

**APPRAISAL REPORT
BELT LINE ROAD PROJECT
PARCEL 6E
PORTFOLIO ADDISON TOWN CENTER RETAIL, LP
3740 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

Wendell Pyles, MAI, SR/WA

Jan Whatley (1953-2013)

February 21, 2014

Ms. Lisa Pyles
Town of Addison
16801 Westgrove Drive
Addison, Texas 75001

RE: A real estate appraisal of Parcel 6E, a proposed permanent easement acquisition in the Belt Line Road Project, located south side of Belt Line Road, approximately 600 feet east of Marsh Lane, 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: Dallas/Fort Worth and 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*, 14th Edition, as published by the Appraisal Institute.

The subject property is a tract of land totaling 67,705 square feet, improved with a multi-tenant retail building, located along Belt Line Road. 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 January 15, 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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 Ms. Lisa Pyles
 February 21, 2014

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

Whole Property (Market Value)	\$	1,356,560	
Part To Be Acquired in Easement			\$ 4,428
Remainder - Before Taking	\$	1,352,132	
Remainder - After Taking	\$	1,352,132	
Damages			\$ 0
Costs-to-Cure			\$ 0
Total Compensation	\$		4,428

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

Charles Stearman, SR/WA
 State of Texas Certification # TX-1335388-G

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

BELT LINE ROAD PROJECT



Parcel Owner	Portfolio Addison Town Center Retail, LP		
Parcel Number	6E		
Location	3740 Belt Line Road Addison, Texas 75001		
Mapsco	DA-14-A		
Whole Property Land Area	1.5543 acres	<i>(or 67,705 SF)</i>	
Part To Be Acquired - Permanent Easement	0.0151 acres	<i>(or 656 SF)</i>	
Zoning	PD, Planned Development		
Highest & Best Use	Commercial Use		
Reasonable Exposure Time	12 to 18 months		
Effective Date of the Appraisal	January 15, 2014		
Date of Appraisal Report	February 21, 2014		
Whole Property (Market Value)	\$	1,356,560	
Part To Be Acquired in Easement			\$ 12,300
Remainder - Before Taking	\$	1,344,260	
Remainder - After Taking	\$	1,344,260	
Damages			\$ 0
Costs-to-Cure			\$ 0
Total Compensation			<u>\$ 12,300</u>

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SUMMARY OF IMPORTANT FACTS**

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ADDENDA

**TAX INFORMATION
LETTER OF NOTICE
RETURN RECEIPTS**

SCOPE OF THE ASSIGNMENT

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 Half Associates, Inc. and their 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 January 15, 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 January 15, 2014.

Date of Report: February 21, 2014

Interests Valued Fee Simple Estate 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

Identification of Property

The subject is located in the town of Addison, in Dallas County, Texas. The subject tract comprises 67,705 square feet (1.5543 acres) situated south side of Belt Line Road, approximately 600 feet east of Marsh Lane. Physically addressed as 3740 Belt Line Road, Addison, Texas 75001, the subject site is improved with a multi-tenant retail building; tenants include Einstein Bros. Bagels, Sweet Frog Frozen Yogurt, Comfort Dental, Great Clips and a temporarily closed Schlotzky's Deli. Abutting uses are a retail strip center across Belt Line Road to the north, a bank branch along the east side, another multi-tenant retail building along the west side, and a supermarket anchored shopping center along the south side.

Legal Description

The subject is legally described as a tract of land situated in the Lot 1, Block D of Addison Town Center, an addition to the Town of Addison.

Subject History

According to the title commitment provided by the client, ownership is vested in Portfolio Addison Town Center Retail, LP. The property transferred to Portfolio Addison Town Center Retail, LP from Columbia Retail Addison Town Center, LP on December 30, 2004, as recorded in Volume 2004250, Page 5256, Deed Records of Dallas County. The price and terms of the transaction are unknown. No transaction has occurred in the last five years. To our knowledge, the property is not for sale or under a purchase contract. Einstein Bros. Bagels, Sweet Frog Frozen Yogurt, Comfort Dental, Great Clips and a temporarily closed Schlotzky's Deli currently occupy the property.

This information is included only to satisfy the requirements of USPAP. It is not intended as a guarantee of title or chain of title.

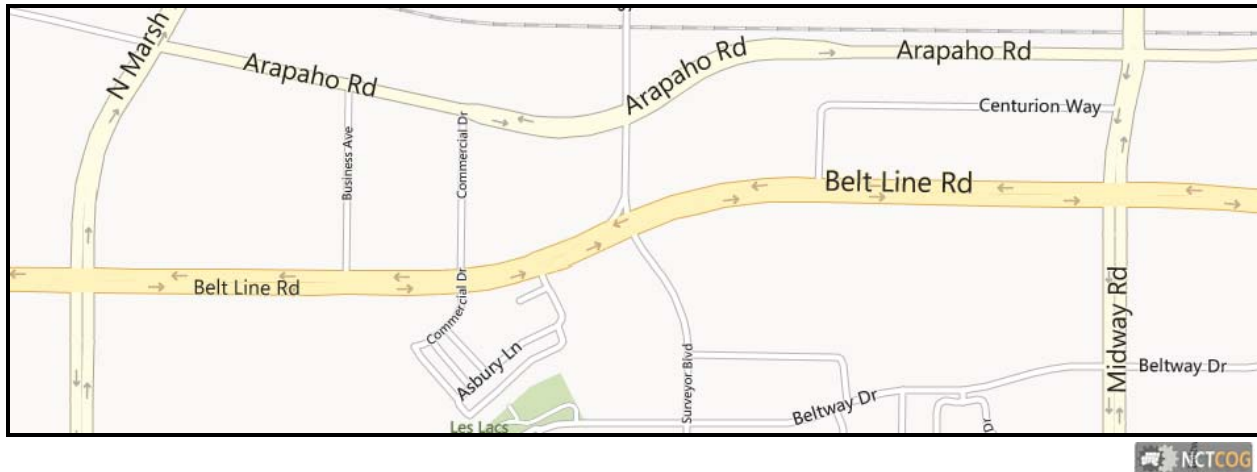
Inspection Information

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, or representative, was not present at the time of the inspection on January 15, 2014. However, permission to enter and inspect the property and the proposed acquisition was granted by the property owner's representative.

