be acquired in easement, a 20-foot drainage and utility easement is located along portion of the subject along Belt Line Road.

This valuation assumes that utility and access easements typical of this property type are present, except as otherwise noted, and that no detrimental easement conditions exist. This should not be considered as a guaranty or warranty, however, that adverse easements do not exist. Were the property to have any easements detrimental to the subject, the opinion of value concluded herein may be invalid.

## **SUBJECT PROPERTY**

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### **Deed Restrictions**

To our knowledge, no deed restrictions affect or limit the use of the property; however, this should not be considered as a guaranty or warranty that no such restrictions exist. Deed restrictions are a legal matter: normally discoverable only by a title search by a title attorney. It is recommended that a title search be made if any questions regarding deed restrictions arise.

### **Wetlands**

No visual evidence was observed to indicate whether wetlands exist on the subject site. Wetlands, as defined by Section 404 of the Clean Water Act, are those areas that are inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions. Swamps, bogs, fens, marshes, and estuaries are subject to federal environmental law.

## **SUBJECT IMPROVEMENTS**

### **Improvements**

The land is improved with a bank branch and site improvements. The following details the building improvements, based on information on file with the Town of Addison.

<b>Indicated Building Size</b>		
	<b><u>Rentable SF</u></b>	<b><u>Gross SF</u></b>
Bank Branch	4,239	4,239

### **Orientation**

The building is oriented toward Belt Line Road, and is approximately 97 feet from Surveyor Boulevard and approximately 97 feet from Belt Line Road.

## SUBJECT PROPERTY

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### Age, Construction and Condition

According to tax records, the building was constructed in 2004. The building is considered to be Class C, of wood framing, with a stone veneer construction on a concrete slab foundation. Quality is rated good, and the improvements appear to be in good condition.

Our opinion of the improvements' effective age is equal to the actual age, which is 10 years. According to Marshall & Swift Valuation Service, the typical economic life span for buildings of the same construction class and design as the subject is typically 55 years. Therefore, the subject is said to have a remaining economic life of 45 years (55 years less the effective age of 10 years).

No functional obsolescence or economic obsolescence is noted. No items of deferred maintenance are observable.

### Site Improvements

Other site improvements are summarized below.

<b>Site Improvements Other Than Building</b>		
Parking/Sidewalks	30,000	SF
Parking Striping	35	Spaces
Curbing - Concrete	1,000	LF
Canopy	1,500	SF
Irrigation	21,946	SF
Sod	14,688	SF
Pole Sign	1	Item
Pole Light Fixtures	10	
Landscape Shrubs	335	Items
Trees (Live Oak and Others)	27	Items
Landscaping	4,200	SF

Overall, the improvements appear to be adequately maintained and in good condition. Quality is rated as good. No items of deferred maintenance are observable.

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## **SUBJECT PROPERTY**

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### **Parking**

The site has 35 striped parking spaces.

### **Occupancy and Rentals**

The subject is leased to Wells Fargo Bank at a rate of \$8,333.33 per month. Escalations and the lease term were not disclosed.

### **Functional Utility**

Functional Utilities defined as 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 subject is an office complex. The improvements are functionally adequate given the architectural style, design and layout, traffic patterns, and the size and configuration of the improvements for this property type.

### **External Obsolescence**

External obsolescence is considered to be the loss in value of the property resulting from an influence of negative forces not inherent with the property. It can be caused by the exertion of detrimental external forces upon the area or property itself. Specific examples are significant fluctuations in the local economy, noise from nearby expressways or airports, excessive taxes, supply and demand imbalances, special assessments or certain other governmental actions, the lack of financial liquidity in the marketplace, or the infiltration of unharmonious groups or land uses. This form of obsolescence is rarely, if ever, curable. It appears that external obsolescence is not present in the subject.

### **CONCLUSIONS**

The subject is improved with a bank branch, with adequate frontage and access via Belt Line Road. The property is of good quality, and is in good condition. The property appears to be a legal conforming use.

## REAL ESTATE TAX ANALYSIS

The Texas legislature created a system of centralized appraisal districts for each Texas county so that all real estate within a given county is valued for tax purposes through a standard appraisal process. Property assessments are based on market value. Property valuations under the central appraisal district system became effective in 1982.

In Dallas County, the Dallas Central Appraisal District is responsible for ad valorem tax appraisals of all real estate within the county. Based on the ad valorem tax appraisal, various tax districts levy annual taxes on property located within their respective districts. Typical taxing jurisdictions include assessments from the county, city, and school districts in which the property is located. The total ad valorem tax burden is the sum of the assessments for the various taxing authorities.

The subject property is situated within the town of Addison, and falls within the taxing jurisdictions of the Town of Addison, Dallas County, Dallas County Community College, Parkland Hospital District, and the Dallas Independent School District. Pertinent 2013 tax rates for the subject are detailed below.

<b>2013 TAX RATES (per \$100)</b>	
Town of Addison	\$ 0.571800
Dallas County	\$ 0.253100
Dallas County Community College	\$ 0.124700
Parkland Hospital District	\$ 0.276000
Dallas Independent School District	\$ 1.282085
<b>Total</b>	<b>\$ 2.507685</b>

The Dallas Central Appraisal District account for the subject assessment for 2013 is summarized as follows:

Account Number	Land	Improvements	Total
100026000101A0000	\$ 561,840	\$ 1,131,720	\$ 1,693,560

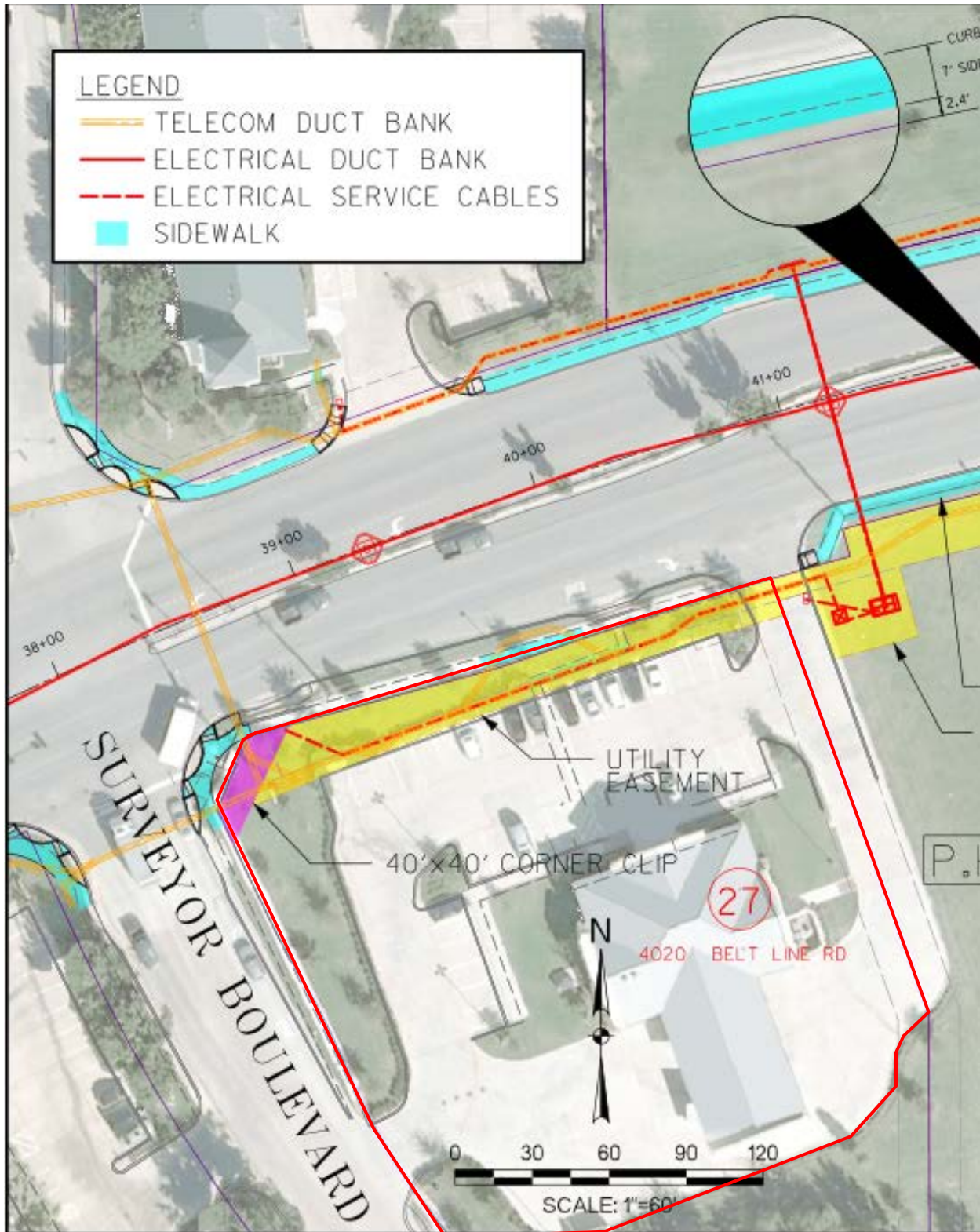
Based on the preceding assessed value and pertinent tax rates, the subject's annual tax liability is calculated as follows:

Assessed Value	Tax Rate/\$100	Indicated Tax Liability
\$1,693,560	x \$2.507685	= \$ 42,469.15

The assessed value equates to \$1,693,560, or \$399.52 per rentable square foot of building area, and is below the concluded market value in this appraisal. This difference is typically due to the valuation methods of the appraisal district.

Additionally, the assessed land value equates to \$10.00 per square foot of land area, and is below the concluded market value in this appraisal. This difference is typically due to the valuation methods of the appraisal district.

**AERIAL PHOTOGRAPH**



**Red Line = Property Boundary**  
**Yellow Shaded Area = Permanent Easement**  
**Purple Shaded Area = Fee Simple Acquisition**

**SUBJECT PHOTOGRAPHS**

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**PHOTOGRAPHED MARCH 29, 2014**



North Side of Building, Facing Belt Line Road



Drive Through Canopy

**SUBJECT PHOTOGRAPHS**

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Fee Simple Acquisition Area, Looking South



Fee Simple Acquisition Area, Looking East



## SUBJECT PHOTOGRAPHS

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Surveyor Boulevard, Looking South

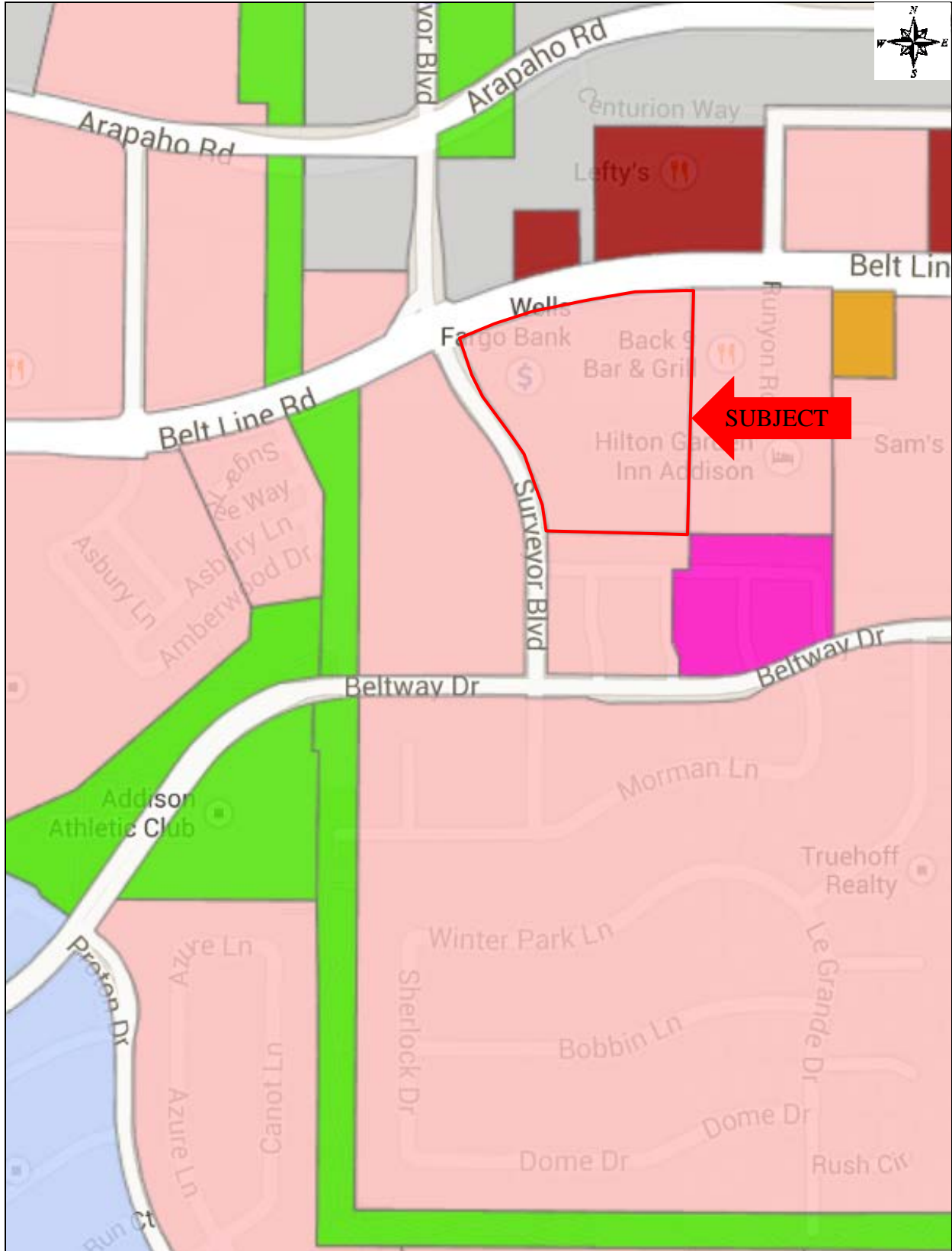


Subject, Looking Southeast From the Intersection of Surveyor Boulevard with Belt Line Road





# ZONING MAP



Pink = Planned Development Zoning

**ORDINANCE NO. 004- 020**

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE OF THE TOWN OF ADDISON, TEXAS, BY AMENDING ORDINANCE 460 TO PROVIDE FOR DEVELOPMENT PLANS IN AN EXISTING PLANNED DEVELOPMENT DISTRICT, LOCATED ON 1.29 ACRES AT THE SOUTHEAST CORNER OF BELT LINE ROAD AND SURVEYOR BOULEVARD, ON APPLICATION FROM SOUTHTRUST BANK; PROVIDING FOR SPECIAL CONDITIONS; PROVIDING FOR A PENALTY CLAUSE; PROVIDING FOR A SEVERABILITY CLAUSE; AND PROVIDING FOR A REPEAL CLAUSE.

WHEREAS, application was made to amend the Comprehensive Zoning Ordinance of the Town of Addison, Texas, by making application for the same with the Planning and Zoning Commission of the Town of Addison, Texas, as required by State Statutes and the zoning ordinance of the Town of Addison, Texas, and all the legal requirements, conditions and prerequisites having been complied with, the case having come before the City Council of Addison, Texas, after all legal notices, requirements, conditions and prerequisites having been complied with; and

WHEREAS, the City Council of the Town of Addison, Texas, does find that there is a public necessity for the zoning change, that the public demands it, that the public interest clearly requires the amendment, and it is in the best interest of the public at large, the citizens of the Town of Addison, Texas, and helps promote the general welfare and safety of this community, now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:

SECTION 1. That the Comprehensive Zoning Ordinance of the Town of Addison, Texas, as amended by Ordinance 460, is hereby amended to approve development plans, on application from SouthTrust Bank. Said zoning amendment shall be noted on the official zoning map of the town of Addison, Texas and is situated on the following described land:

BEING Lot 1A of a final plat titled Belt Line-Surveyor Village, Lots 1A and 2A, Block 1, and containing 1.2808 acres, the entire tract being described as follows:

BEGINNING at a 5/8" iron rod for the Northeast corner of said Lot 1 Block 1 of Belt Line-Surveyor Village, same being the Northeast corner of said P.H.C.G. Investments 3.7082 acre tract and also being the Northwest corner of Mercado Juarez Addition, an addition to the Town of Addison, Texas, according to the plat thereof recorded in Volume 88172 at Page 3189 of the Map Records of Dallas County, Texas, and being more particularly described by metes and bounds as follows:

THENCE South 0° 35' 00" West along the East line of said Lot 1 in Block 1 of said Belt Line-Surveyor Village, same being the West line of said Mercado Juarez Addition for a distance of 332.78 feet to a 5/8 inch iron rod found for the Southeast corner of said Lot 1 in Block 1 of the Belt Line-Surveyor Village;

THENCE North 89° 25' 00" West along the South line of said Lot 1 in Block 1 of the Belt Line-Surveyor Village, same being the North line of Lot 2 in Block 1 of the Belt Line-Surveyor Village for a distance of 262.70 feet to a 5/8" iron rod found for corner;

THENCE South 55° 42' 51" West and continuing along the South line of Lot 1 in Block 1 of the Belt Line-Surveyor Village and being common to the North line of Lot 2 in Block 1 of the Belt Line-Surveyor Village for a distance of 87.74 feet to a 5/8" iron rod found for corner in the East right of way line of Surveyor Boulevard (60 foot right of way at this point), said point being in a curve to the left having a central angle of 03° 24' 49" with a radius of 630.00 feet and a chord bearing North 36° 44' 31" West at a distance of 37.53 feet;

THENCE Northwesterly along said curve to the left and following along the East right of way line of Surveyor Boulevard for an arc distance of 37.54 feet to a 5/8" iron rod found for corner;

THENCE North 38° 26' 56" West and continuing along the East right of way line of said Surveyor Boulevard for a distance of 45.30 feet to a 5/8" iron rod found for corner, said point being the beginning of a curve to the right having a central angle of 16° 48' 15" with a radius of 250.00 feet and a chord bearing North 30° 02' 48" West at a distance of 73.06 feet;

THENCE Northwesterly along said curve to the right and following along the East right of way line of Surveyor Boulevard for an arc distance of 73.32 feet to a 5/8" iron rod found for corner, said point

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**ZONING EXCERPT**

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being the beginning of a curve to the left having a central angle of 07° 37' 42" with a radius of 250.00 feet and a chord bearing North 25° 27' 32" West at a distance of 33.26 feet;

THENCE Northwesterly along said curve to the left for an arc distance of 33.28 feet to a 5/8" iron rod for corner, said point being the beginning of a curve to the right having a central angle of 05° 08' 57" with a radius of 559.00 feet and a chord bearing North 26° 41' 54" West at a distance of 50.22 feet;

THENCE Northwesterly along said curve to the right and following along the East right of way line of said Surveyor Boulevard for a distance of 50.24 feet to a 5/8" iron rod found for corner;

THENCE North 24° 07' 33" West and continuing along the East right of way line of Surveyor Boulevard for a distance of 27.55 feet to a 5/8" iron rod found for corner, said point being the beginning of a cut-off line for Belt Line Road;

THENCE North 21° 40' 45" East said cut-off line for Belt Line Road for a distance of 30.68 feet to a 5/8" iron rod found for corner in the South right of way line of Belt Line Road, said point being in a curve to the right having a central angle of 75° 12' 17" East at a distance of 478.42 feet to the POINT OF BEGINNING AND CONTAINING 2.8958 ACRES OF LAND, more or less.