SCOPE OF THE ASSIGNMENT

Project Description

The Belt Line Road Project by the town of Addison is for the undergrounding of 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 in permanent easement. The permanent easement is proposed along the southern property line comprising 0.0151 acres, or 656 square feet. The permanent easement taking will result in an encumbrance of 1.0% of the subject (656 square feet ÷ 67,705 square feet = 0.0097). The easement is mostly rectangularly shaped measuring 18.19 feet along the southern line along Belt Line Road and 20 feet along the northern line, with depths of 37.58 feet along the western line and 37.54 feet along the eastern line (in two calls). The remainder property is the same as the whole property, or 1.5543 acres, or 67,705 square feet. Reference the following table.

Whole Property	1.5543 AC	Or	67,705 SF	
Part To Be Acquired in Fee	<u>0.0000 AC</u>	Or	<u>SF</u>	Or 0.00% of the Whole Property
Remainder Property	1.5543 AC	Or	67,705 SF	
Easement Area	0.0151 AC	Or	656 SF	Or 1.00% of the Whole Property

SCOPE OF THE ASSIGNMENT

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.

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

The proposed acquisition is a significant distance from the main building improvement and does not affect the current use of the property. Furthermore, the proposed acquisition is located in existing easement area and within the building setbacks. In accordance with USPAP Standards rule 1-2(e), only the affected land and site improvements are addressed and valued in this report.

For this report, the subject was inspected and the highest and best use analyzed considering the factors of physically possible, legally permissible, financially feasible, and maximally productive. The subject is a 1.5543 acre tract of land and affected site improvements. The sales comparison and income capitalization approaches as used for improved properties are not applicable for appraisal purposes and are not included in the valuation of the subject. The subject land is valued by market comparison of similar tracts of land using the sales comparison approach. The market was researched for all pertinent land sale data relating to the valuation. This data is analyzed and adjusted using commonly accepted appraisal techniques. Replacement costs are abstracted from industry sources and applied to the subject improvements, less accrued depreciation, using the cost approach to value affected site improvements. The resulting value indications are reconciled to one final opinion of value of the whole property.

SCOPE OF THE ASSIGNMENT

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 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 (land sales, escrow sales, and listings 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

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

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

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

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.

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.

EXTRAORDINARY ASSUMPTIONS/HYPOTHETICAL CONDITIONS

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. 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 appraisal of the subject property in the whole, part acquired and remainder conditions is based on the hypothetical condition that the whole property is comprised of the whole land site and only the site improvements affected by the proposed acquisition. The primary subject building and other improvements are excluded from the valuations.

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

A market area, as defined in The Dictionary of Real Estate Appraisal, 5th 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.

DALLAS/FORT WORTH METROPOLITAN ANALYSIS

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

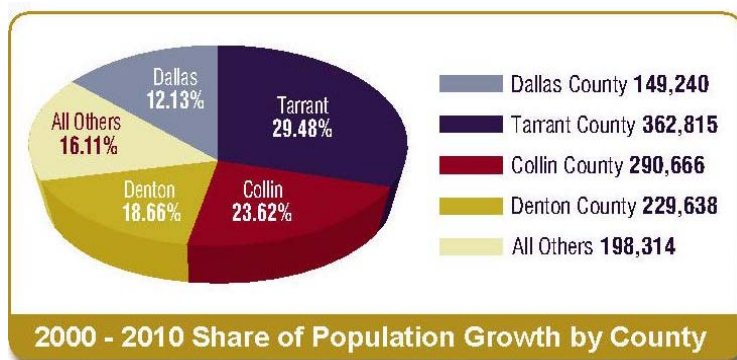
The DFW MSA is the fourth largest metro area in the nation and larger than 33 US states. Dallas is the third largest city in Texas and ninth in the nation. Dallas County is the ninth most populous county in the nation at 2,385,990 persons. Within the Dallas MD is an estimated 2012 population of 4,298,130. 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

POPULATION						
ANNUALIZED GROWTH RATES						
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
Dallas County	1,852,810	2,218,899	2,368,139	2,380,510	2,385,990	0.2
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
Addison	8,783	13,250	13,056	13,060	13,680	4.7
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

Source: North Central Texas Council of Governments

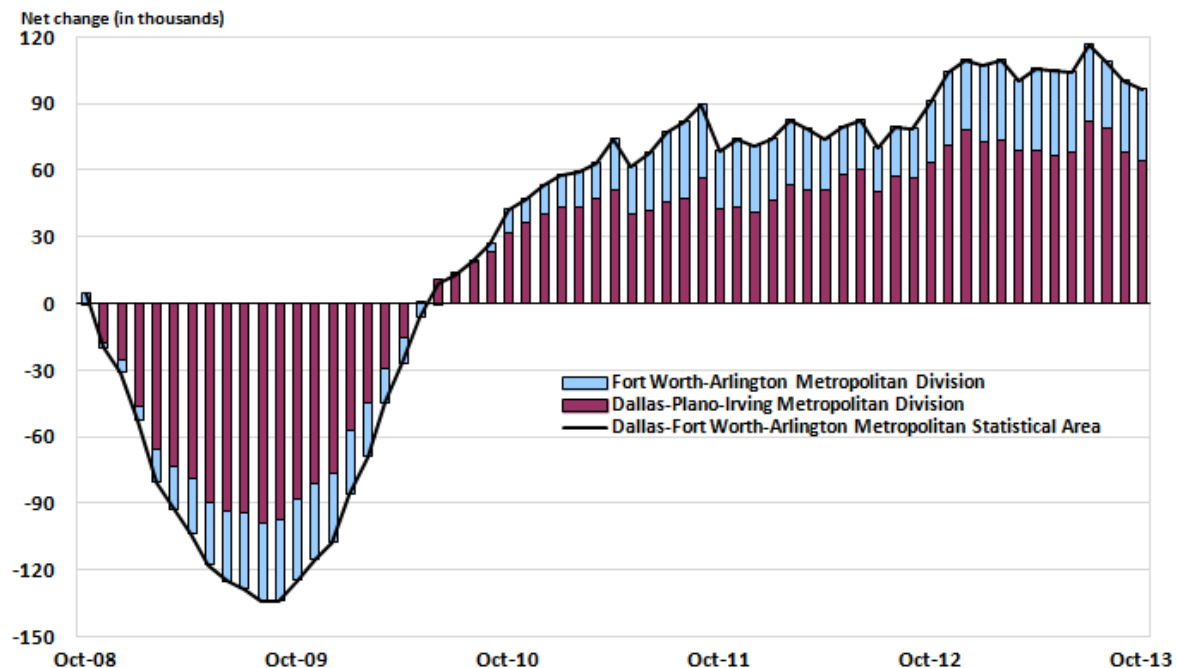
DALLAS/FORT WORTH METROPOLITAN ANALYSIS

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.

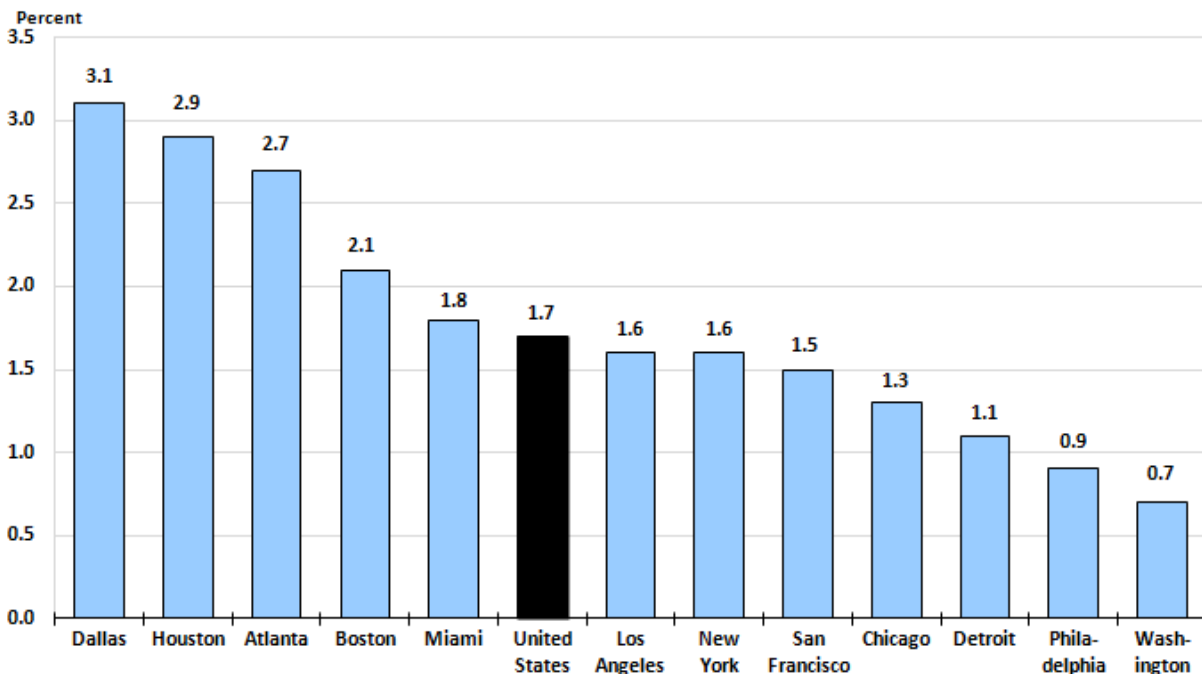
Civilian Employment (In Thousands)