SECTION 2. In the hereinabove described land or building, said property shall be improved in accordance with the development plans, which are attached hereto and made a part hereof for all purposes.

SECTION 3. That the amendment to the development plans is made subject to the following special conditions:

1. All mechanical equipment must be screened from view.
2. The site must be replatted prior to the issuance of a building permit. The plat should reflect the 12-foot right-of-way dedication shown on the site plan.

SECTION 4. That any person, firm, or corporation violating any of the provisions or terms of this ordinance shall be subject to the same penalty as provided for in the Comprehensive Zoning Ordinance of the city, as heretofore amended, and upon

## ZONING EXCERPT

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conviction shall be punished by a fine set in accordance with Chapter 1, General Provisions, Section 1.10, General penalty for violations of Code; continuing violations, of the Code of Ordinances for the Town of Addison.

SECTION 5. That should any paragraph, sentence, subdivision, clause, phrase or section of this ordinance be adjudged or held to be unconstitutional, illegal or invalid, the same shall not affect the validity of this ordinance as a whole or any part or provisions thereof other than the part so decided to be invalid, illegal or unconstitutional, and shall not affect the validity of this ordinance as a whole.

SECTION 6. That all ordinances of the City in conflict with the provisions of this ordinance be, and the same are hereby repealed and all other ordinances of the City not in conflict with the provisions of this ordinance shall remain in full force and effect.

DULY PASSED BY THE CITY COUNCIL OF THE TOWN OF ADDISON,  
TEXAS, on this the 13<sup>th</sup> day of April, 2004.

  
 \_\_\_\_\_  
 MAYOR

ATTEST:

  
 \_\_\_\_\_  
 CITY SECRETARY

CASE NO.: 1450-Z

APPROVED AS TO FORM:

  
 \_\_\_\_\_  
 DIRECTOR OF DEVELOPMENT SERVICES

PUBLISHED ON: 6-11-04 N.W. Morning News

OFFICE OF THE CITY SECRETARY

ORDINANCE NO. 004-020









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## HIGHEST AND BEST USE

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The *Highest and Best Use* analysis should consider the reasonably probable and legal use of vacant land or improved property considering legally permissible, physically possible, financially feasible, and maximally productive.

The subject is a 1.2898-acre tract of land and is irregular in shape. The size and shape of the tract is supportive of a number of potential improvements.

### HIGHEST & BEST USE AS IF VACANT

**Possible Use:** In arriving at an opinion of highest and best use for the subject, it is first necessary to determine if the physical characteristics of the site - such as soil conditions, topography, shape and frontage are favorable for development. Soil conditions vary throughout the area and sometimes require particular engineering. The whole property tract is irregular in shape, and contains 56,185 square feet, or 1.2898 acres. The site is located at the southeast corner of Belt Line Road and Surveyor Boulevard, with 213.79 feet of frontage along the south side of Belt Line Road and 267.23 feet along Surveyor Boulevard. According to the enclosed flood map No. 48113C0180J, the subject is not located within a 100-year floodplain.

**Permissible Use:** The site is zoned under a planned development ordinance for the specific use as a multi-tenant, three-office building complex.

**Feasible Use:** The surrounding properties and land uses are considered for compatibility in determination of feasible use.

Based on the land usage pattern of the surrounding area, the layout, location and frontage/visibility of the site, the most feasible use is considered to be for office improvement, when it becomes financially feasible.

**Maximally Productive Highest & Best Use:** The site is particularly suited for one use, unless there is a change in the zoning. The use of a single bank branch is feasible, and is considered the maximally productive highest and best use.

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## HIGHEST AND BEST USE

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### HIGHEST & BEST USE AS IMPROVED

**Possible Use:** The improvements were built in 2004, according to the Dallas County Appraisal District. The improvements are of good quality and in good condition. Overall, the improvements are adequately maintained and have no deferred maintenance. The intended use of the improvements is as a bank branch. The physical characteristics and accompanying amenities support the continued use as such.

**Permissible Use:** The site is zoned under a planned development ordinance for the specific use as a branch bank, as constructed.

**Feasible Use:** The existing improvements have an effective age of approximately 10 years, with a remaining economic life of 45 years, and still contribute value to the subject site. As such, the feasible alternative is continued use of the existing improvements.

**Maximally Productive Highest & Best Use:** The property is improved with a bank branch and is suitable for continued use as a bank branch. Therefore, the continued use as a bank branch represents the highest and best use of the land and improvements.

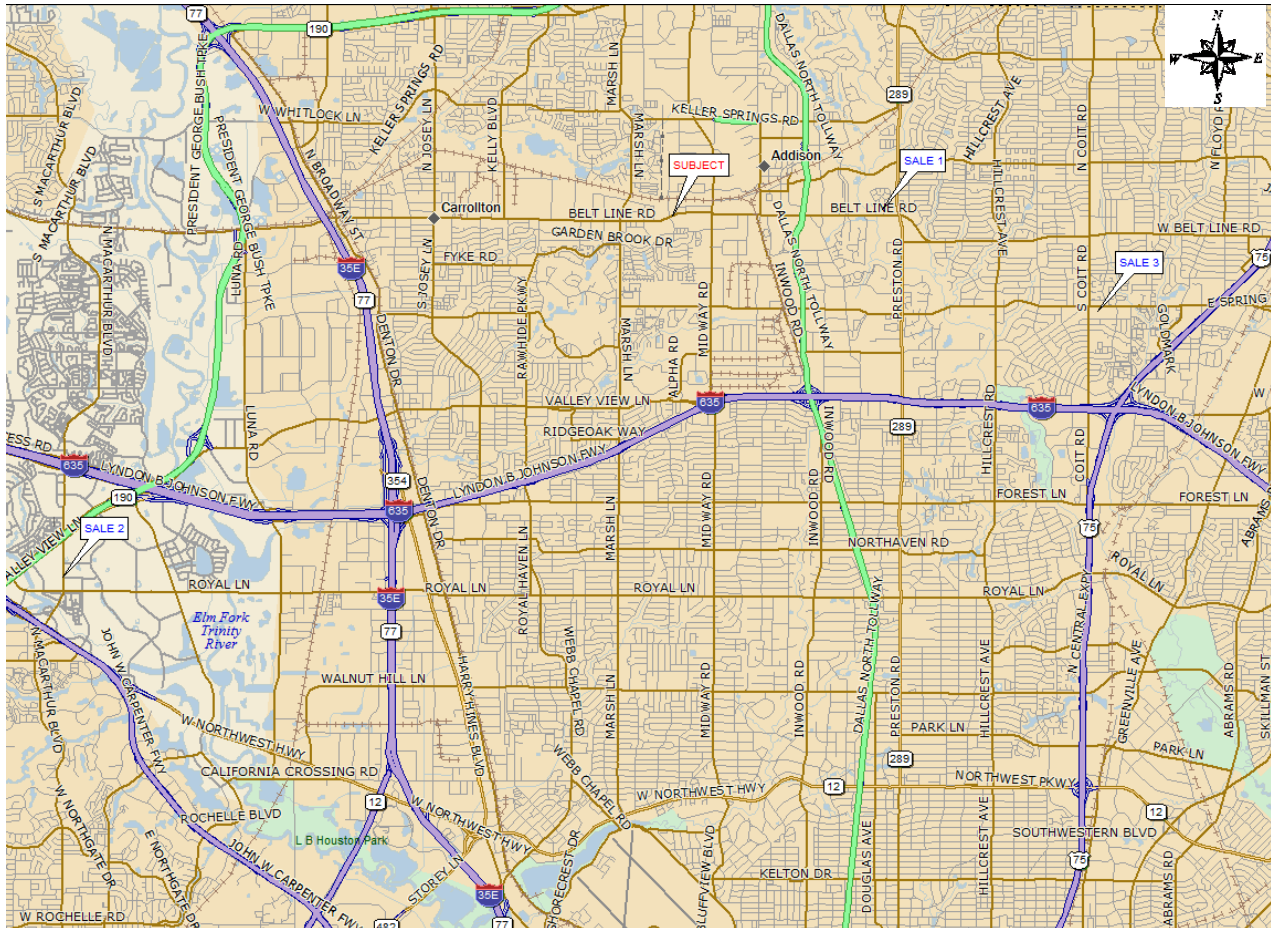
## LAND VALUATION

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The *sales comparison* method is the best method of developing an opinion of value of the subject. In this method, known sales of similar use land in the market area are compared to the subject to arrive at an indication of value. In arriving at value conclusions, the tracts are compared as to the rights conveyed, financing terms, sale conditions, market conditions, location, and physical characteristics. This approach is used to value land that is vacant or considered vacant for appraisal purposes.

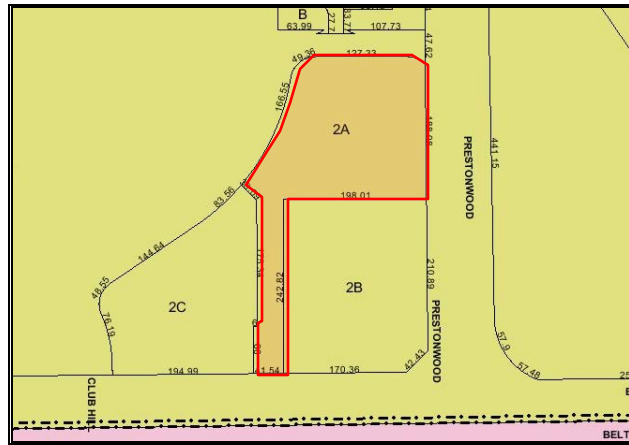
The market was carefully researched for recent sales, listings, or other transactions, which would provide a valid basis for developing an opinion of the market value of the subject by comparison. After reviewing and analyzing the sales, the sales detailed on the following pages were extracted from this sample and utilized for the land valuation.

## LAND SALES MAP



LAND SALES SUMMARY					
Sale No.	Location	Size		Price/SF	Date of Sale
		SF	AC		
1	Adj. to NW/c Belt Line Road and Prestonwood Boulevard	51,285	1.18	\$15.60	Feb-13
2	E/s North MacArthur Boulevard, approx. 225 feet north of Royal Lane	88,024	2.02	\$17.67	Apr-11
3	E/s Coit Road, approx. 250 feet south of Spring Valley Road	28,000	0.64	\$26.25	Jun-10
<b>Subject</b>	<b>SEC Belt Line Road and Surveyor Boulevard</b>	<b>56,185</b>	<b>1.29</b>		

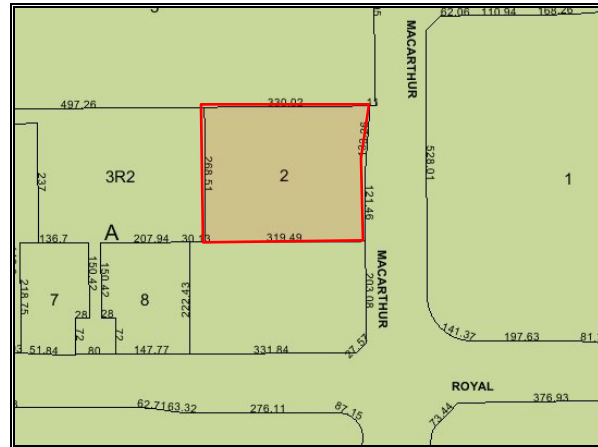
## Land Sale Number 1



<b>Location</b>	Adj. to NW/c Belt Line Road and Prestonwood Boulevard Dallas, Dallas County, Texas
<b>Mapsco</b>	DA-15-A
<b>Legal Description</b>	Being a 1.1773 acre tract of land out of Lot 2, Block B/8222, Official City Numbers, of Prestonwood Town Center II
<b>Grantor</b>	Beltline Stampede, Ltd.
<b>Grantee</b>	784 Gunclub, LLC
<b>Date of Sale</b>	February 27, 2013
<b>Record Data</b>	
<b>Document No.</b>	201300061040
<b>Consideration</b>	\$800,000
<b>Conditions of Sale</b>	Cash to the seller
<b>Land Area</b>	
<b>Acres</b>	1.177
<b>Square Feet</b>	51,285
<b>Price Per SF</b>	\$15.60
<b>Price Per AC</b>	\$679,497
<b>Zoning</b>	MU-3 (SAH) (Mixed-Use District)
<b>Comments</b>	This tract is located adjacent to the northwest corner of Belt Line Road and Prestonwood Boulevard. The site wraps a bank branch, and has approximately 42 feet of frontage on Belt Line Road and approximately 188 feet of frontage along Prestonwood Boulevard. The transaction was reportedly an investment purchase with no marketing or outside brokerage assistance. One party stated that a slightly higher price was paid for the site as it was the last piece of vacant land in the area. This site previously transacted for \$570,000, or \$11.12 per square foot, in August of 2011.
<b>Confirmed</b>	JS

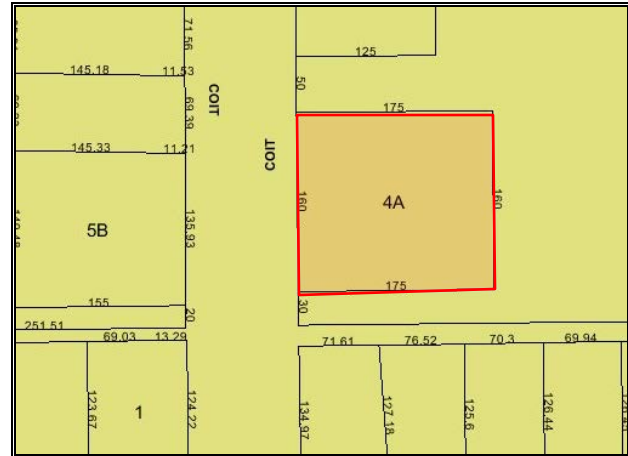


## Land Sale Number 2



<b>Location</b>	E/s North MacArthur Boulevard, approx. 225 feet north of Royal Lane Irving, Dallas County, Texas
<b>Mapsco</b>	DA-21B-E
<b>Legal Description</b>	Lot 2, Block A of Makko MacArthur I, an addition to the City of Irving
<b>Grantor</b>	Makko MacArthur I, LP
<b>Grantee</b>	In-N-Out Burgers, Corp.
<b>Date of Sale</b>	April 6, 2011
<b>Record Data</b>	
<b>Document No.</b>	201100087823
<b>Consideration</b>	\$1,555,000
<b>Conditions of Sale</b>	Cash to the seller
<b>Land Area</b>	
<b>Acres</b>	2.021
<b>Square Feet</b>	88,024
<b>Price Per SF</b>	\$17.67
<b>Price Per AC</b>	\$769,515
<b>Zoning</b>	PUD-Planned Unit Development
<b>Comments</b>	This tract is located in a highly concentrated commercial district near the confluence of two major regional freeways. Subsequent to the sale, the property was developed with a nationally branded fast food restaurant.
<b>Confirmed</b>	JCW

## Land Sale Number 3



<b>Location</b>	E/s Coit Road, approx. 250 feet south of Spring Valley Road Dallas, Dallas County, Texas
<b>Mapsko</b>	DA-16-K
<b>Legal Description</b>	Being Lots 4 and 5, in Block A/7758 of Willingham Coit Road Addition
<b>Grantor</b>	WPC Coit/SV, LP
<b>Grantee</b>	Firebrand Properties, LP
<b>Date of Sale</b>	June 21, 2010
<b>Record Data</b>	
<b>Document No.</b>	201000155147
<b>Consideration</b>	\$735,000
<b>Conditions of Sale</b>	Cash to the seller
<b>Land Area</b>	
<b>Acres</b>	0.643
<b>Square Feet</b>	28,000
<b>Price Per SF</b>	\$26.25
<b>Price Per AC</b>	\$1,143,450
<b>Zoning</b>	SUP-315 (Special Use Permit)
<b>Comments</b>	This tract, with 160 feet of frontage on Coit Road, was formerly improved with an active clothing retailer. Following the razing of the original improvements, the site was replatted and sold in fee to the current owner. The property has been subsequently improved with a fast food restaurant.
<b>Confirmed</b>	KH

## LAND VALUATION

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LAND SALES SUMMARY					
Sale No.	Location	Size		Price/SF	Date of Sale
		SF	AC		
1	Adj. to NW/c Belt Line Road and Prestonwood Boulevard	51,285	1.18	\$15.60	Feb-13
2	E/s North MacArthur Boulevard, approx. 225 feet north of Royal Lane	88,024	2.02	\$17.67	Apr-11
3	E/s Coit Road, approx. 250 feet south of Spring Valley Road	28,000	0.64	\$26.25	Jun-10
<b>Subject</b>	<b>SEC Belt Line Road and Surveyor Boulevard</b>	<b>56,185</b>	<b>1.29</b>		

### Comparable Adjustments

Adjustments to the comparables are considered in the categories of financing terms, conditions of sale, market conditions/time, location, size, zoning, and availability of utilities and other factors. Adjustments for each factor are typically made after a comparison indicates the appropriate direction and size of each adjustment. Adjustments are based on experience and extrapolations of market indicators.

### EXPLANATION OF ADJUSTMENTS

#### Property Interest Transferred

Adjustments are not necessary.

#### Financing Terms

Adjustments are not necessary.

#### Sale Conditions

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. Any sales that reflect unusual sale conditions are adjusted accordingly and the circumstances of these non-arm's length transactions are detailed on the sale summary pages. No adjustments are necessary.

#### Market Conditions

The sales occurred between June 2010 and February 2013. Adjustments for market conditions are applied if property values have increased or decreased since the transaction dates. Based on our observations and analysis, real estate has appreciated approximately three percent annually since mid-2010. Each sale is adjusted accordingly.

**Location**

An adjustment for location within a market area may be required when the locational characteristics of a comparable property are different from those of the property. Most comparable properties in the same market area have similar locational characteristics, but variations may exist within that area of analysis.

Each of the sales is located in respective suburban locations, in areas of highly developed commercial corridors, warranting no adjustment.

**Access**

Access is defined as the points, or number of points available for ingress/egress to the subject site, or ease of access to a site from major routes in the area. But each is relatively similar, in terms of access relative to size, and no adjustments are necessary.

**Frontage**

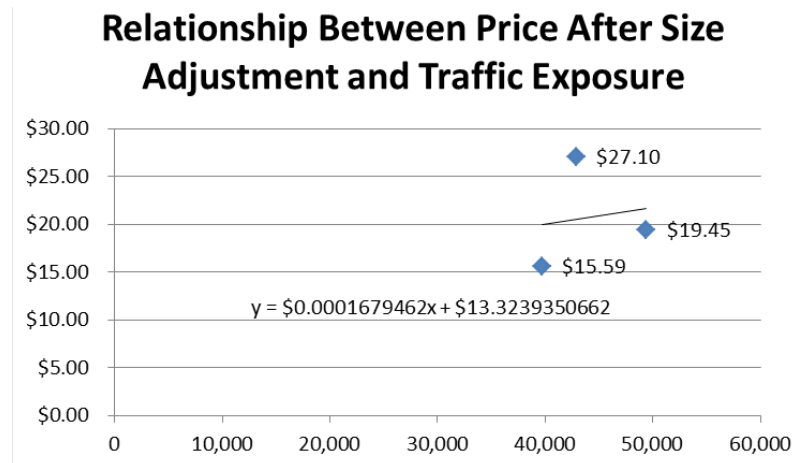
The sales differ significantly in frontage, but the influence on value, relative to the subject's highest and best use of professional office is nominal, with no adjustments considered necessary.

**Exposure**

Exposure is the visibility of the subject to the roadways or neighboring properties. While office or industrial prices may not be directly influenced by traffic exposure, commercial properties are generally influenced by traffic exposure. The subject has significant exposure attributable to the frontage along Belt Line Road and Surveyor Boulevard, and there appears to be a relationship between traffic exposure and price per square foot, based on a review of the comparables, as follows.

<b>Land Sales - Traffic Exposure</b>		
<b>Sale No.</b>	<b>Location</b>	<b>Vehicle Count</b>
1	Adj. to NW/c Belt Line Road and Prestonwood Boulevard	39,700
2	E/s North MacArthur Boulevard, approx. 225 feet north of Royal Lane	49,400
3	E/s Coit Road, approx. 250 feet south of Spring Valley Road	42,900
<i>Subject</i>	<i>3790 Belt Line Road (52,000 Vehicles) at Business Avenue</i>	<i>52,000</i>

The following page details the indicated relationship between traffic and price per square foot after the size adjustments, but prior to considering the traffic exposure adjustments, as follows.



After considering the graph, Sales 1, 2 and 3 are adjusted 10%, 0%, and 10%, respectively.

### Size

The subject is 1.2898 acres. The size adjustment is based on the premise that, in general, the larger the tract, the less its selling price on a per unit basis. Recent experience with other properties indicates an approximate 5% - 15% adjustment for each doubling/halving (100%) in size. A 5% adjustment for each doubling/halving (100%) in size is utilized. Each sale is adjusted accordingly for size.

### Zoning

The property is zoned under a planned development (PD) zoning ordinance. The ordinance specifically allows the current multi-tenant professional office use, with ancillary commercial restaurant use. Each of the sales is zoned in a way that allows similar use, and no adjustments are necessary.

### Utilities

Electricity, water, sewer, and phone services are available to the subject. Each of the sales has water, sewer, electricity and phone service available to the respective sites, with no adjustments being necessary.

### Functional Utility

No adjustments are necessary.

### Topography

The terrain is characterized as mostly level, and drainage is considered natural. Each comparable sale is located in an area with similar topography and a similar flood hazard designation, with no adjustments being necessary.

## LAND VALUATION

The grid below outlines the pertinent characteristics of each of the comparables and the adjustments applied.

<b>LAND SALES ADJUSTMENTS</b>			
<b>Sale No.</b>	<b>1</b>	<b>2</b>	<b>3</b>
No. of Acres	1.177	2.021	0.643
Size - SF	51,285	88,024	28,000
Sale Date	Feb-13	Apr-11	Jun-10
Sale Price	\$800,000	\$1,555,000	\$735,000
Sale Price Per SF	\$15.60	\$17.67	\$26.25
Rights Conveyed	0%	0%	0%
Financing	0%	0%	0%
Sale Conditions	0%	0%	0%
Market Conditions	3%	9%	11%
Adjusted Price	\$16.07	\$19.26	\$29.14
Location	0%	0%	0%
Access	0%	0%	0%
Frontage	0%	0%	0%
Exposure	+10%	0%	+10%
Size	0%	+4%	-5%
Zoning	0%	0%	0%
Utilities	0%	0%	0%
Functional Utility	0%	0%	0%
Topography	0%	0%	0%
Net Adjustment	+10%	+4%	+5%
<b>Adjusted Price/SF</b>	<b>\$17.68</b>	<b>\$20.03</b>	<b>\$30.60</b>

### Land Value Opinion

After the adjustment process, the comparables range from \$17.68 to \$30.60 per square foot, with a mean and median of \$22.77 and \$20.03, respectively. The subject value is considered to be within the range of the mean and median, at \$21.00 per square foot.

While the whole, unencumbered property is estimated to have a value of \$21.00 per square foot, it should be noted that approximately 3,570 square feet, or 6% of the subject is encumbered with sanitary sewer, water, and drainage easements. The existing easement area totaling 3,570 square feet is valued at 25% of the fee simple value, which equates to \$18,743 (3,570 x \$21.00 x 25%). The remaining unencumbered portion is valued at \$21.00 per square foot, or \$1,104,915 with the concluded value calculated as follows:

<b>Total Land Value</b>						
	<u>Size (SF)</u>		<u>\$/SF</u>			<u>Value</u>
Unencumbered	52,615	x	\$21.00	x	100%	= \$1,104,915
<u>Encumbered</u>	<u>3,570</u>	x	\$21.00	x	25%	= <u>\$18,743</u>
<b>Total</b>	<b>56,185</b>					<b>\$1,123,658</b>

## COST APPROACH

The purpose of the cost approach is to develop an opinion of the cost to construct a reproduction of, or replacement for, the existing structure and then deduct all accrued depreciation in the property being appraised from the cost new of the reproduction or replacement structure. When the value of the land and an entrepreneurial profit, if appropriate, are added to this figure, the result is an indication of the value of the leased fee interest in the property.

When applicable, the cost approach reflects market thinking by recognizing that market participants relate value to cost. Investors tend to judge the value of an existing structure by considering the prices and rents of similar buildings and the cost to create a new building with optimal physical and functional utility. Investors adjust the prices they are willing to pay by estimating the costs to bring an existing structure up to the level of physical and functional utility they desire.

The cost approach is based on the estimated replacement cost of the improvements less depreciation from all causes, to which is added the market value of the land based on comparable sales.

### REPLACEMENT COST

The cost estimates in the following tables are abstracted from the *Marshall Valuation Service*. The *Marshall Valuation Service* is a national cost index providing cost data for determining replacement costs of buildings and other improvements, and is published by Marshall & Swift, LP.

#### CALCULATOR METHOD

SECTION 15 PAGE 21  
November 2013

#### BANKS – BRANCHES (304)

CLASS	TYPE	EXTERIOR WALLS	INTERIOR FINISH	LIGHTING, PLUMBING AND MECHANICAL	HEAT	Sq. M.	COST Cu. Ft.	Sq. Ft.
<b>A</b>	Good	Highly ornamental, marble, granite, mosaics, best glass	Plaster or drywall, paneling, marble, terrazzo, carpet	*Good fluorescent ceiling panels, good outlets, tiled restrooms	Hot and chilled water (zoned)	\$2,834.27	\$21.94	\$263.31
	Average	Good brick, ornamental concrete, good glass, limestone trim	Plaster or drywall, good detail, terrazzo, carpet, vinyl tile	*Good lighting and outlets, adequate restrooms	Hot and chilled water (zoned)	2,231.59	17.28	207.32
	Low cost	Brick, concrete, little or no trim	Plaster or drywall, vinyl composition, some carpet and pavers	*Adequate lighting, minimum restroom facilities	Hot and chilled water (zoned)	1,776.28	13.75	165.02
<b>B</b>	Good	Highly ornamental, marble, granite, mosaics, best glass	Plaster or drywall, marble, terrazzo, carpet	*Good fluorescent ceiling panels, good outlets, tiled restrooms	Hot and chilled water (zoned)	2,733.09	21.16	253.91
	Average	Good brick, ornamental concrete, good glass, limestone trim	Plaster or drywall, good detail, terrazzo, carpet, vinyl tile	*Good lighting and outlets, adequate restrooms	Hot and chilled water (zoned)	2,138.81	16.56	198.70
	Low cost	Brick, concrete, little or no trim	Plaster or drywall, vinyl composition, some carpet and pavers	*Adequate lighting, minimum restroom facilities	Hot and chilled water (zoned)	1,693.28	13.11	157.31
<b>C</b>	Excellent	Marble or granite, bronze and solar glass, highly ornamental	Plaster and paneling, vinyl wall finishes, carpeting, terrazzo	*Best lighting & closed circuit TV, quality restrooms & plumbing	Hot and chilled water (zoned)	3,238.35	25.07	300.85
	Good	Face brick or stone, good metal or concrete and glass panels	Plaster or drywall, paneling, vinyl and carpeting	*Good lighting and plumbing, tiled restrooms, TV circuits	Warm and cool air (zoned)	2,356.89	18.25	218.96
	Average	Brick, block, good store-type front with some trim	Some plaster, acoustic tile, some terrazzo or tile, vinyl composition	*Adequate lighting and outlets, adequate restrooms, TV circuits	Package A.C.	1,710.72	13.24	158.93
	Low cost	Low-cost brick, block, tilt-up, small entrance, little trim	Exposed exterior walls, acoustic ceilings, asphalt tile	Minimum bank lighting and plumbing	Package A.C.	1,278.01	9.89	118.73
<b>D</b>	Excellent	Stone or face brick veneer, good metal and glass panels	Plaster and paneling, vinyl wall finishes, carpeting, terrazzo	Best lighting & closed circuit TV, quality restrooms & plumbing	Hot and chilled water	3,068.06	23.75	285.03
	Good	Brick veneer, metal and glass panels, EIFS, ornamental finishes	Plaster or drywall, some paneling, vinyl and carpeting	Good lighting and plumbing, tiled restrooms	Warm and cool air (zoned)	2,232.99	17.29	207.45
	Average	Brick veneer, good stucco or siding, some ornamentation	Plaster or drywall, good hardwood, low-cost terrazzo, vinyl composition	Adequate lighting and outlets, adequate restrooms	Package A.C.	1,613.52	12.49	149.90
	Low cost	Stucco or siding, minimum ornamentation	Drywall, acoustic tile, vinyl composition tile, few partitions	Minimum bank lighting and plumbing	Package A.C.	1,218.81	9.44	113.23
<b>S</b>	Good	Sandwich panels, brick trim, good fenestration	Drywall, some trim, carpet, vinyl, acoustic tile	Good lighting and plumbing, tiled restrooms	Package A.C.	2,040.96	15.80	189.61
	Average	Sandwich panels, adequate fenestration	Drywall, acoustic, vinyl composition, some pavers or ceramic	Adequate lighting and outlets, adequate restrooms	Package A.C.	1,544.85	11.96	143.52
	Low cost	Metal panels, drywall interior, insulated	Drywall, acoustic tile, vinyl composition, few partitions	Minimum bank lighting and plumbing	Package A.C.	1,180.38	9.14	109.66

For building structure and components, the calculator method is utilized. The improvements most closely resemble a good cost quality Class C Bank Branch, as described in the *Marshall Valuation Service Handbook*, Section 15, Page 21. To the base cost, various multipliers are applied to reflect local market conditions and changes in construction costs.

## COST APPROACH

Base Building Costs				
<b><u>Component</u></b>				
Bank Branch	4,239 Gross SF			4,239
Improvements cost per gross square foot before adjustments for time, location, and perimeter				\$218.96
<b>Multipliers</b>				
			<b>Entrepreneurial Profit &amp; Indirect Costs</b>	
<b><u>Total Base Costs</u></b>	<b><u>Current</u></b>	<b><u>Local</u></b>	<b><u>Indirect Costs</u></b>	
\$218.96	x 0.99	x 0.91	x 1.15	\$226.85
				<u>X 4,239 GSF</u>
<b>Building Improvements Cost Following Entrepreneurial Profit &amp; Indirect Costs</b>				<b>\$961,617</b>

Other cost components have been considered, as detailed below.

Contributory Costs of Items Other Than The Primary Building			
Site Improvements	Quantity	Rate	Total
Exterior Parking/Sidewalks	30,000 SF	\$ 5.75	\$172,500
Parking Striping	35 Spaces	\$ 12.65	\$ 443
Curbing - Concrete	1,000 LF	\$ 29.90	\$ 29,900
Canopy	1,500 SF	\$ 37.20	\$ 55,800
Irrigation	21,946 SF	\$ 1.15	\$ 25,238
Sod	14,688 SF	\$ 0.69	\$ 10,135
Pole Sign	1 Item	\$ 15,525.00	\$ 15,525
Pole Light Fixtures	12 Items	\$ 1,850.00	\$ 22,200
Shrubbery	335 Items	\$ 34.50	\$ 11,558
Trees	27 Items	\$ 748.00	\$ 20,196
Landscaping	4,200 SF	\$ 3.80	<u>\$ 15,960</u>
<b>Total</b>			<b>\$379,455</b>
Notes: The cost estimate for the exterior parking/sidewalks, striping, curbing, irrigation, sod, shrubbery, and trees is based on information provided by contractor Bruce Hershey, adjusted upward by 15% for entrepreneurial profit and indirect costs. The sign cost is based on an estimate provided by Mr. James Watson with Signs Manufacturing in Dallas. Other costs are based on <i>Marshall Valuation Service</i> , adjusted upward by 15% for entrepreneurial profit and indirect costs.			

The replacement costs of the subject building and related site improvements, following entrepreneurial profit and indirect costs are summarized below.

Cost New of Building and Related Site Improvements, Including Entrepreneurial Profit and Indirect Costs	
Building Improvements	\$961,617
<u>Site Improvements</u>	<u>\$379,455</u>
<b>Total</b>	<b>\$1,341,072</b>



**DEPRECIATION**

Appropriate items of depreciation must be deducted from the cost to replace the subject improvements as estimated above. Depreciation in this case is defined as "a loss in value from any cause". The accrued depreciation applicable is typically broken down as follows:

a. Physical Depreciation

Curable - refers to items of deferred maintenance.

Incurable - deterioration that is not practical or economically feasible to correct.

b. Functional Obsolescence - adverse effect on value resulting from defects in design, can also be caused by changes that, over time, have made some aspects of a structure, material, or design obsolete by current standards.

Curable - to be curable the cost must be at least offset by the anticipated increase in value.

Incurable - deficiencies or superadequacies not economically feasible to correct.

c. External (Economic) Obsolescence - result of diminished utility of a structure due to negative influences from outside the site and is always incurable. The total loss in value due to such influences is allocated between the land and the improvements with only that portion attributable to the improvements deducted from the current replacement cost.

## COST APPROACH

### Curable Physical

No items of deferred maintenance were noted at the inspection.