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

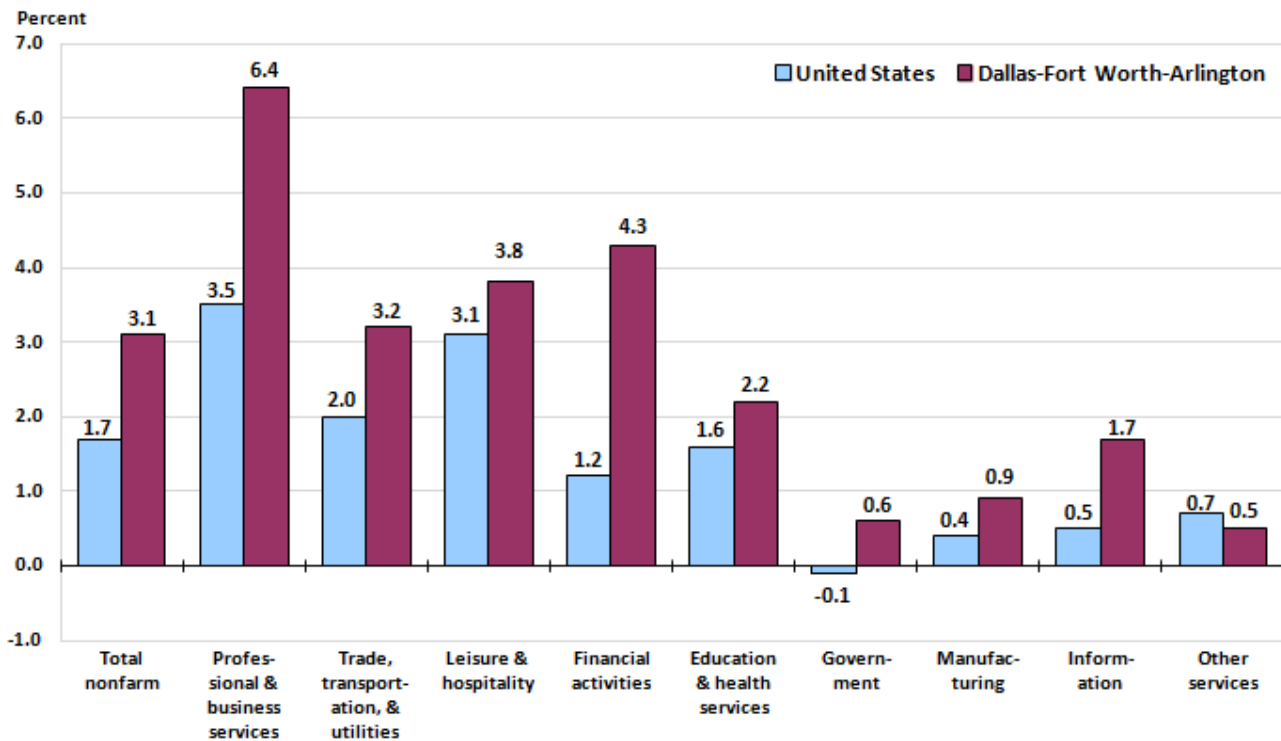


Source: U.S. Bureau of Labor Statistics.

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

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:

Dallas/Fort Worth	
Top Ten Employers	No. of Local Employees
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:

Dallas/Fort Worth	
Top Ten Employers	No. of Local Employees
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

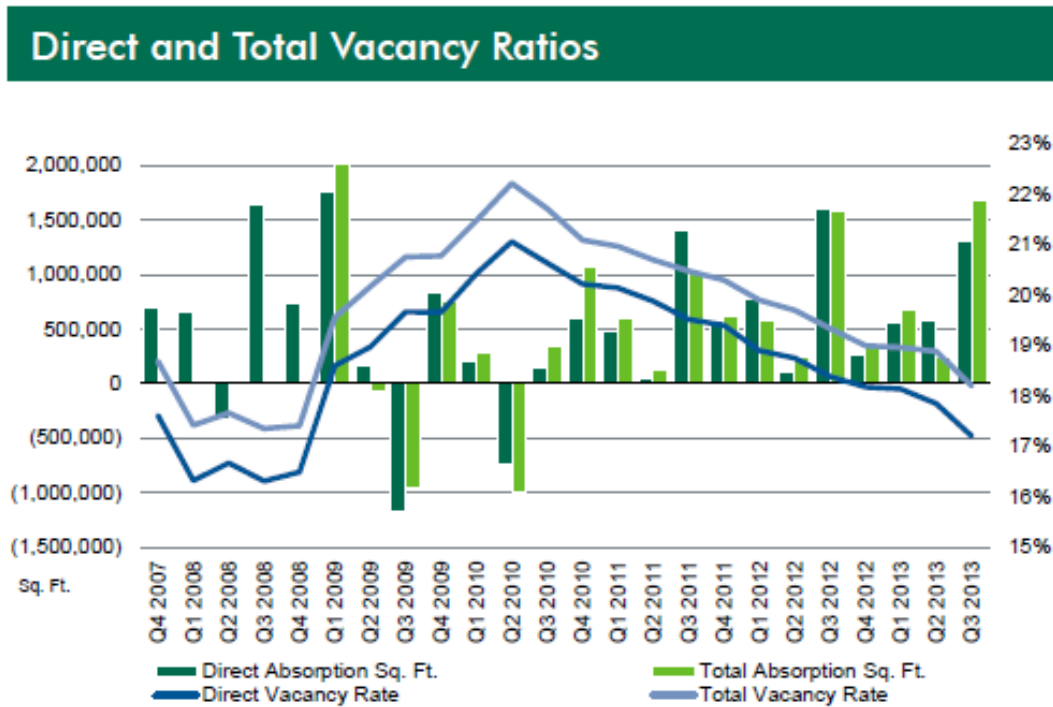
Dallas/Ft. Worth Investment Criteria First-Tier ¹ Investment Properties													
	Pre-Tax Yield (%)			Going-In Cap Rate (%)			Terminal Cap Rate (%)			Anticipated 1-Year Growth Rates			
	RERC Estimate	South Region	U.S.	RERC Estimate	South Region	U.S.	RERC Estimate	South Region	U.S.	National Value	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
Average	9.0	9.4	9.3	7.4	7.7	7.6	8.0	8.4	8.3	2.2	2.2	1.9	1.9

¹ 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.

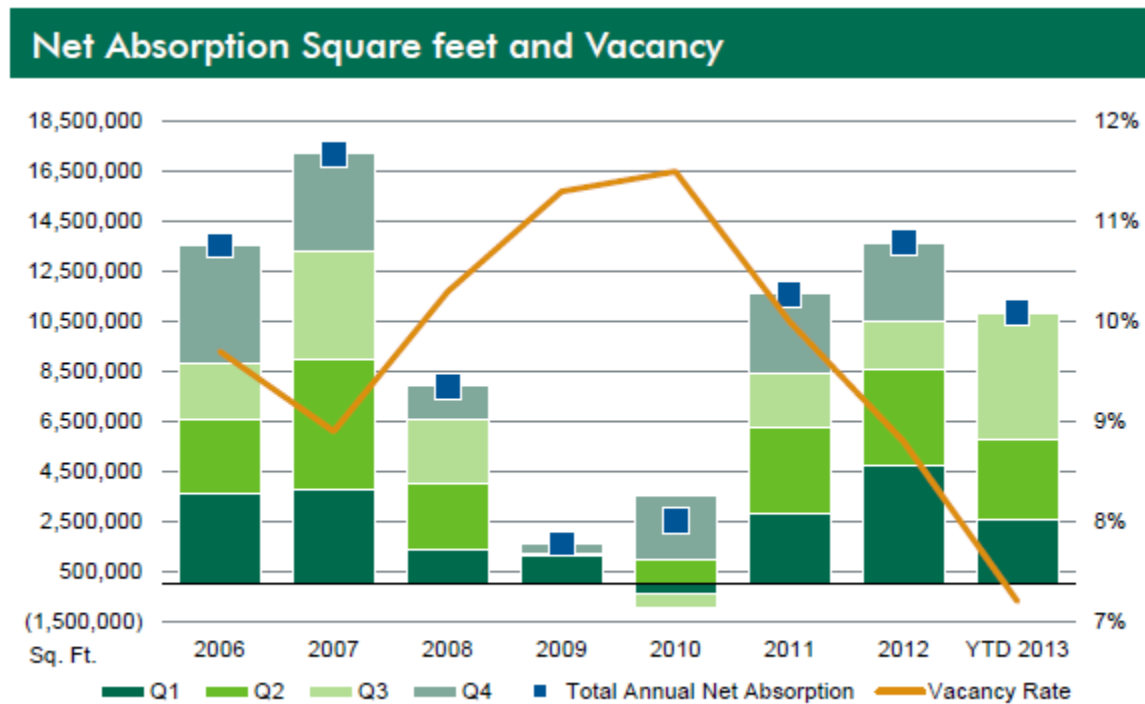


Source: CBRE Research, Q3 2013.

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.



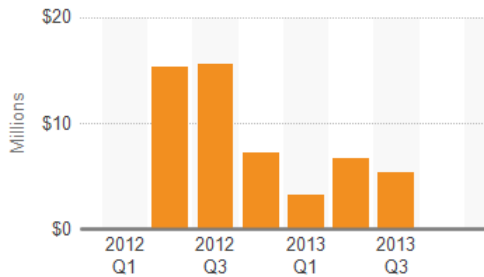
Source: CBRE Research, Q3 2013.

DALLAS/FORT WORTH METROPOLITAN ANALYSIS

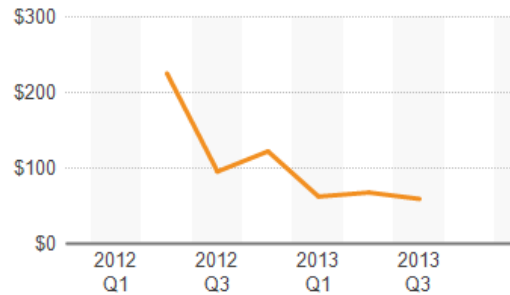
Hospitality

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

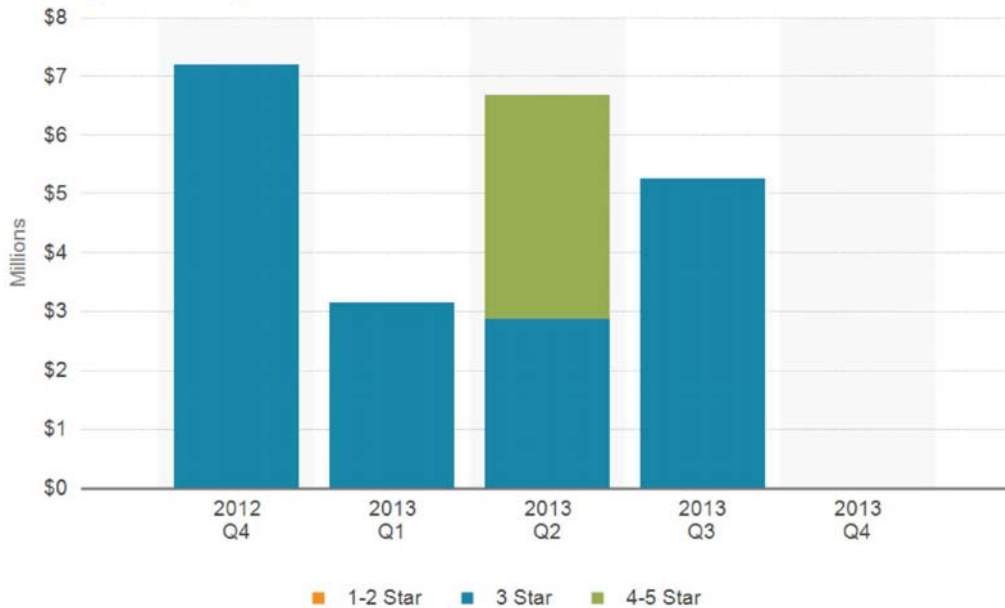


Average Sales Price Per SF



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

DALLAS/FORT WORTH METROPOLITAN ANALYSIS

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 3rd 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 second 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.

Retail Trends

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.

DALLAS/FORT WORTH METROPOLITAN ANALYSIS

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.

DALLAS/FORT WORTH METROPOLITAN ANALYSIS

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 fifth 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
 - Texas Christian University
 - Texas Wesleyan University
 - Baylor College of Dentistry
 - Southern Methodist University
 - Texas A&M University - Commerce
 - University of Dallas
 - University of North Texas
 - Texas Woman's University
 - University of Texas at Dallas
 - University of Texas at Arlington
 - University of Texas Southwestern Medical Center
-

DALLAS/FORT WORTH METROPOLITAN ANALYSIS

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

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 18th 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 17th among research medical schools and 23rd 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 12th in medical research and 13th 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