### Incurable Physical

A property suffers from deterioration as a result of the aging process. The method of estimating accrued depreciation utilized here is the modified economic age-life method. Briefly, this method consists of first estimating the cost to cure all curable items, deducting that figure from the replacement cost, and then applying to the remainder the deduction based on the ratio of effective age to total economic life.

According to *Marshall Valuation Service*, the subject is a Class C, Good Quality Bank Branch, with an economic life expectancy of 55 years, and with an effective and actual age of 10 years. According to the service, the surveyed depreciation for a building with 55-year economic life expectancy and 10-year effective age is 4%. This is applied to the subject building improvements.

Similarly, the other site improvements have been evaluated relative to their anticipated life expectancy, with the depreciation of the components considered as follows:

Calculation of Depreciation					
Site Improvements	Quantity		Rate	Total	Depreciation
Bank Branch	4,239	GSF	\$ 226.85	\$ 961,617	(\$ 38,465)
Exterior Parking/Sidewalks	30,000	SF	\$ 5.75	\$ 172,500	(\$ 34,500)
Parking Striping	35	Spaces	\$ 12.65	\$ 443	(\$ 89)
Curbing - Concrete	1,000	LF	\$ 29.90	\$ 29,900	(\$ 5,980)
Canopy	1,500	SF	\$ 37.20	\$ 55,800	(\$ 2,232)
Irrigation	21,946	SF	\$ 1.15	\$ 25,238	(\$ 5,048)
Sod	14,688	SF	\$ 0.69	\$ 10,135	\$ 0
Pole Sign	1	Item	\$ 15,525.00	\$ 15,525	(\$ 3,105)
Pole Light Fixtures	12	Items	\$ 1,850.00	\$ 22,200	(\$ 4,440)
Shrubbery	335	Items	\$ 34.50	\$ 11,558	\$ 0
Trees	27	Items	\$ 748.00	\$ 20,196	\$ 0
Landscaping	4,200	SF	\$ 3.80	\$ 15,960	\$ 0
<b>Total</b>				<b>\$1,341,072</b>	<b>(\$ 93,859)</b>

The bank branch building is depreciated at the aforementioned 4% rate. Additionally, all other costs are depreciated at 20%, with the exception of the canopy, which is depreciated at the same rate as the bank branch building, or 4%. Sod, shrubbery, trees, and landscaping are not depreciated.

## COST APPROACH

### Functional Obsolescence

The subject does not appear to suffer from functional obsolescence.

### External Obsolescence

The subject does not appear to suffer from external obsolescence.

<b>Cost Approach Summary</b>				
Building Size (Gross Square Feet)				4,239
Improvements Cost Before Adjustments for Time, Location, and Perimeter				\$ 218.96
<b>Multipliers</b>				
<u>Total Base Costs</u>		<u>Current</u>	<u>Local</u>	<u>Entrepreneurial Profit &amp; Indirect Costs</u>
\$218.96	x	0.99	x	0.91
				x
				1.15
				\$ 226.85
				<u>X 4,239</u>
<b>Building Improvements Cost Following Entrepreneurial Profit &amp; Indirect Costs</b>				<b>\$961,617</b>
<u>Less: Physical Depreciation</u>				(\$ 38,465)
<b>Building Improvements Net of Physical Depreciation</b>				<b>\$ 923,152</b>
<u>Site Improvements</u>		<u>Cost New</u>	<u>Physical Depreciation</u>	
Exterior Parking/Sidewalks	\$	172,500	\$ (34,500)	\$ 138,000
Parking Striping	\$	443	\$ ( 89)	\$ 354
Curbing - Concrete	\$	29,900	\$ ( 5,980)	\$ 23,920
Canopy	\$	55,800	\$ ( 2,232)	\$ 53,568
Irrigation	\$	25,238	\$ ( 5,048)	\$ 20,190
Sod	\$	10,135	\$ 0	\$ 10,135
Pole Sign	\$	15,525	\$ ( 3,105)	\$ 12,420
Pole Light Fixtures	\$	22,200	\$ ( 4,440)	\$ 17,760
Shrubbery	\$	11,558	\$ 0	\$ 11,558
Trees	\$	20,196	\$ 0	\$ 20,196
Landscaping	\$	15,960	\$ 0	\$ 15,960
<b>Total Site Improvements</b>	<b>\$</b>	<b>379,455</b>	<b>\$ (55,394)</b>	<b>\$ 324,061</b>
<b>Total Costs</b>				<b>\$ 1,247,213</b>
<b>Physically Depreciated Replacement Cost New (RCN)</b>				<b>\$ 1,247,213</b>
<u>Land Value</u>				<u>\$ 1,123,658</u>
<b>Indicated Value</b>				<b>\$ 2,370,871</b>
<b>Rounded</b>				<b>\$ 2,370,000</b>

## **COST APPROACH**

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### **COST SUMMARY**

The subject consists of a bank branch totaling 4,239 gross and rentable square feet. Following consideration of the depreciated costs of the improvements and the value of the land, the estimated value is **\$2,370,000**.

## **SALES COMPARISON APPROACH**

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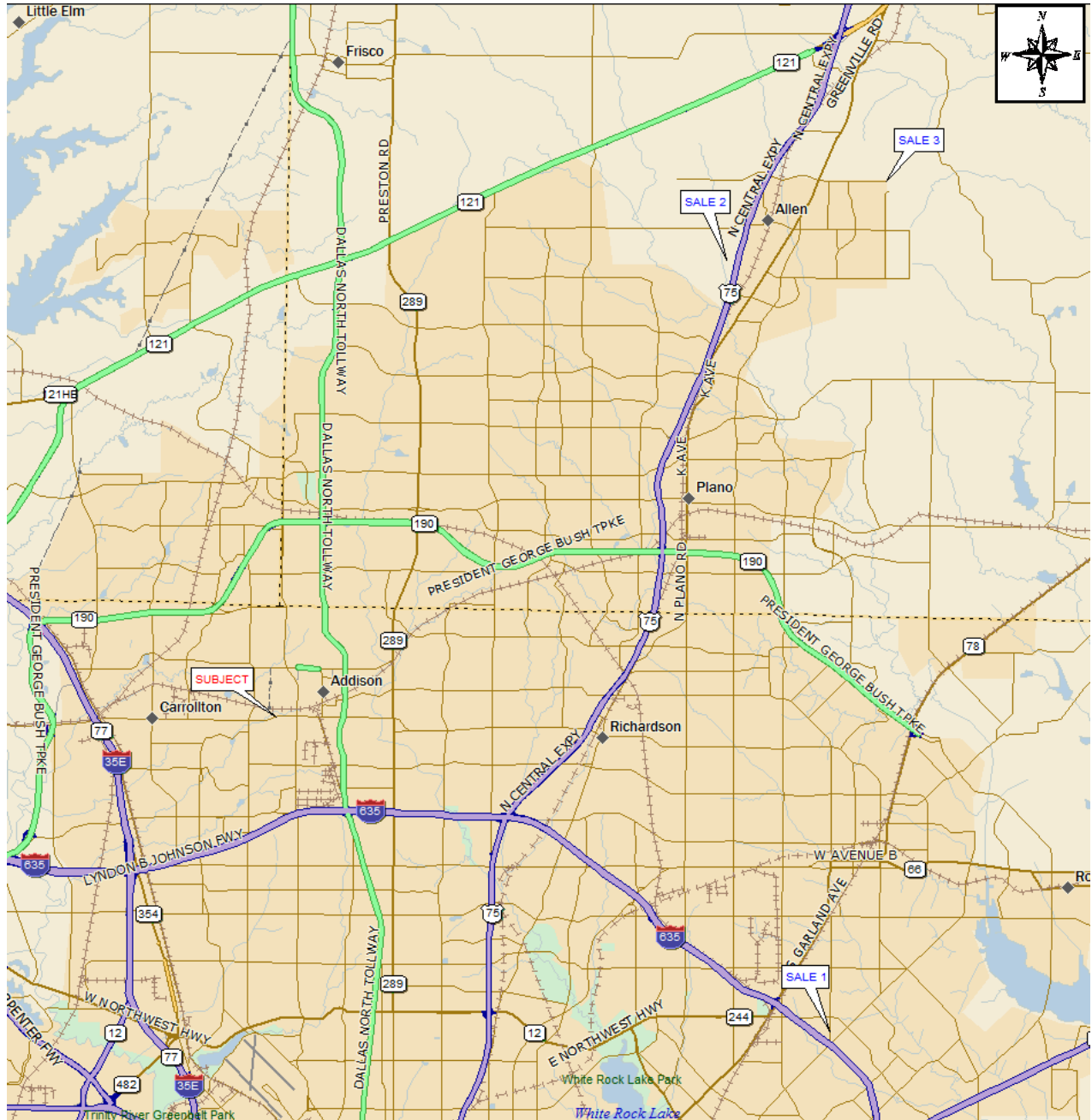
The sales comparison approach is a method of estimating market value whereby a property is compared with similar properties that have sold recently. One premise of the sales comparison approach is that the market will determine a price for the property being appraised in the same manner that it determines the price of comparable, competitive properties. The principle of substitution is basic in this approach as it implies that a prudent person will not pay more for a property than an acceptable alternative available in the market.

In the sales comparison approach, the property appraised is compared with known prices paid for similar properties in the open market. Typically, for most properties, the most common units of comparison used are the overall price paid per unit, and sales price per square foot.

The following summary information on improved sales judged to be comparable to the property appraised is included herein, establishing the probable value of the subject property by the sales comparison approach.

# SALES COMPARISON APPROACH

## IMPROVED SALES MAP



## SALES COMPARISON APPROACH

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### Improved Sale Number 1



<b>Location</b>	4771 Saturn Road Garland, Dallas County, Texas
<b>Mapscot Grantor</b>	DA-29-Y ESBO Holdings. Incorporated
<b>Grantee</b>	KE Garland LLC
<b>Record Data</b>	
Date	February 9, 2011
Document No.	201200036935
<b>Consideration</b>	\$2,500,000
<b>Sale Price/SF</b>	\$620.35
<b>Conditions of Sale</b>	Cash (or cash equivalent) to the seller
<b>Physical Description</b>	
Land Area	
Acres	0.93 AC
Square Feet	40,467 SF
Building Coverage	9.96%
Rentable Building Area	4,030 SF
Year Built	2007
Occupancy @ Sale	100%
Description	Bank Branch
Condition	Good

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## SALES COMPARISON APPROACH

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### Improved Sale 1 (Continued)

**Comments**

At the time of the sale, the property was leased on absolute net terms (ground lease) to Wells Fargo, with a quoted yield of 6.00%. The rent is \$150,000 per year, or \$37.22 per square foot of the improvements. The lease term and escalations are not known. The building size is based on that advertised in the sale. The Dallas County Appraisal District indicates the building to be 4,112 square feet.



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**SALES COMPARISON APPROACH**
**Improved Sale 2**

<b>Location</b>		955 West Bethany Drive Allen, Collin County, Texas
<b>Mapsc</b>		CG-98-L
<b>Grantor</b>		Apple Loop, LLC
<b>Grantee</b>		Howard L. Abel Family Trust
<b>Record Data</b>		
	Date	November 19, 2012
	Document No.	20121126001499180
<b>Consideration</b>		\$2,700,000
<b>Sale Price/SF</b>		\$669.98
<b>Conditions of Sale</b>		Cash (or cash equivalent) to the seller

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## SALES COMPARISON APPROACH

### Improved Sale 2 (Continued)

#### Physical Description

Land Area	
Acres	0.9678 AC
Square Feet	42,157 SF
Building Coverage	9.56%
Gross Building Area	4,030 SF
Year Built	2007
Occupancy @ Sale	100%
Description	Bank Branch
Condition	Good

#### Comments

At the time of the sale, the property was leased on absolute net terms (ground lease) to Wells Fargo, with a quoted rate of \$13,292 per month through 4/14/2013, then converting to \$14,621 per month for the next 5 years, with additional 10% rate increases every 5 years through lease expiration 5/31/23, but with 4-five year options, each of which will also have a 10% rate increase. The first year rent is calculated to be 4 months at \$13,292 and then 8 months at \$14,621, or \$170,136, or \$42.22 per square foot, which equates to a going-in capitalization rate of 6.30%. The second year of ownership (the first full year at the higher lease rate), will result in revenue of \$175,452, or 6.5%, at a rate of \$43.54 per square foot.

## SALES COMPARISON APPROACH

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### Improved Sale 3



<b>Location</b>		1204 Angel Parkway Allen, Collin County, Texas
<b>Mapsc</b>		CG-84-W
<b>Grantor</b>		Arthur Barry Berrick and Sharon Honey Berrick Family Living Trust
<b>Grantee</b>		Arloma Corporation
<b>Record Data</b>		
	Date	December 19, 2012
	Document No.	20121228001643340
<b>Consideration</b>		\$2,600,000
<b>Sale Price/SF</b>		\$590.91
<b>Conditions of Sale</b>		Cash (or cash equivalent) to the seller

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## SALES COMPARISON APPROACH

### Improved Sale 3 (Continued)

#### Physical Description

Land Area	
Acres	1.075 AC
Square Feet	46,827 SF
Building Coverage	9.40%
Rentable Building Area	4,400 SF
Year Built	2007
Occupancy @ Sale	100%
Description	Bank Branch
Condition	Good

#### Comments

At the time of the sale, the property was leased on absolute net terms (ground lease) to Chase Bank, with a quoted rate of \$11,000 per month through 6/30/2017, then escalating at 5-year increments at 10% until the expiration date of 06/30/2027, with 4-five year options, each of which will also have a 10% rate increase. The first year rent is \$132,000, which equates to a 5.08% overall capitalization rate, or \$30.00 per square foot.

## SALES COMPARISON APPROACH

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Summary of Improved Sales				
Sale No.	Address	YOC	Size SF	Price/SF
1	4771 Saturn Road Garland, Dallas County, Texas	2007	4,030	\$620.35
2	955 West Bethany Allen, Collin County, Texas	2007	4,030	\$669.98
3	1204 Angel Parkway Allen, Collin County, Texas	2007	4,400	\$590.91
Subject	4020 Belt Line Road Addison, Dallas County, Texas	2004	4,239	N/A

The sales in the sample were selected from a larger group as being most similar in overall physical characteristics and net lease characteristics, as compared to the subject. The sale sample ranges in price from \$590.91 to \$669.98 per square foot, and in size from 4,030 square feet to 4,400 square feet.

### Comparable Adjustments

Adjustments to the comparables are considered in the categories of financing terms, conditions of sale, market conditions/time, location, size, zoning, and availability of utilities and other factors. Adjustments for each factor are typically made after a comparison indicates the appropriate direction and size of each adjustment. Adjustments are based on experience and extrapolations of market indicators.

### EXPLANATION OF ADJUSTMENTS

#### Rights Conveyed

The rights conveyed of the sales represent leased fee ownership for each of the comparable sales, which is considered similar to fee simple at market rent, occupancy, expenses, and net operating income, resulting in no required adjustment.

#### Financing

The sales were purchased with cash, or third party financing which do not require adjustments.

#### Sale Conditions

All of the sales are arm's length transactions. Sale condition adjustments are not necessary.

#### Immediate Expenditures

No adjustments are necessary.

## SALES COMPARISON APPROACH

### Market Conditions

The sales took place from February 2011 to December 2012. Adjustments for market conditions are applied if property values have increased or decreased since the transaction dates. Based on our observations and analysis, real estate has appreciated approximately three percent annually since mid-2010. The sales are adjusted accordingly.

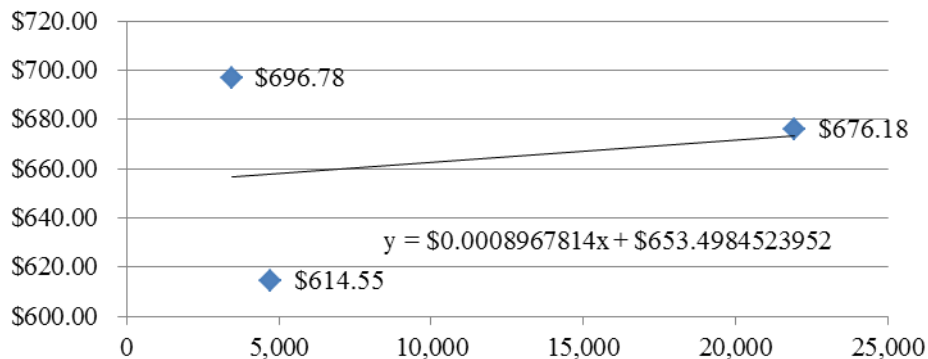
### Location

The subject is located at the southeast corner of Belt Line Road and Surveyor Boulevard, in the town of Addison, Dallas County. One of the criteria to determine bank branch value is the number of households within a certain perimeter. The following details the number of households within one mile of the subject and the comparables.

Improved Sales – Households Within One Mile		
Sale No.	Location	Households
1	4771 Saturn Road, Garland, Dallas County, Texas	21,936
2	955 West Bethany, Allen, Collin County, Texas	3,450
3	1204 Angel Parkway, Allen, Collin County, Texas	4,738
<i>Subject</i>	<i>4020 Belt Line Road</i>	<i>4,007</i>

The following details the relationship between households within one mile and price, after the prior adjustment for market conditions.

### Relationship Between Price After Prior Adjustment and Households Within a 1-Mile Radius



Based on the graphs, Sale 1 is adjusted downward by -5%, and the remaining sales are not adjusted.

## **SALES COMPARISON APPROACH**

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### **Physical Characteristics**

Physical aspects are considered for each sale, and include size, age, condition, and quality.

### **Access**

Access has significant bearing on real estate in the market. Access is defined as the points, or number of points available for ingress/egress to the subject site or ease of access to the site from abutting roadways. Each sale differs in access, but offers similar access to the subject, relatively to the size of the improvements. No adjustments are made.

### **Exposure**

The comparables differ in traffic exposure. The following details the traffic exposure for the subject and the comparables.

<b>Improved Sales - Traffic Exposure</b>		
<b>Sale No.</b>	<b>Location</b>	<b>Vehicle Count</b>
1	4771 Saturn Road, Garland, Dallas County, Texas	10,900
2	955 West Bethany, Allen, Collin County, Texas	30,700
3	1204 Angel Parkway, Allen, Collin County, Texas	15,100
Subject	4020 Belt Line Road, Addison, Dallas County, Texas	52,000

As previously noted, the primary locational attribute for bank branches is proximity to households. As such, although the subject has significant traffic exposure relative to the comparables, no adjustment appears necessary.

### **Size**

The subject comprises 4,239 square feet of rentable building area. The sales range in size from 4,030 square feet to 4,400 square feet, with no adjustments being necessary.

### **Age**

The comparables are of relatively similar age with the subject, with no adjustments being necessary.

## SALES COMPARISON APPROACH

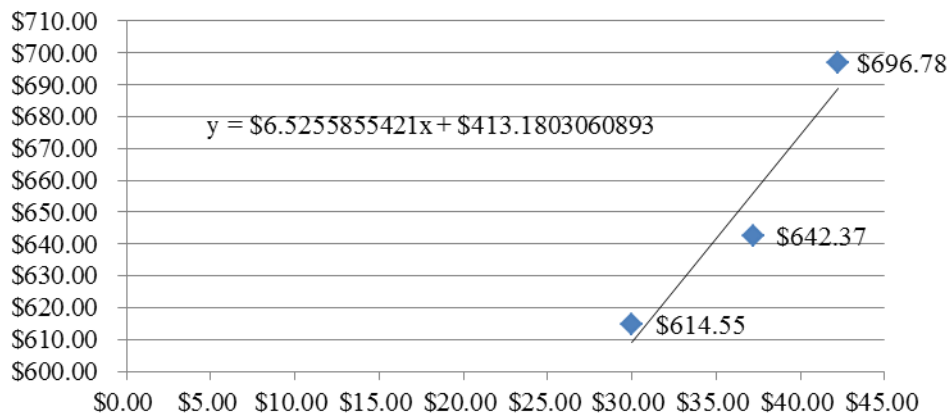
### Market Rent

The subject is appraised under the hypothetical condition of market rent, which is estimated to be \$30.00 per square foot. The following summarizes the existing and concluded market rent of the subject, as well as the comparables.

RENTAL SURVEY					
Rental No.	Name/Location	Rent/SF	Lease Basis	YOC	Rentable Area
1	4771 Saturn Road Garland, Dallas County, Texas	\$37.22	Absolute Net	2007	4,030 SF
2	955 West Bethany Allen, Collin County, Texas	\$42.22	Absolute Net	2007	4,030 SF
3	1204 Angel Parkway Allen, Collin County, Texas	\$30.00	Absolute Net	2007	4,400 SF
Subject	4020 Belt Line Road Addison, Dallas County, Texas	\$23.59 Actual \$30.00 Market	Absolute Net	2004	4,239 SF

The subject is appraised, based on current market rent, occupancy, expenses, and net operating income. As such, the following details the indicated relationship between rent rates and price per square foot after the prior adjustments.

### Relationship Between Rent and Price Per Square Foot



Based on the graph on the prior page, Sales 1, 2, and 3 are adjusted downward by -5%, -10%, and 0%, respectively.

### Condition

No adjustments are necessary.

### Quality

No adjustments are necessary.



## SALES COMPARISON APPROACH

### ADJUSTMENTS

The following grid summarizes the adjustment process.

<b>IMPROVED SALES ADJUSTMENTS</b>			
<b>Sale No.</b>	<b>1</b>	<b>2</b>	<b>3</b>
Year Built	2007	2007	2007
Size SF	4,030	4,030	4,400
Sale Date	Feb-11	Nov-12	Dec-12
Sale Price	\$2,500,000	\$2,700,000	\$2,600,000
Sale Price Per SF	\$620.35	\$669.98	\$590.91
Rights Conveyed	-0-	-0-	-0-
Financing	-0-	-0-	-0-
Sale Conditions	-0-	-0-	-0-
Immediate Expenditures	-0-	-0-	-0-
Market Conditions	9%	4%	4%
Adjusted Price	\$676.18	\$696.78	\$614.55
Location	-5%	-0-	-0-
Access	-0-	-0-	-0-
Exposure	-0-	-0-	-0-
Size	-0-	-0-	-0-
Age	-0-	-0-	-0-
Market Rent	-5%	-10%	-0-
Condition	-0-	-0-	-0-
Quality	-0-	-0-	-0-
Net Adjustment	-10%	-10%	-0-
<b>Adjusted Price/SF</b>	<b>\$608.56</b>	<b>\$627.10</b>	<b>\$614.55</b>

The adjusted sales range from \$608.56 to \$627.10 per square foot, with a mean and median of \$616.74 and \$614.55, respectively, rounded to \$615.00.

### Reconciliation

In the square foot analysis, the adjusted sales range from \$608.56 to \$627.10 per square foot, with a mean and median of \$616.74 and \$614.55, respectively, rounded to \$615.00, and with a concluded value of \$615.00 per square foot. Multiplying \$615.00 by the size of 4,239 rentable square feet, results in an indicated value of \$2,606,985, rounded to **\$2,610,000**.

Calculation: 4,239 SF x \$615.00/SF = \$2,610,000 (Rounded)

## **INCOME CAPITALIZATION APPROACH**

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The premise of the income capitalization approach is that an indication of value can be derived by capitalizing the net income a property will produce - under prudent management - at an appropriate rate which reflects the current market conditions, trends, and investor requirements.

The income capitalization approach consists of the following steps:

- Market Analysis:** Research the market to determine relevant income parameters i.e., rental rate, vacancy rates, absorption trends, escalations, allowances, and other factors.
- Estimate of Operations:** Estimate potential gross income. Then, deduct a vacancy and collection loss allowance to derive effective gross income. Finally, estimate and deduct expenses of operation to derive net operating income.
- Capitalization:** Select an applicable capitalization method and technique. Develop the appropriate rate or rates, and capitalize the net operating income or income stream to derive an indication of value.

A summary of competing properties in the subject area is also included the following pages.



## INCOME CAPITALIZATION APPROACH

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### Lease Comparable Number 1



<b>Address</b>	4771 Saturn Road Garland, Dallas County, Texas
<b>Mapsco</b>	DA-29-Y
<b>Year of Construction</b>	2007
<b>Rentable Building Area</b>	4,030 SF
<b>Occupancy</b>	100%
<b>Rental Rate Per SF</b>	\$37.22
<b>Lease Terms</b>	Absolute Net (Ground Lease)
<b>Comments</b>	The lease term and escalations are not known. The building size is based on that advertised in the sale. The Dallas County Appraisal District indicates the building to be 4,112 square feet.

## INCOME CAPITALIZATION APPROACH

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### Lease Comparable Number 2



<b>Address</b>	955 West Bethan Drive Allen, Collin County, Texas
<b>Mapsco</b>	CG-98-L
<b>Year of Construction</b>	2007
<b>Rentable Building Area</b>	4,030 SF
<b>Occupancy</b>	100%
<b>Rental Rate Per SF</b>	\$43.54
<b>Lease Terms</b>	Absolute Net (Ground Lease)

**Comments** At the time of the last sale in November 2012, the property was leased on absolute net terms (ground lease) to Wells Fargo, with a quoted rate of \$13,292 per month through 4/14/2013, then converting to \$14,621 per month for the next 5 years, with additional 10% rate increases every 5 years through lease expiration 5/31/23, but with 4-five year options, each of which will also have a 10% rate increase. The second year of ownership (the first full year at the higher lease rate), results in revenue of \$175,452, or \$43.54 per square foot.

## INCOME CAPITALIZATION APPROACH

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### Lease Comparable 3



<b>Address</b>	1204 Angel Parkway Allen, Collin County, Texas
<b>Mapsco</b>	CG-84-W
<b>Year of Construction</b>	2007
<b>Rentable Building Area</b>	4,400 SF
<b>Occupancy</b>	100%
<b>Rental Rate Per SF</b>	\$30.00
<b>Lease Terms</b>	Absolute Net (Ground Lease)
<b>Comments</b>	The property is leased on absolute net terms (ground lease) to Chase Bank, with a quoted rate of \$11,000 per month through 6/30/2017, then escalating at 5-year increments at 10% until the expiration date of 06/30/2027, with 4-five year options, each of which will also have a 10% rate increase.

## **INCOME CAPITALIZATION APPROACH**

<b>RENTAL SURVEY</b>					
<b>Rental No.</b>	<b>Name/Location</b>	<b>Rent/SF</b>	<b>Lease Basis</b>	<b>YOC</b>	<b>Rentable Area</b>
1	4771 Saturn Road Garland, Dallas County, Texas	\$37.22	Absolute Net	2007	4,030 SF
2	955 West Bethany Allen, Collin County, Texas	\$43.54	Absolute Net	2007	4,030 SF
3	1204 Angel Parkway Allen, Collin County, Texas	\$30.00	Absolute Net	2007	4,400 SF
Subject	4020 Belt Line Road Addison, Dallas County, Texas	\$23.59	Absolute Net	2004	4,239 SF

The subject rate is somewhat below the comparables. However, the subject was leased in 2004, and the comparables are more recent. The first lease has significantly more households within a one-mile radius of the property than the subject, but the second and third sales have a relatively similar number of households to the subject. The subject does have a higher traffic than the comparables.

After considering the aforementioned, the subject's market lease rate is considered to be \$30.00 per square foot.

For the purpose of this analysis, the subject is considered to have a market lease on absolute terms, resulting from a ground lease to the tenant, with all improvements reverting to the landowner at lease expiration or vacancy.

Under the absolute net arrangement, all expenses are paid by the tenant.

### **Market Rent and Gross Rental Income Analysis**

In estimating the appropriate market rental rate for the subject, all of the comparables were considered. Considering the location of the subject, the quality of finish, careful consideration of data and inspecting each comparable property, the data support an average market rental rate of \$30.00 per square foot, with the tenant being responsible for all expenses. This estimate recognizes the location, construction, size, quality, and condition of the subject as compared with competing properties in the local market.

### **Potential Gross Income**

Based on the estimated market rate, the potential gross income of the subject property is \$127,170 per year, or \$30.00 per square foot, with the consideration of the subject use.

## INCOME CAPITALIZATION APPROACH

### Reimbursements & Other Income

Under absolute net lease terms, all expenses are billed directly to the tenant, passed from the landowner directly to the tenant.

### Vacancy & Collection Loss

Generally, absolute net leased bank branches are sold based on their occupancy at the time of the sale, assuming there to be a significant amount of time left on the leases. As such, no vacancy or collection costs are typically reported when the properties are sold, with the asking prices being typically based on the gross revenue and net revenue being the same.

### OPERATING EXPENSES

The comparable sales are all based on the gross income being reported as net operating for bank branch sales, with no expenses reported, or with any reported expenses being passed directly to the tenant for reimbursement. As such, while a buyer may necessarily have accounting, legal, or other expenses, the properties typically trade under the assertion of gross income being the same as net operating income, with all expenses being the responsibility of the tenant.

INCOME AND EXPENSE SUMMARY		
Rentable Building Area: 4,239 SF		
	<b>Total</b>	<b>\$/SF</b>
<b>Gross Rental Income</b>	\$127,170	\$30.00
Expense Reimbursements & Other Income	All Paid By Tenant	
<b>Total Potential Income</b>	\$127,170	30.00
Less: Vacancy @ 0%	\$ 0	\$ 0.00
<b>Effective Gross Income</b>	<b>\$127,170</b>	<b>\$30.00</b>
<b><u>Less: Expenses</u></b>		
	Absolute net leased bank properties typically are marketed and sold based on the assertion of all expenses being the responsibility of the tenant	
<b>Total Expenses</b>	<b>\$ 0</b>	<b>\$ 0.00</b>
<b>Net Operating Income</b>	<b>\$127,170</b>	<b>\$30.00</b>
Net Income/Effective Gross Income Ratio	100%	



## INCOME CAPITALIZATION APPROACH

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### CAPITALIZATION

The following summarizes the three sales indicated in the sales comparison approach.

<b>Local Capitalization Rate Survey</b>	
Sale 1	6.00%
Sale 2	6.30%*
Sale 3	5.08%
*Sale 2 has a scheduled escalation to the equivalent of 6.50% 4 months following purchase.	

Realistically, the buyer for Sale 2 underwrote the transaction based on anticipated yield over time, which results in the equivalent of a 6.50% overall rate. After considering the anticipated rate of Sale 2 to be 6.50%, the mean and median rates are 6.00% and 5.96%

In addition to the local sales comparables, a national survey is considered. *PricewaterhouseCoopers* conducts a quarterly a survey of national real estate transactions. The survey tracks target rates of return (discount rates) and capitalization rates for predominately investment-grade properties. In the survey, net leased investment property transactions range from 6.00% to 8.50%, with an average of 7.18%.

The local survey indicates a range from 5.08% to 6.50%, with a mean and median of 6.00% and 5.96%, respectively. The national survey indicates a range from 6.00% to 8.50%, with an average of 7.18%. The average of the local survey appears to be the most reasonable, given the type of type of tenant and real estate. As such, an overall rate of 6.00% is considered appropriate for the subject. The net operating income of \$127,170 is capitalized using an overall rate of 6.00%, and results in a value indication of \$2,119,500, rounded to \$2,120,000.

<b>Income Approach Value Conclusion</b>	
Net Operating Income	\$127,170
Capitalization Rate	0.0600
Value Indicated By Direct Capitalization	\$2,119,500
<b>Final Value by Direct Capitalization</b>	<b>\$2,120,000</b>

## **RECONCILIATION – WHOLE PROPERTY VALUE**

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In the preceding sections of this report, the area data and trends, location amenities, highest and best use, and other elements of value are discussed. The market was researched for comparable data and market trends.

In the final analysis, considering the approaches to value, each approach is analyzed in terms of the quantity and quality of the data used in each approach and applicability to estimating a reliable value.

### **Summary of Approaches**

<b>Cost Approach</b>	<b>\$2,370,000</b>
<b>Sales Comparison Approach</b>	<b>\$2,610,000</b>
<b>Income Capitalization Approach</b>	<b>\$2,120,000</b>

#### **RECONCILIATION – WHOLE PROPERTY VALUE**

Sufficient sales of tracts of land with similar utility are available to arrive at an opinion of value of the land by market comparison. The sales used are adjusted to reflect current market conditions and differences in physical characteristics.

<b>Total Land Value</b>						
	<b><u>Size (SF)</u></b>		<b><u>\$/SF</u></b>			<b><u>Value</u></b>
Unencumbered	52,615	x	\$21.00	x	100%	= \$1,104,915
<u>Encumbered</u>	<u>3,570</u>	x	\$21.00	x	25%	= <u>\$18,743</u>
<b>Total</b>	<b>56,185</b>					<b>\$1,123,658</b>

### **Cost Approach**

The estimated costs are compared with the *Marshall Valuation Service Cost Manual*. Additionally, a review of cost manuals, conversations with local building contractors and developers, and the appraiser's experience in valuing similar properties readily support these costs.

The cost approach is most applicable when a property is new or proposed and when the development represents the highest and best use of the site. The age of the improvements is estimated at 10 years. Overall, the cost approach is a reliable valuation method for this analysis.

### **Sales Comparison Approach**

The price per square foot is used in the sales comparison approach to provide an indication of value for the subject. These transactions are considered to reflect the behavior of typical market participants. Given the subject property type and tenancy, sales are significantly influenced by the scheduled gross revenue and term of the leases. As such, the sales comparison approach is considered to be somewhat reliable, but recognition is given to the fact that bank branches as a net leased investment are typically purchased based on their gross revenue and lease term.

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## **RECONCILIATION – WHOLE PROPERTY VALUE**

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### **Income Capitalization Approach**

The direct capitalization method is used in the income capitalization approach to develop an indication of market value. Operating expenses are estimated based primarily on actual data from other projects, subject historical records (if available), and data extracted from the tax rolls.

The income capitalization approach is the best approach to determine market value when the real estate market recognizes the value of a property based on the income it produces. The subject is currently leased at \$8,333.33 per month, or \$23.59 per square foot, and this appears to be below market. In the analysis, the market rate today is concluded to be \$30.00 per square foot, and this number is utilized to determine the fee simple value, subject to what investors typically recognizes as market investment characteristics. The \$30.00 per square foot concluded rate, while considered reasonable, is higher than the current actual lease rate of \$23.59, and should be considered hypothetical. Overall, however, the income approach is considered reasonable.