CONCLUSIONS

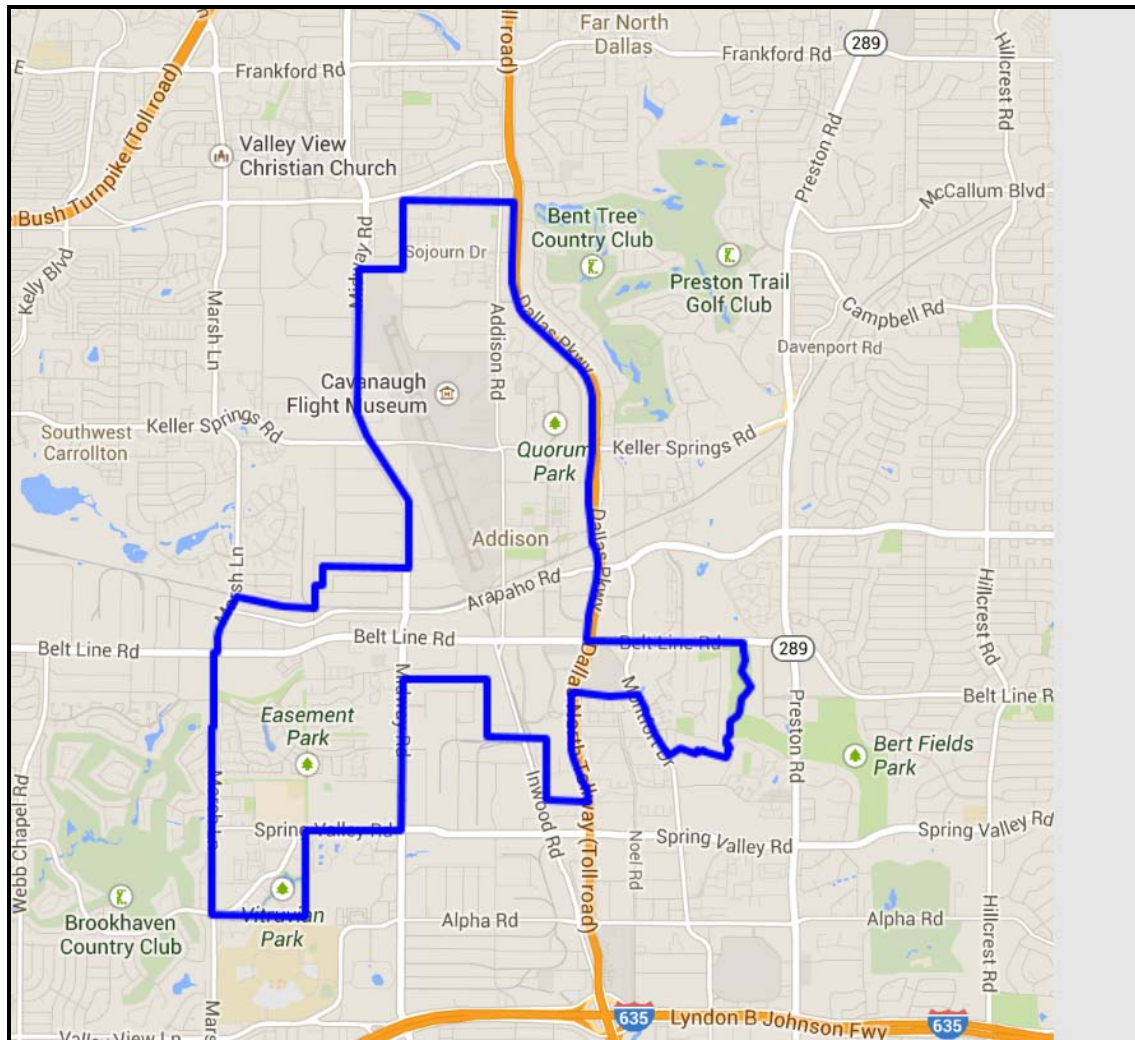
The foregoing city data and local area economic base activity are presented to establish growth and income patterns, which materially affect real estate development, real estate sales volume and value. The Dallas/Fort Worth area, based upon past performances and reasonable forecasts, should continue 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.

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 3, 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

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 15,179¹ 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. Furthermore, 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.

¹ United States Census, Addison, Texas Estimated 2012 Population

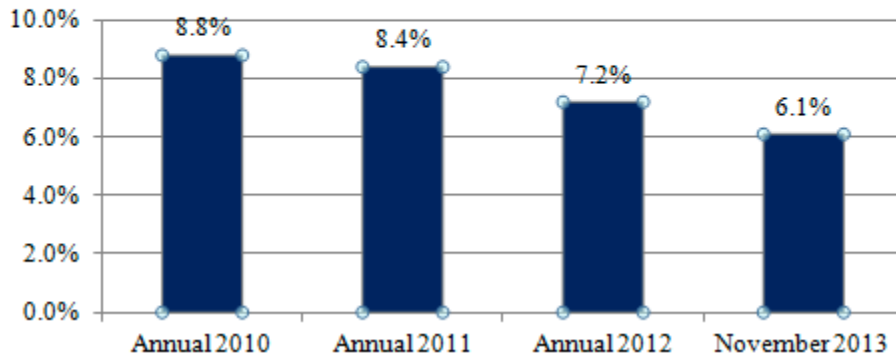
TOWN OF ADDISON ANALYSIS

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)

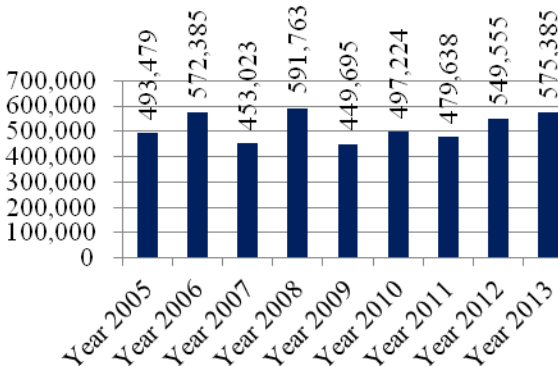


Retail Sales

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.

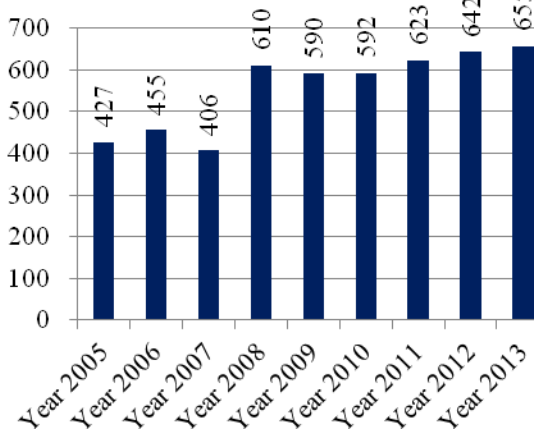
Gross Retail Sales (\$1,000s)

Source: 2013 Texas Retail Survey (Eureka Group)



Retail Businesses

Source: 2013 Texas Retail Survey (Eureka Group)



TOWN OF ADDISON ANALYSIS

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.²

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.³

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.⁴

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.⁵

² CBRE, *MarketView*.

³ CBRE, *MarketView*.

⁴ CBRE, *MarketView*.

⁵ CBRE, *MarketView*.

TOWN OF ADDISON ANALYSIS

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.⁶ 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.⁷

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.

⁶ United States Census, Addison, Texas Estimated 2012 Population.

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

SUBJECT VICINITY

Subject Vicinity

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.

SUBJECT VICINITY

Neighborhood Demographics

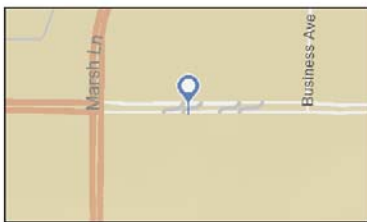
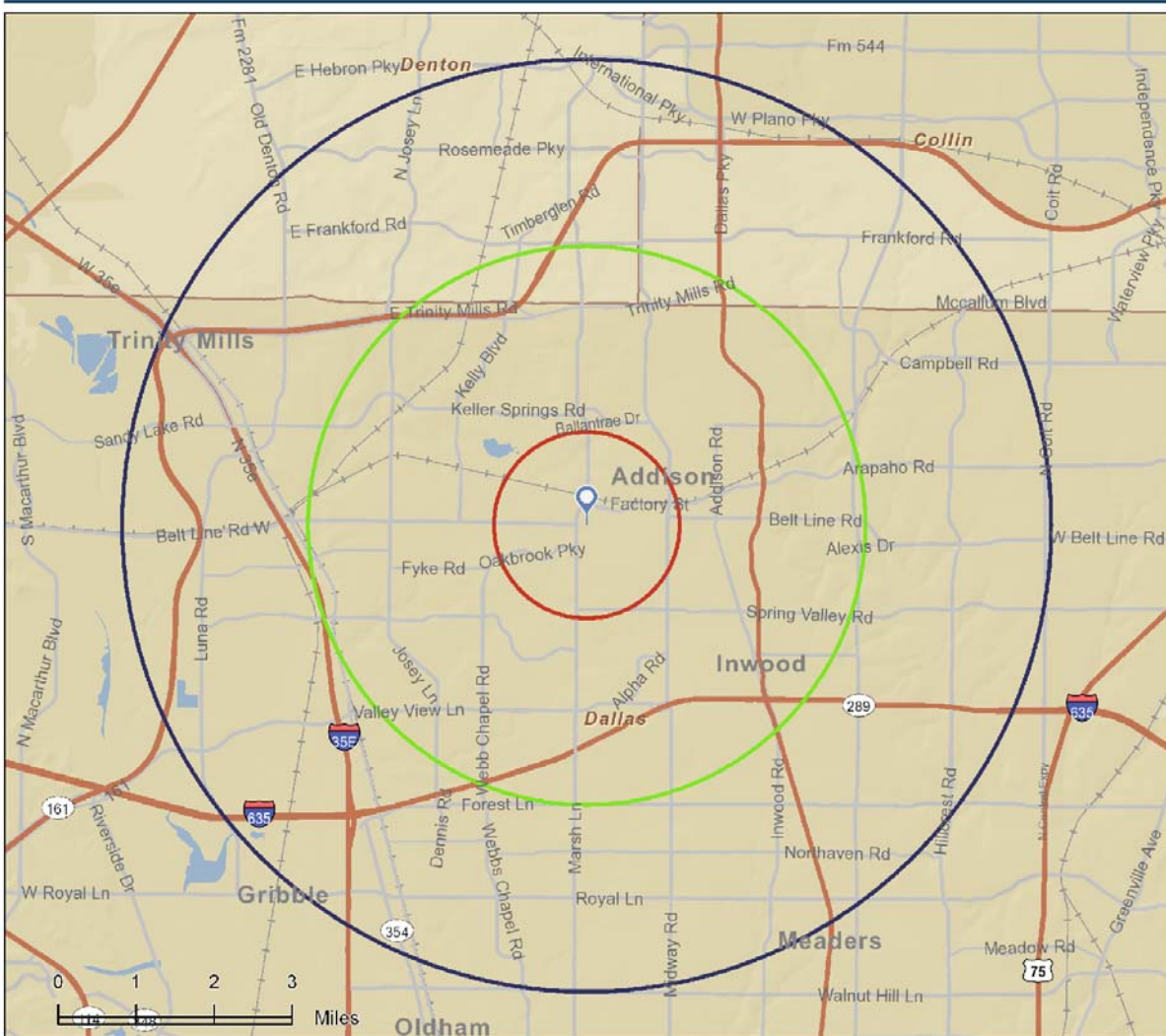
The following Executive Summary provided by Site To Do Business provides demographic and income data for 1-mile, 3-mile, and 5-mile radii centered on the subject's location.