### **CONCLUSION**

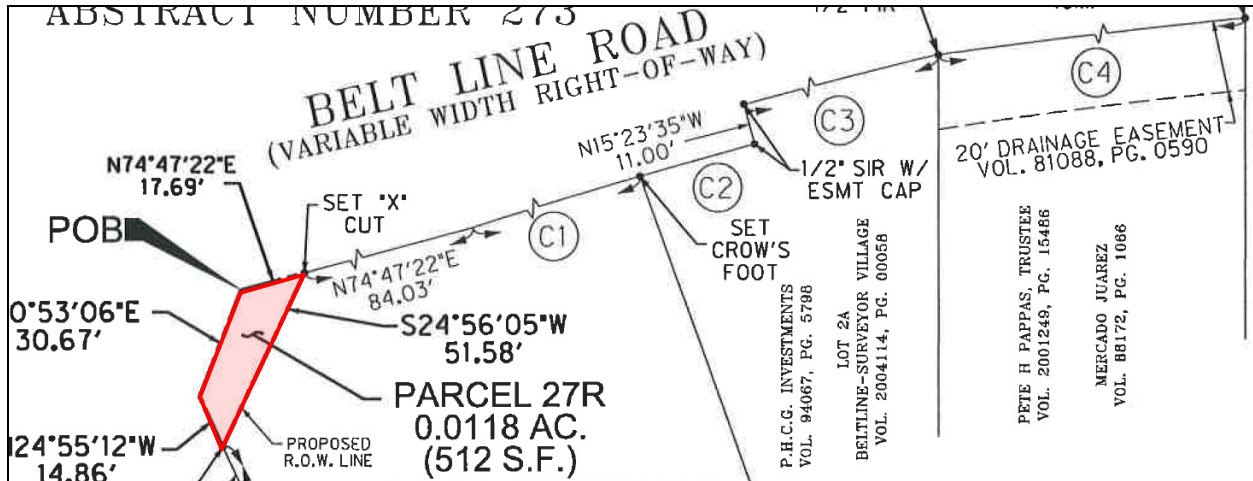
In conclusion, all three approaches are given weight in the final value determination, with most weight being given to the cost approach, and with the concluded market value of the subject in the whole property condition being as follows:

<b>Whole Property (Market Value)</b>	<b>\$2,370,000</b>
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**PART TO BE ACQUIRED**

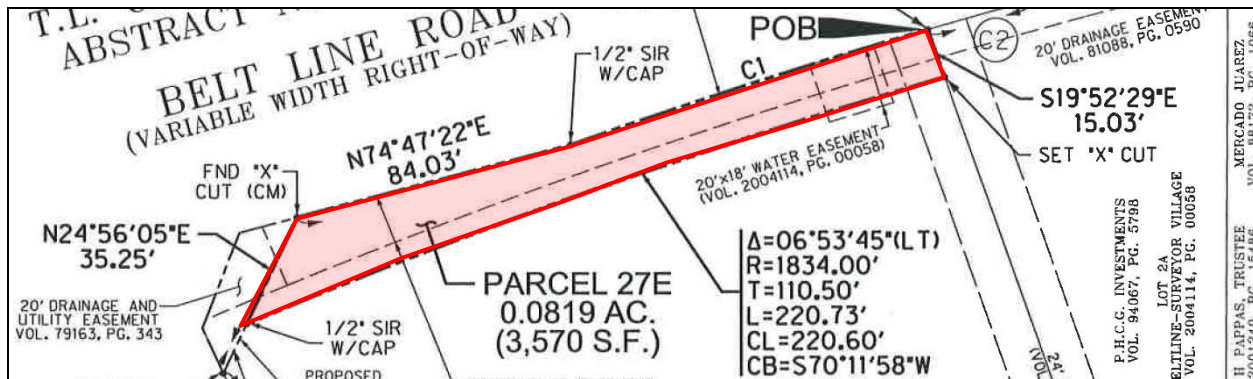
**Part To Be Acquired**

The part to be acquired in **fee simple** comprises 0.0118 acres, or 512 square feet, stated. This results in the fee simple acquisition area being 0.91% of the total site (calculated as 512 square feet divided by 56,185 square feet). This area will be utilized for ADA-compliant handicap sidewalk access.



**Proposed Fee Simple Acquisition**

The part acquired in permanent easement estate totals 0.0819 acres, or 3,570 square feet. The proposed easement is irregular in shape and totals 6.35% of the total site. The area will be utilized for buried telecommunication utilities.



**Proposed Permanent Easement Acquisition**

## **PART TO BE ACQUIRED**

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Also situated in and/or proximate to the acquisition area are utility lines and appurtenances, such as utility equipment, signs, and markers. These items are assumed the property of others-unrelated entities of subject ownership. It is assumed that the Town of Addison will negotiate the successful movement of these items where necessary, and without burden to the subject owner.

There are nine trees (Live Oaks and others of similar desirability and value) in the acquisition area. According to the plans, only three of the trees will be taken (one in the fee simple area and two in the permanent easement). The appraisal is prepared under the extraordinary assumption the remaining six trees in the acquisition area will be allowed to remain by the acquiring entity, following utility line installation, and with no compensation being necessarily paid for the six trees, but with compensation being paid for the three trees taken.

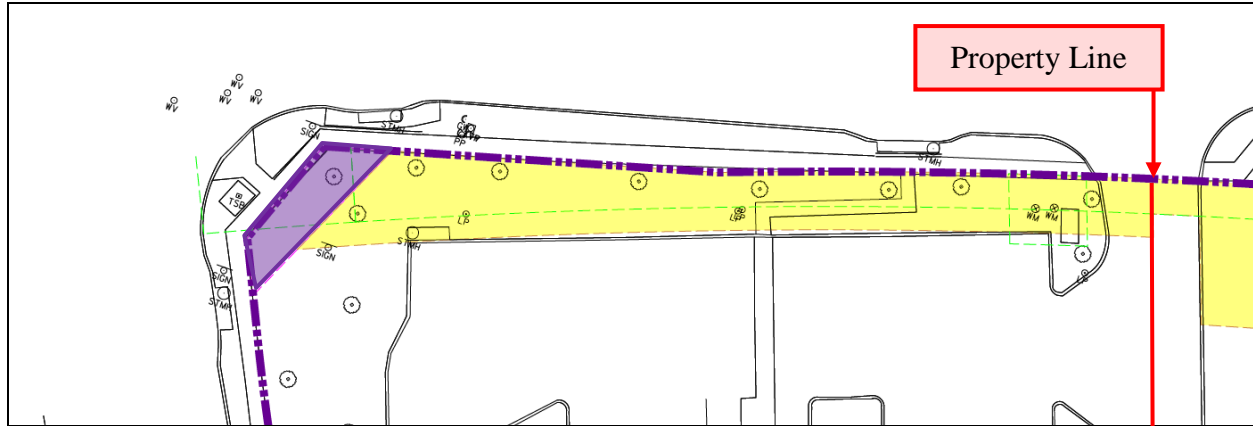
There are two poles with pole-mounted light fixtures located in the temporary easement. According to a representative of the engineering firm, the poles and light fixtures will be moved and reestablished by the acquiring entity, at the acquiring entities' expense. The appraisal is prepared under the extraordinary assumption the poles and pole-mounted fixtures will be moved and reestablished by the acquiring entity, at the acquiring entities' expense, following utility line installation, and with no compensation being necessarily paid.

According to a representative of the engineering firm, paving and curbing in the acquisition area for the access drive will be replaced by the acquiring entity, at the acquiring entities' expense. The appraisal is prepared under the extraordinary assumption the concrete access drive and curbing will be restored by the acquiring entity, at the acquiring entities' expense, following utility line installation, and with no compensation being necessarily paid.

Additionally, according to a representative of the engineering firm, signage located within the permanent easement area will remain in place by agreement. As such, the appraisal is conducted under the extraordinary assumption signage located in the permanent easement will remain in place in the current condition, following utility line installation, with no compensation being necessarily paid.

## PART TO BE ACQUIRED

The following is an engineer's drawing of the proposed fee simple acquisition and permanent easement acquisition. The proposed easement is located immediately the north of the curbing of the parking area, with only approximately 10 feet of the eastern portion of the parking area curbing possibly being affected, along with approximately 15 feet of curbing along the access drive.



**Purple = Fee Simple Acquisition**  
**Yellow = Permanent Easement Acquisition**

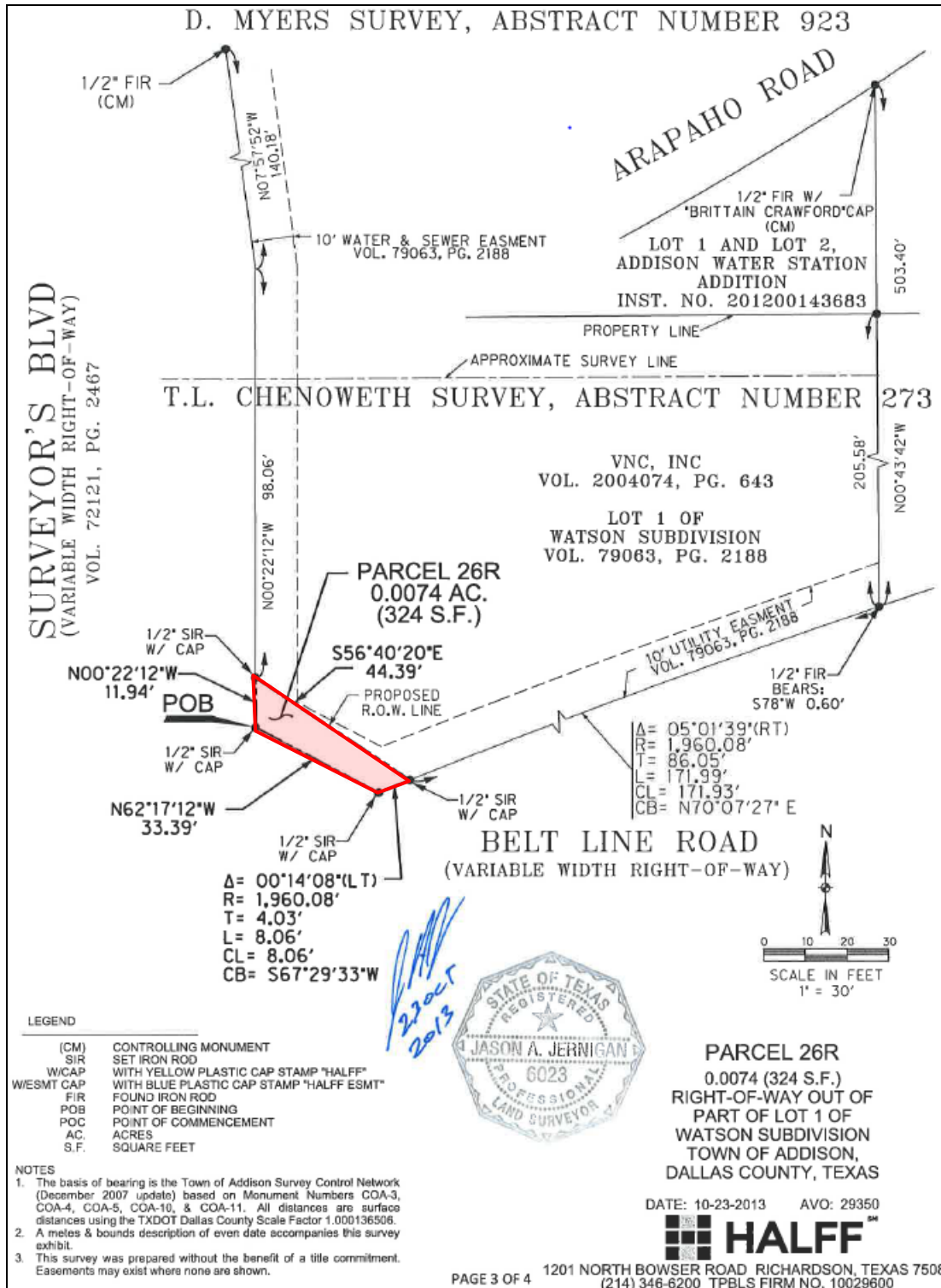
The following details items in the proposed acquisition area (fee simple and permanent easement), except for the pole sign, two poles with light fixtures, access drive paving, and trees, which will either be allowed to remain or be replaced at the acquiring entities' expense.

Summary of Items In Proposed Acquisition Area (Fee Simple and Permanent Easement)	
Improvements (within the acquisition area)	Value
771 SF of Sidewalk Paving @ \$5.46/SF, Less 20% Depreciation	\$ 3,368
3,831 SF of Irrigation @ \$1.15/SF, Less 20% Depreciation	\$ 3,525
2,347 SF of Sod @ \$0.69/SF, No Depreciation	\$ 1,619
92 Landscape Shrubs @ \$34.50, No Depreciation	\$ 3,174
3 Trees @ \$748, No Depreciation	\$ 2,244
<b>Total Contributory Value of Improvements</b>	<b>\$ 13,930</b>

### Highest and Best Use

The part to be acquired is a small parcel and would not be developed as a separate property. Its highest and best use is as part of the whole property.

**PART TO BE ACQUIRED**







## PART TO BE ACQUIRED

### Compensation

The take line extends through land that includes landowner improvements. The compensation due the property owner for the part taken is comprised of land value plus the depreciated value of the improvements acquired.

### Valuation of the Fee Simple Acquisition

The land value of the whole property is previously established at \$21.00 per square foot for the portion not encumbered with easements. The portion to be acquired in fee simple is predominantly encumbered with drainage and utility easements totaling 382 square feet, with the remaining 130 square feet being unencumbered. The portion encumbered with easements is considered to retain only 25% of the fee simple value of the land.

<b>Value of Portion to Be Acquired in Fee Simple, Subject to Existing Easements Prior to the Acquisition</b>						
	<u>Size (SF)</u>		<u>\$/SF</u>			<u>Value</u>
Previously Unencumbered	130	x	\$21.00	x	100%	= \$2,730
<u>Previously Encumbered</u>	<u>382</u>	x	\$21.00	x	25%	= <u>\$2,005</u>
<b>Total</b>	<b>512</b>					<b>\$4,735</b>

The part to be acquired in fee simple (subject to existing easements) is valued at **\$4,735** for the land.

The improvements situated in the fee simple acquisition parcel are valued at **\$2,742**.

<b>Summary of Items In Proposed Acquisition Area (Fee Simple, )</b>	
<b>Improvements (within the acquisition area)</b>	<b>Value</b>
424 SF of Sidewalk/Drive Paving @ \$5.46/SF, Less 20% Depreciation	\$1,852
88 SF of Irrigation @ \$1.15/SF, Less 20% Depreciation	\$ 81
88 SF of Sod @ \$0.69/SF, No Depreciation	\$ 61
1 Tree @ \$748, No Depreciation	\$ 748
<b>Total Contributory Value of Improvements</b>	<b>\$2,742</b>

The total value of the part to be acquired in fee simple (subject to existing easements), including the land and improvements is **\$2,742**, as shown on the table below.

<b>Fee Simple Proposed Acquisition</b>	
Land Acquired	\$4,735
Site Improvements Acquired	\$2,742
	<u><b>\$7,477</b></u>

## PART TO BE ACQUIRED

### Valuation of the Permanent Easement Acquisition

The part to be acquired in easement estate is comprised of a permanent easement. The part acquired in permanent easement estate totals 0.0819 acres, or 3,570 square feet. The proposed easement is irregular in shape and totals 6.35% of the total site.

The proposed permanent easement is not an economic unit within itself, because of the small size and shape, and the highest and best use of the parcel is as a part of the whole property. The whole property land value is previously established as \$21.00 per square foot for the portions not encumbered with easements and \$5.25 per square foot (25% of \$21.00 per square foot) for the portion encumbered with easements.

The following details the calculation of the area proposed for acquisition with a permanent easement, after considering the existing easements, and directly before the acquisition.

<b>Value of the Area Proposed For Acquisition in Permanent Easement Prior to the Acquisition</b>						
	<u>Size (SF)</u>		<u>\$/SF</u>			<u>Value</u>
Previously Unencumbered	1,326	x	\$21.00	x	100%	= \$27,846
<u>Previously Encumbered</u>	<u>2,244</u>	x	\$21.00	x	25%	= <u>\$11,781</u>
<b>Total</b>	<b>3,570</b>					<b>\$39,627</b>

The property owner does not retain the rights to surface use of the area within the proposed easement, and cannot construct any building or other structure within the easement area, and cannot change the grade, remove dirt from the surface of the easement or impound water over the easement without the prior approval of the grantee. The easement holder may cut all trees from the easement area. The property owner is relinquishing certain rights in perpetuity to the easement holder. The property owner still incurs certain obligations within the area of the easement, including the cost to maintain the surface and payment of all ad valorem taxes.

Limited market data are available that demonstrate the value of these rights. For the land encumbered by the permanent easement area, it is our opinion that the property owner is giving rights to the easement holder that equate to 75% of the fee simple unencumbered value of the land. The proposed permanent easement (27E) partially overlaps existing easements totaling approximately 2,244 square feet, which prior to the imposition of the proposed easement is valued at 25% of fee simple value.

## PART TO BE ACQUIRED

Immediately following the imposition of the easements, the value of the land within the existing easements is considered to be no more than 10% of the fee simple value of the land, while the portion to be only encumbered with the new easement is considered to retain a value of 25% of fee simple. The resulting value of the permanent easement following the acquisition is a calculated below.

<b>Value of the Area Proposed For Acquisition in Permanent Easement Prior to the Acquisition</b>						
	<u>Size (SF)</u>		<u>\$/SF</u>			<u>Value</u>
Previously Unencumbered	1,326	x	\$21.00	x	25%	= \$ 6,962
<u>Previously Encumbered</u>	<u>2,244</u>	x	\$21.00	x	10%	= <u>\$ 4,712</u>
<b>Total</b>	<b>3,570</b>					<b>\$11,674</b>

The value of the proposed easement is calculated by deducting the value of the land within the easement area prior to the acquisition from the value of the land following the acquisition.

<b>Easement Value</b>	
Immediately Before Imposition of Easement	\$39,627
<u>Immediately After Imposition of Easement</u>	<u>-\$11,674</u>
<b>Permanent Easement Value</b>	<b>\$27,953</b>

The improvements situated in the permanent easement acquisition parcel are valued at **\$11,188**.

<b>Summary of Items In Proposed Acquisition Area (Permanent Easement)</b>	
<b>Improvements (within the acquisition area)</b>	<b>Value</b>
347 SF of Sidewalk Paving @ \$5.46/SF, Less 20% Depreciation	\$ 1,516
3,743 SF of Irrigation @ \$1.15/SF, Less 20% Depreciation	\$ 3,444
2,259 SF of Sod @ \$0.69/SF, No Depreciation	\$ 1,558
92 Landscape Shrubs @ \$34.50, No Depreciation	\$ 3,174
2 Trees @ \$748, No Depreciation	\$ 1,496
<b>Total Contributory Value of Improvements</b>	<b>\$ 11,188</b>

It is our opinion, the total value of the part to be acquired in easement estate, including land and improvements is **\$39,141**.

<b>Permanent Easement Proposed Acquisition</b>	
Land Acquired	\$27,953
Site Improvements Acquired	<u>\$11,188</u>
	<b>\$39,141</b>

## **REMAINDER BEFORE TAKING**

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### **Summary of Portion Proposed To Be Acquired**

The value of the parts proposed for acquisition is \$46,618, comprised of \$7,477 for the fee simple acquisition and \$39,141 for the permanent easement acquisition.

<b>Remainder Before The Taking</b>			
	<u>Land</u>	<u>Improvements</u>	<u>Total</u>
Opinion of Value - Whole Property	\$1,123,658	\$1,246,342	\$2,370,000
Opinion of Value – Fee Simple Taking	-\$ 4,735	-\$ 2,742	-\$ 7,477
Opinion of Value – Permanent Easement Taking	-\$ 27,953	-\$ 11,188	-\$ 39,141
Opinion of Value - Remainder Before the Taking	<b>\$1,090,970</b>	<b>\$1,242,412</b>	<b>\$2,323,382</b>

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## REMAINDER AFTER TAKING

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### Remainder After Taking

The remainder after taking is valued by a separate analysis of the property addressing physical characteristics, highest and best use, utility, and marketability.

The remainder is comprised of 1.278 acres, or 55,673 square feet, stated. In the remainder situation, the subject has approximately 196.10 linear feet of frontage along Belt Line Road and 252.37 linear feet of frontage along Surveyor Boulevard.

#### *Remainder After The Acquisition As Affected By The Fee Simple Taking*

Following the acquisition, the subject will retain its usefulness and utility. As if complete and in place, the road project improvements are a general enhancement in the neighborhood and are not judged to enhance a specific property.

#### *Remainder After The Acquisition As Affected By The Permanent Easement Taking*

Following the acquisition, the subject will retain its usefulness and utility. The remainder land area is 55,673 square feet, or 1.278 acres, including the part taken in permanent easement (3,570 square feet). The easement is situated along the northern property line, along Belt Line Road.

The part to be acquired in easement estate is comprised of a permanent easement. The part acquired in permanent easement estate totals 0.0819 acres, or 3,570 square feet. The proposed easement is irregular in shape and totals 6.35% of the total site.

As if complete and in place, the road project improvements are a general enhancement in the neighborhood and are not judged to enhance a specific property.

### Highest & Best Use

**Possible Use:** The improvements were built in 2004, according to the Dallas County Appraisal District. The improvements are of good quality and in good condition. Overall, the improvements are adequately maintained and have no deferred maintenance. The intended use of the improvements is as a bank branch. The physical characteristics and accompanying amenities support the continued use as such.

**Permissible Use:** The site is zoned under a planned development ordinance for the specific use as a bank branch, and this is the permissible use following the acquisition.

**Feasible Use:** The existing improvements have an effective age of approximately 10 years, with a remaining economic life of 45 years, and still contribute value to the subject site. As such, the feasible alternative is continued use of the existing improvements.

**Maximally Productive Highest & Best Use:** As improved, the property is improved with a bank branch and is suitable for continued use. Therefore, the continued use as a bank branch represents the highest and best use of the land and improvements.

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## **SUMMARY OF COMPENSATION**

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The proposed taking does not bisect the remainder. In the remainder after scenario, the highest and best use of the property is for continued use as a bank branch. Access remains at proportionately the same locations as before the acquisition.

The total compensation consists of the value of the part taken in fee simple and permanent easement. Damages to the remainder are not supported.

### **Total Compensation**

The market value of the total compensation due to the landowner is \$46,618.

<b>Whole Property (Market Value)</b>	\$	2,370,000	
<b>Part To Be Acquired in Fee Simple</b>			\$ 7,477
<b>Part To Be Acquired in Easement</b>			\$ 39,141
<b>Remainder - Before Taking</b>	\$	2,323,382	
<b>Remainder - After Taking</b>	\$	2,323,382	
<b>Total Compensation</b>			<b>\$ 46,618</b>

## **APPRAISER'S CERTIFICATE**

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The undersigned do hereby certify that, except as otherwise noted in this appraisal report:

We have no present or contemplated future interest in the real estate that is the subject of this appraisal report. We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved. Our engagement in this assignment was not contingent upon developing or reporting predetermined results. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

To the best of our knowledge and belief, the statements of fact contained in this appraisal report, upon which analyses, opinions and conclusions expressed herein are based, are true and correct.

This appraisal report sets forth all of the assumptions and limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report. These are our personal, impartial, unbiased professional analyses, opinions, and conclusions.

This appraisal report has been made in conformity with the Uniform Standards of Professional Appraisal Practice. We certify that, to the best of my knowledge and belief, the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute and in conformity with the rules of the Texas Real Estate Commission. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

The Appraisal Institute conducts a program of continuing education for its designated members. As of the date of this appraisal, Wendell Pyles and David Bullard have completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.

We have not appraised or provided a real estate service for this property within the last three years. David Bullard provided real property appraisal assistance to the person signing this certification. We certify that we personally inspected the property appraised.

### **PYLES ★ WHATLEY CORPORATION**

**Wendell Pyles, MAI, SR/WA**  
State of Texas Certification #TX-1320453-G

**David Bullard**  
State of Texas Certification # TX-1326759-G

**WENDELL PYLES, MAI, SR/WA**

Real estate appraiser practicing as owner of *Pyles★Whatley Corporation*.

Appraisal assignments include office buildings, multi-family dwellings, commercial and industrial properties, condemnation work, automobile dealerships, land development, and specialized properties, as well as feasibility and market studies.

**Experience**

- Since 1983, owner of Wendell Pyles & Company, predecessor firm to *Pyles★Whatley Corporation*, conducting appraisal assignments throughout Texas and the Southwest
- Experience in commercial real estate sales and mortgage brokerage
- Financial Analyst with W. R. Grace & Company. Involved in capital expenditure analyses, financial reporting, and acquisition evaluation
- Qualified as expert witness in Texas District Courts and U.S. Bankruptcy courts.

**Education**

- Master of Business Administration, Oklahoma State University
- Bachelor of Science - Business Administration (Banking & Finance), Oklahoma State University
- Completed numerous appraisal courses and seminars conducted by the Appraisal Institute and various real estate and financial organizations

**Professional**

- Member - Appraisal Institute (MAI), Certificate No. 6698. The Appraisal Institute conducts a program of continuing education for its designated members. Members who meet the minimum standards of this program are awarded periodic educational certification, and I am currently certified under this program.
  - Certified by State of Texas as General Real Estate Appraiser, TX-1320453-G
  - Senior Member (SR/WA) – International Right-of-Way Association, Registration Number 4444
  - Right-of-Way Professional of the Year, 2004 - IRWA Chapter 36
  - North Texas Chapter Appraisal Institute - Board of Directors, 1989-1991; 1998-2000 Chairman, Candidate Guidance Committee, 1990; Regional Representative, 1993
  - International Right-of -Way Association Member, Chapter 36 – Secretary, 2001; Vice President, 2002; President, 2003; Board of Directors, 2004-2005
-



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## QUALIFICATIONS

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### DAVID R. BULLARD, MAI

#### WORK HISTORY

I began appraising commercial property in 1990, during graduate school, when the flexible schedule of appraisal provided income without conflicting with my studies. After graduate school, I continued appraising investment-grade commercial property in both self-employed and fee capacities in Massachusetts, Idaho, and Texas.

I worked as Vice President, Commercial Lending with Southwest Bank in Fort Worth as well as with several other commercial banks and loan corporations in Texas.

Prior to employment as a commercial real estate appraiser and commercial lender, I held the title of Bank Holding Company Financial Analyst with the Federal Reserve Bank of Dallas, Texas.

#### EDUCATION

In 1992, I received my Master of Business Administration degree from the University of Texas at Arlington, Texas. Although my studies included virtually all facets of the traditional business curriculum, the primary concentration was in finance.

In 1988, I received my Bachelor of Business Administration degree from Baylor University, Waco, Texas. This traditional four-year degree was primarily focused in the study of finance and real estate, although it also included conventional core business, science and liberal arts classes.

I continue to remain current with the continuing education requirements of both the Appraisal Institute and the Texas Appraiser Licensing and Certification Board. I have also received formal credit training through Risk Management Associates (RMA), and was the first place statewide 2001 RMA paper writing contest winner for a paper titled *Analyzing the Causes of Real Estate Market Change*.

#### CERTIFICATIONS, LICENSES, AND PROFESSIONAL DESIGNATIONS

I am a State Certified General Appraiser in Texas, a designated MAI, Member of the Appraisal Institute, and a licensed Private Pilot.

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# **ADDENDA**

**TAX INFORMATION**

Commercial Account Details

Page 1 of 4


[Home](#) | [Find Property](#) | [Contact Us](#)
**Commercial Account #100026000101A0000**
[Location](#) [Owner](#) [Legal Desc](#) [Value](#) [Improvements](#) [Land](#) [Exemptions](#) [Estimated Taxes](#) [Building Footprint](#) [History](#)
**Location (Current 2014)**

**Address:** 4020 BELT LINE RD  
**Market Area:** 0  
**Mapsc0:** 14-A (DALLAS)

**Customer Service Survey**
 Enter PIN:  
**DCAD Property Map**[View Photo](#)[2013 Appraisal Notice](#)[Electronic Documents \(ENS\)](#)[Print Homestead Exemption Form](#)[YAHOO! Maps](#)**Owner (Current 2014)**

PHCG INVESTMENTS  
 13939 NORTHWEST FWY  
 HOUSTON, TEXAS 770405115

**Multi-Owner (Current 2014)**

Owner Name	Ownership %
PHCG INVESTMENTS	100%

**Legal Desc (Current 2014)**

- 1: BELT LINE - SURVEYOR VILLAGE
  - 2: BLK 1 LT 1A ACS 1.2898
  - 3:
  - 4: VOL94067/5768 DD040694 CO-DALLAS
  - 5: 0026000101A00 31000260001
- Deed Transfer Date:** 4/7/1994

**Value**

2013 Certified Values	
<b>Improvement:</b>	\$1,131,720
<b>Land:</b>	+ \$561,840
<b>Market Value:</b>	=\$1,693,560
<b>Tax Agent:</b> RYAN LLC FKA T R	
<b>Revaluation Year:</b>	2012
<b>Previous Revaluation Year:</b>	2011

## TAX INFORMATION (Continued)

### Improvements (Current 2014)

#	Desc: BANK	Total Area: 4,096 sqft	Year Built: 2004
1	<b>Construction</b> Construction: D-WOOD FRAME Foundation (Area): CONCRETE SLAB (4,096 sqft ) Net Lease Area : 4,096 sqft # Stories: 1 # Units: 0 Basement (Area): NONE Heat: CENTRAL HEAT A/C: CENTRAL A/C		<b>Depreciation</b> Physical: 7% Functional: + 0% External: + 0% Total: = 7% Quality: EXCELLENT Condition: EXCELLENT
	<b>Appraisal Method</b> COST		

### Land (2013 Certified Values)

#	State Code	Zoning	Frontage (ft)	Depth (ft)	Area	Pricing Method	Unit Price	Market Adjustment	Adjusted Price	Ag Land
1	COMMERCIAL IMPROVEMENTS	PLANNED DEVELOPMENT	0	0	56,184.0000 SQUARE FEET	STANDARD	\$10.00	0%	\$561,840	N

\* All Exemption information reflects 2013 Certified Values. \*

### Exemptions (2013 Certified Values)

No Exemptions

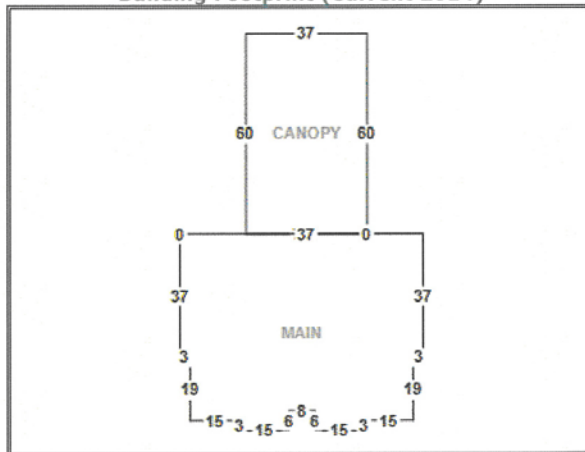
### Estimated Taxes (2013 Certified Values)

	City	School	County and School Equalization	College	Hospital	Special District
<b>Taxing Jurisdiction</b>	ADDISON	DALLAS ISD	DALLAS COUNTY	DALLAS CO COMMUNITY COLLEGE	PARKLAND HOSPITAL	UNASSIGNED
<b>Tax Rate per \$100</b>	\$0.5718	\$1.282085	\$0.2531	\$0.1247	\$0.276	N/A
<b>Taxable Value</b>	\$1,693,560	\$1,693,560	\$1,693,560	\$1,693,560	\$1,693,560	\$0
<b>Estimated Taxes</b>	\$9,683.78	\$21,712.88	\$4,286.40	\$2,111.87	\$4,674.23	N/A
<b>Tax Ceiling</b>					N/A	N/A
<b>Total Estimated Taxes:</b>						<b>\$42,469.15</b>

**DO NOT PAY TAXES BASED ON THESE ESTIMATED TAXES.** You will receive an **official tax bill** from the appropriate agency when they are prepared. Taxes are collected by the agency sending you the **official** tax bill. To see a listing of agencies that collect taxes for your property. [Click Here](#)

The estimated taxes are provided as a courtesy and should not be relied upon in making financial or other decisions. The Dallas Central Appraisal District (DCAD) does not control the tax rate nor the amount of the taxes, as that is the responsibility of each Taxing Jurisdiction. Questions about your taxes should be directed to the appropriate taxing jurisdiction. We cannot assist you in these matters. These tax estimates are calculated by using the most current certified taxable value multiplied by the most current tax rate. **It does not take into account other special or unique tax scenarios.** If you wish to calculate taxes yourself, you may use the [TaxEstimator](#) to assist you.

### Building Footprint (Current 2014)



**SURVEY (Parcel 27R)**

**PARCEL 27R**  
 0.0118 ACRE (512 SQUARE FOOT)  
 RIGHT OF WAY  
 OUT OF  
 LOT 1A OF BELTLINE-SURVEYOR VILLAGE  
 TOWN OF ADDISON, DALLAS COUNTY, TEXAS

BEING a 512 square foot tract of land situated in the T.L. Chenoweth Survey, Abstract Number 273, Town of Addison, Dallas County, Texas, and being part of Lot 1A, BELTLINE-SURVEYOR VILLAGE, an addition to the Town of Addison, Texas, as recorded in Volume 2004114, Page 00058, Deed Records, Dallas County, Texas (D.R.D.C.T.), said tract also being part of that tract of land described in deed to P.H.C.G. Investments as recorded in Volume 94067, Page 5798, D.R.D.C.T., and being more particularly described as follows:

BEGINNING at a the most northerly northwest corner of said Lot 1A, said corner also being the most northerly corner of a corner clip for the intersection of the south right-of-way line of Belt Line Road (a variable width right-of-way) with the east right-of-way line of Surveyor's Boulevard (a variable width right-of-way);

THENCE North 74 degrees 47 minutes 22 seconds East, with the said south right-of-way line of Belt Line Road and the north line of said Lot 1A, a distance of 17.69 feet to set "X" cut in concrete for corner;

THENCE South 24 degrees 56 minutes 05 seconds West, departing said south right-of-way line of Belt Line Road and said north line of Lot 1A, a distance of 51.58 feet to a set "X" cut in concrete for corner on said east right-of-way line of Surveyor's Boulevard and on the west line of said Lot 1A;

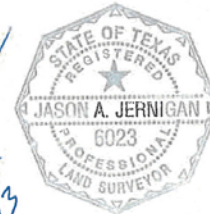
THENCE North 24 degrees 55 minutes 12 seconds West, with said east right-of-way line of Surveyor's Boulevard and said west line of Lot 1A, a distance of 14.86 feet to a point for the most southerly northwest corner of said Lot 1A and the southerly corner of the aforementioned corner clip;

THENCE North 20 degrees 53 minutes 06 seconds East, with said corner clip, a distance of 30.67 feet to the POINT OF BEGINNING and containing 0.0118 of an acre (512 square feet) of land, more or less.

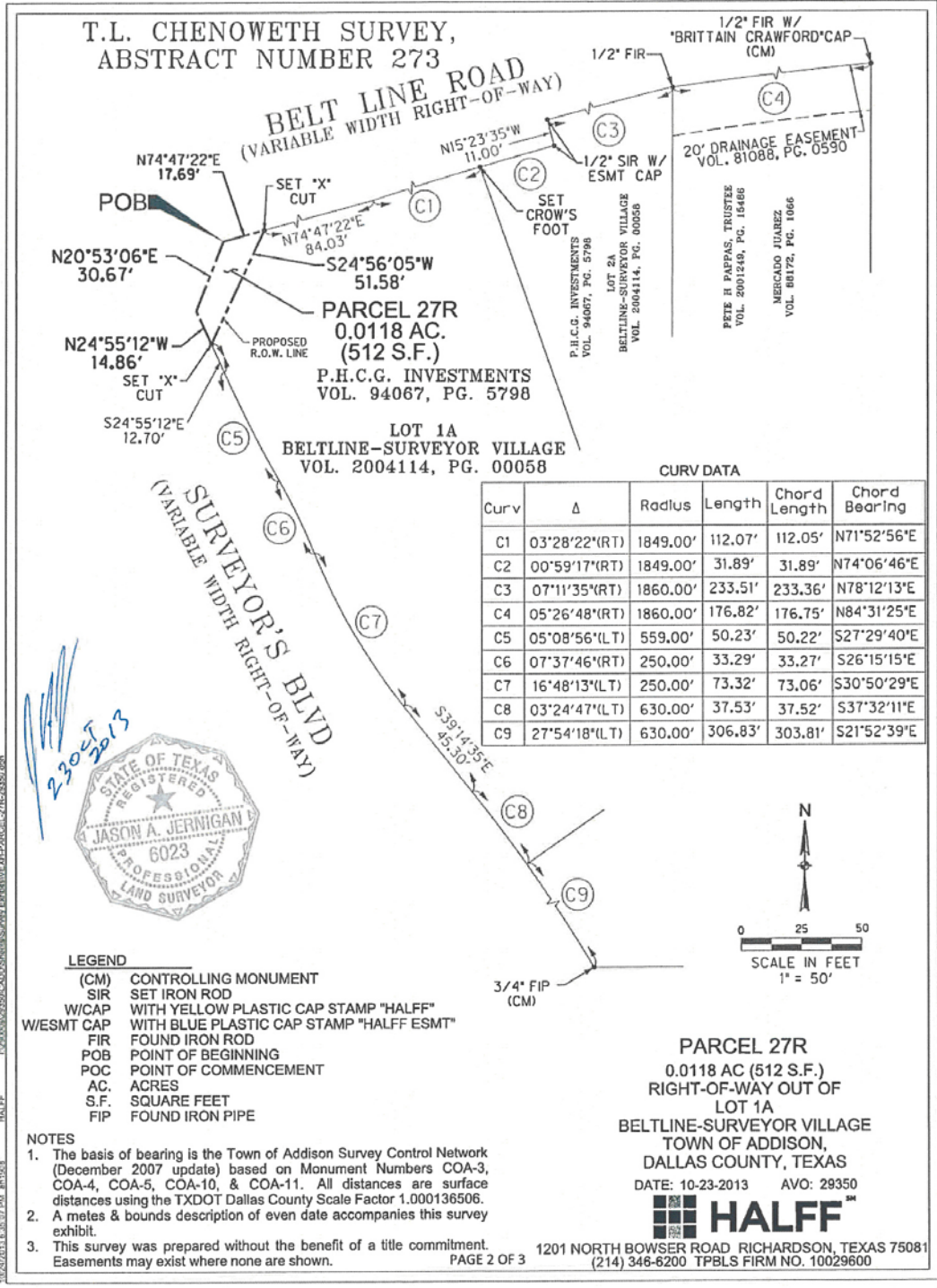
**NOTES:**

The basis of bearing is the Town of Addison Survey Control Network (December 2007 update) based on Monument Numbers COA-3, COA-4, COA-5, COA-10, & COA-11. All distance are surface distances using the TXDOT Dallas County Scale Factor 1.000136506.

A survey exhibit of even date accompanies this metes & bounds description.



**SURVEY (Parcel 27R, Continued)**





**SURVEY (Parcel 27E)**

**PARCEL 27E**  
0.0819 ACRE (3,570 SQUARE FOOT)  
UTILITY EASEMENT  
OUT OF  
LOT 1A OF BELTLINE-SURVEYOR VILLAGE  
TOWN OF ADDISON, DALLAS COUNTY, TEXAS

BEING a 3,570 square foot tract of land situated in the T.L. Chenoweth Survey, Abstract Number 273, Town of Addison, Dallas County, Texas, and being part of Lot 1A of BELTLINE-SURVEYOR VILLAGE, an addition to the Town of Addison, Texas, as recorded in Volume 2004114, Page 00058, Deed Records, Dallas County, Texas (D.R.D.C.T.), said tract also being part of that tract of land described in deed to P.H.C.G. Investments as recorded in Volume 94067, Page 5798, D.R.D.C.T., and being more particularly described as follows:

BEGINNING at a set PK nail with shiner for the northeast corner of said Lot 1A, said corner also being on the south right-of-way line of Belt Line Road (a variable width right-of-way);

THENCE South 19 degrees 52 minutes 29 seconds East, with the common east line of said Lot 1A and the west line of Lot 2A of said BELTLINE-SURVEYOR VILLAGE, a distance of 15.03 feet to a set "X" cut in concrete for corner, said corner being the point of curvature of a non-tangent circular curve to the left having a radius of 1,834.00 feet, chord that bears South 70 degrees 11 minutes 58 seconds West, a distance of 220.60 feet;

THENCE Westerly, departing said common line and with said curve and over and across said Lot 1A, through a central angle of 06 degrees 53 minutes 45 seconds, an arc distance of 220.73 feet to a 1/2-inch set iron rod with yellow cap stamped "HALFF" (hereinafter referred to as "with cap") for corner on the proposed southeast corner clip for the intersection of said south right-of-way line of Belt Line Road with the east right-of-way line of Surveyor's Boulevard (a variable width right-of-way);

THENCE North 24 degrees 56 minutes 05 seconds East, with said corner clip, a distance of 35.25 feet to a found "X" cut in concrete for the north corner of said corner clip, said corner being on said south right-of-way line of Belt Line Road;

THENCE North 74 degrees 47 minutes 22 seconds East, with said south right-of-way line of Belt Line Road, a distance of 84.03 feet to a 1/2-inch set iron rod with cap for corner, said corner being the point of curvature of a non-tangent circular curve to the right having a radius of 1,849.00 feet, chord that bears North 71 degrees 52 minutes 56 seconds East, a distance of 112.05 feet;

THENCE Easterly, continuing with said south right-of-way line of Belt Line Road and with said curve, through a central angle of 03 degrees 28 minutes 22 seconds, an arc distance of 112.07 feet to the POINT OF BEGINNING AND CONTAINING 0.0819 of an acre (3,570 square feet) of land, more or less.



**SURVEY (Parcel 27E, Continued)**

**PARCEL 27E**  
0.0819 ACRE (3,570 SQUARE FOOT)  
UTILITY EASEMENT  
OUT OF  
LOT 1A OF BELTLINE-SURVEYOR VILLAGE  
TOWN OF ADDISON, DALLAS COUNTY, TEXAS

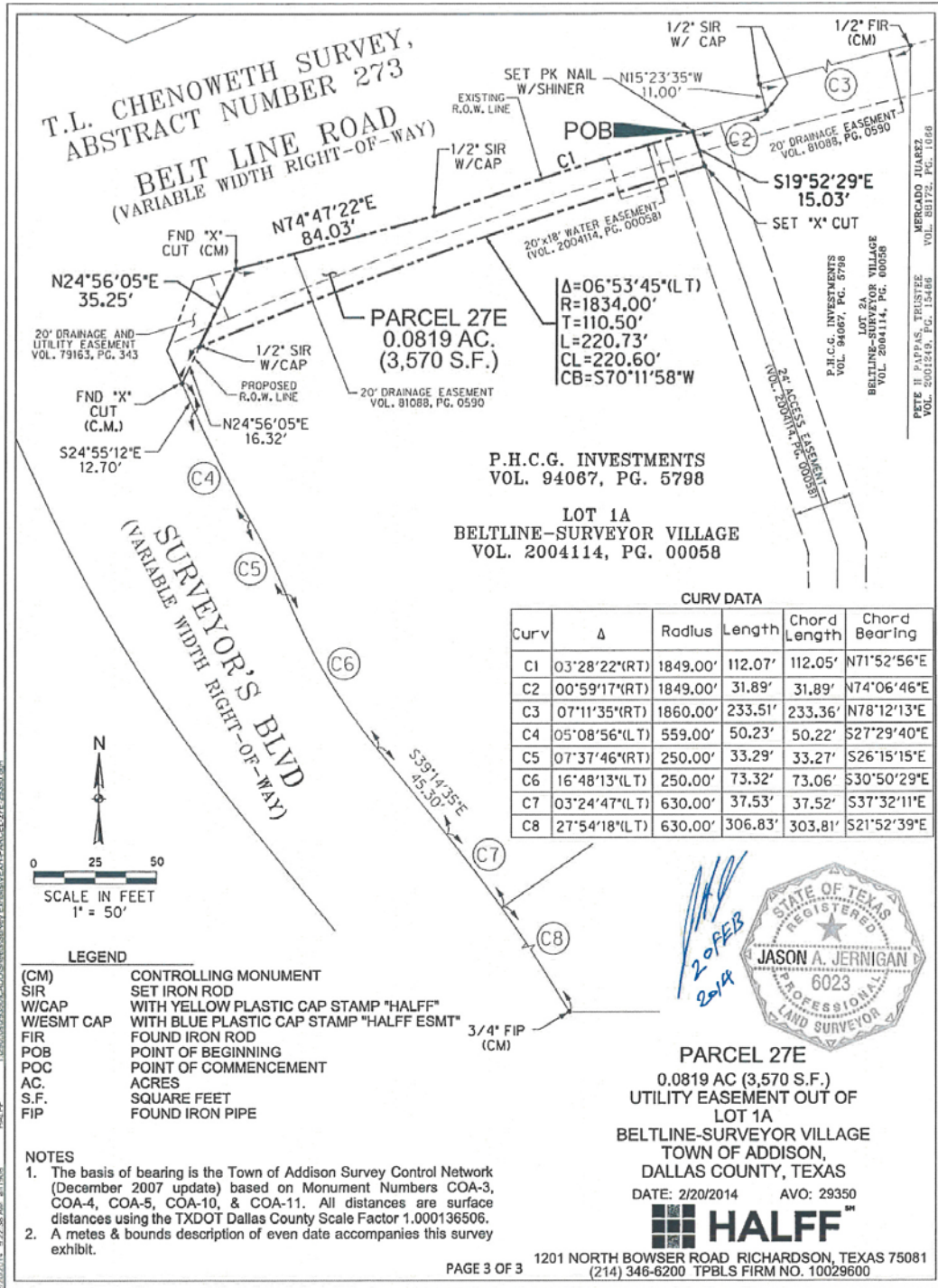
**NOTES:**

The basis of bearing is the Town of Addison Survey Control Network (December 2007 update) based on Monument Numbers COA-3, COA-4, COA-5, COA-10, & COA-11. All distance are surface distances using the TXDOT Dallas County Scale Factor 1.000136506.

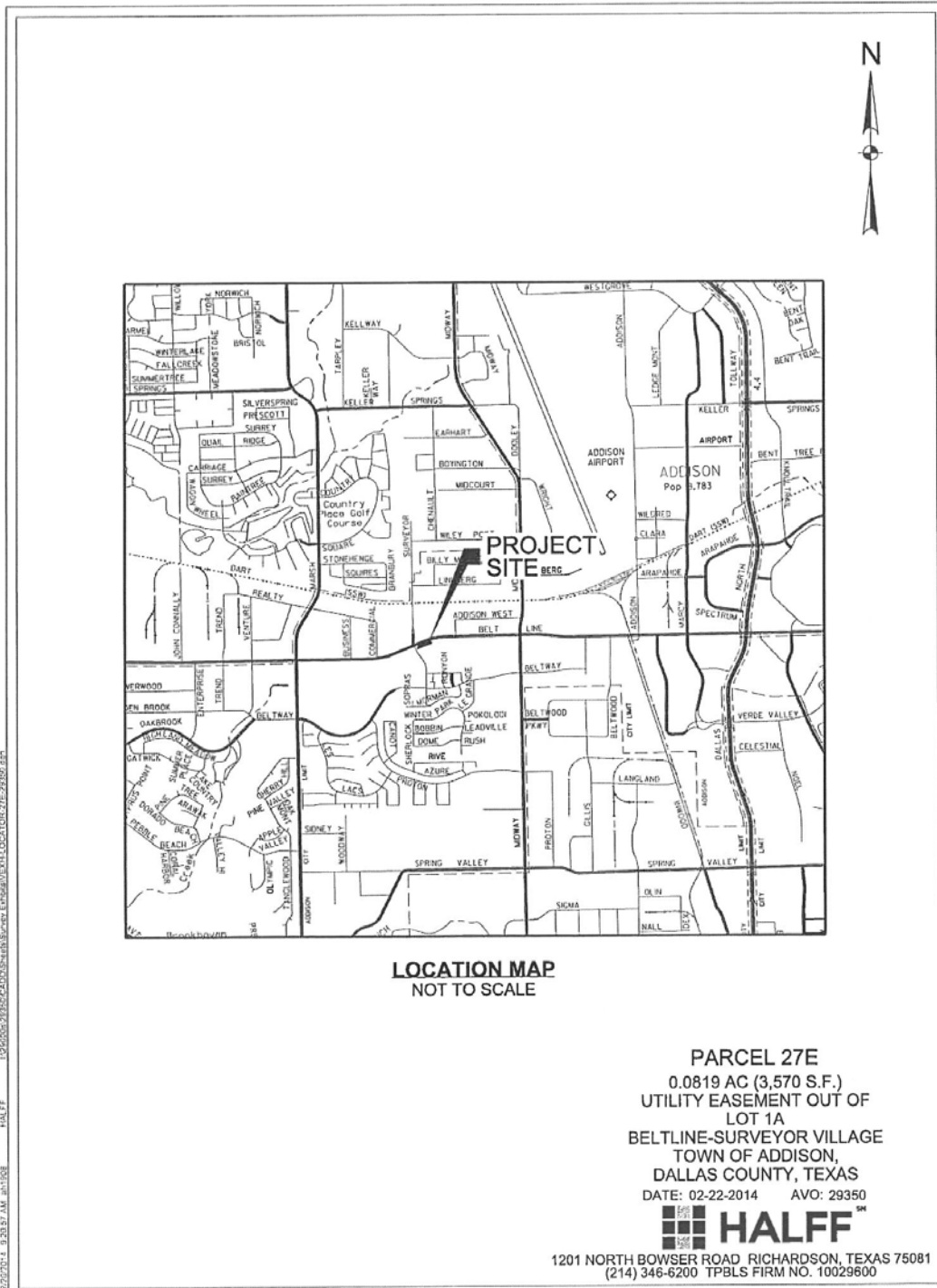
A survey exhibit of even date accompanies this metes & bounds description.



**SURVEY (Parcel 27E, Continued)**



**SURVEY (Parcel 27E, Continued)**



2/22/2014 9:20:57 AM 4011008 HALFF 1246200-29350ADDISON\Surveyor\CH246\VD01\LOCATOR.ZIP:29350.dwg

**NOTIFICATION LETTER**

**PYLES★WHATLEY CORPORATION**  
Real Estate Consultants

*Wendell Pyles, MAI, SR/WA*

*Jan Whatley (1953-2013)*

February 21, 2014

PHCG Investments  
13939 Northwest Freeway  
Houston, Texas 77040-5115

Via first class, certified mail, return receipt requested, article no. 7011 2000 0002 4600 9453

Re: Parcel 27E - real estate property located at 4020 Belt Line Road, Addison, Texas

To Whom It May Concern:

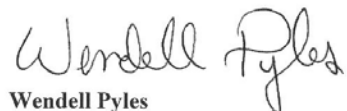
In connection with the Town of Addison, our firm has been engaged to perform a real estate appraisal of a proposed partial acquisition involving the property referenced above. In preparation for the Belt Line Road Project, real estate appraisals of the affected properties are required.

We would like to meet with you and inspect your property for appraisal purposes. Please contact **David Bullard** at **214.340.5880** to arrange an appointment.

Enclosed are new copies of the acquisition descriptions and drawings. We look forward to meeting you.

Sincerely,

**PYLES WHATLEY CORPORATION**

  
**Wendell Pyles**

11551 Forest Central Drive  
Suite 220  
Dallas, Texas 75243  
Phone (214) 340-5880  
Fax (214) 340-5422

[www.PylesWhatley.com](http://www.PylesWhatley.com)  
Toll Free (800) 340-2166

777 Main Street  
Suite 600  
Fort Worth, Texas 76102  
Phone (817) 887-8176  
Fax (817) 887-8177

**RETURN RECEIPT**

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>■ Complete Items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature  <input checked="" type="checkbox"/> <i>R. W. H. S. T.</i> <span style="float: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</span></p> <p>B. Received by (Printed Name) <i>R. W. H. S. T.</i> C. Date of Delivery <i>1-6-14</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes                      If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <p>PHCG Investments                              13939 Northwest Freeway                              Houston, TX 77040-5115                              13-661 / DB</p> </div>	<p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. <span style="font-family: monospace; font-size: 1.2em;">7012 3050 0001 4153 2385</span></p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540</p>	

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Return Receipt Fee <small>(Endorsement Required)</small>	<i>2.55</i>
Restricted Delivery Fee <small>(Endorsement Required)</small>	
Total Postage & Fees	\$ <i>6.11</i>

PHCG Investments  
 13939 Northwest Freeway  
 Houston, TX 77040-5115  
 13-661 / DB

7012 3050 0001 4153 2385

Sent

Street or PO

City

Postmark Here

PS Form 3811, February 2004 Instructions