Site Map

3740 Belt Line Rd, Addison, Texas, 75001
 Ring: 1, 3, 5 Miles

Prepared by Wendell Pyles
 Latitude: 32.953043
 Longitude: -96.85386





Executive Summary

3740 Belt Line Rd, Addison, Texas, 75001
Rings: 1, 3, 5 mile radii

Prepared by Wendell Pyles
Latitude: 32.953042668
Longitude: -96.85386040

	1 mile	3 miles	5 miles
Population			
2000 Population	9,935	134,100	302,371
2010 Population	10,485	139,736	307,537
2013 Population	10,621	142,033	314,465
2018 Population	11,102	149,475	335,195
2000-2010 Annual Rate	0.54%	0.41%	0.17%
2010-2013 Annual Rate	0.40%	0.50%	0.69%
2013-2018 Annual Rate	0.89%	1.03%	1.28%
2013 Male Population	48.0%	49.4%	49.3%
2013 Female Population	52.0%	50.6%	50.7%
2013 Median Age	40.3	33.7	35.6

In the identified area, the current year population is 314,465. In 2010, the Census count in the area was 307,537. The rate of change since 2010 was 0.69% annually. The five-year projection for the population in the area is 335,195 representing a change of 1.28% annually from 2013 to 2018. Currently, the population is 49.3% male and 50.7% female.

Median Age

The median age in this area is 35.6, compared to U.S. median age of 37.3.

Race and Ethnicity

2013 White Alone	71.0%	62.6%	66.6%
2013 Black Alone	8.8%	11.0%	10.9%
2013 American Indian/Alaska Native Alone	1.2%	0.7%	0.6%
2013 Asian Alone	5.1%	6.0%	6.3%
2013 Pacific Islander Alone	0.0%	0.0%	0.0%
2013 Other Race	10.7%	16.4%	12.5%
2013 Two or More Races	3.3%	3.3%	3.1%
2013 Hispanic Origin (Any Race)	28.7%	42.1%	33.1%

Persons of Hispanic origin represent 33.1% 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 74.4 in the identified area, compared to 62.1 for the U.S. as a whole.

Households

2000 Households	5,186	59,530	130,058
2010 Households	5,234	61,230	131,300
2013 Total Households	5,280	62,061	134,162
2018 Total Households	5,510	65,262	143,057
2000-2010 Annual Rate	0.09%	0.28%	0.10%
2010-2013 Annual Rate	0.27%	0.42%	0.67%
2013-2018 Annual Rate	0.85%	1.01%	1.29%
2013 Average Household Size	2.01	2.28	2.34

The household count in this area has changed from 131,300 in 2010 to 134,162 in the current year, a change of 0.67% annually. The five-year projection of households is 143,057, a change of 1.29% annually from the current year total. Average household size is currently 2.34, compared to 2.34 in the year 2010. The number of families in the current year is 76,268 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

3740 Belt Line Rd, Addison, Texas, 75001
Rings: 1, 3, 5 mile radii

Prepared by Wendell Pyles
Latitude: 32.953042668
Longitude: -96.85386040

	1 mile	3 miles	5 miles
Median Household Income			
2013 Median Household Income	\$63,269	\$50,551	\$56,843
2018 Median Household Income	\$80,888	\$60,369	\$72,216
2013-2018 Annual Rate	5.04%	3.61%	4.90%
Average Household Income			
2013 Average Household Income	\$88,222	\$71,415	\$88,112
2018 Average Household Income	\$105,853	\$84,801	\$104,718
2013-2018 Annual Rate	3.71%	3.50%	3.51%
Per Capita Income			
2013 Per Capita Income	\$43,839	\$31,324	\$37,629
2018 Per Capita Income	\$52,502	\$37,159	\$44,718
2013-2018 Annual Rate	3.67%	3.48%	3.51%

Households by Income

Current median household income is \$56,843 in the area, compared to \$51,314 for all U.S. households. Median household income is projected to be \$72,216 in five years, compared to \$59,580 for all U.S. households

Current average household income is \$88,112 in this area, compared to \$71,842 for all U.S. households. Average household income is projected to be \$104,718 in five years, compared to \$83,667 for all U.S. households

Current per capita income is \$37,629 in the area, compared to the U.S. per capita income of \$27,567. The per capita income is projected to be \$44,718 in five years, compared to \$32,073 for all U.S. households

Housing

	1 mile	3 miles	5 miles
2000 Total Housing Units	5,387	63,271	137,008
2000 Owner Occupied Housing Units	2,382	22,553	62,450
2000 Owner Occupied Housing Units	2,804	36,977	67,609
2000 Vacant Housing Units	201	3,741	6,949
2010 Total Housing Units	5,592	67,370	142,819
2010 Owner Occupied Housing Units	2,484	23,278	62,764
2010 Renter Occupied Housing Units	2,750	37,952	68,536
2010 Vacant Housing Units	358	6,140	11,519
2013 Total Housing Units	5,662	68,790	146,792
2013 Owner Occupied Housing Units	2,490	23,033	63,082
2013 Renter Occupied Housing Units	2,790	39,028	71,080
2013 Vacant Housing Units	382	6,729	12,630
2018 Total Housing Units	5,848	71,718	155,478
2018 Owner Occupied Housing Units	2,696	24,643	68,266
2018 Renter Occupied Housing Units	2,814	40,620	74,791
2018 Vacant Housing Units	338	6,456	12,421

Currently, 43.0% of the 146,792 housing units in the area are owner occupied; 48.4%, renter occupied; and 8.6% 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 142,819 housing units in the area - 43.9% owner occupied, 48.0% renter occupied, and 8.1% vacant. The annual rate of change in housing units since 2010 is 1.23%. Median home value in the area is \$233,436, compared to a median home value of \$177,257 for the U.S. In five years, median value is projected to change by 2.35% annually to \$262,232.

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

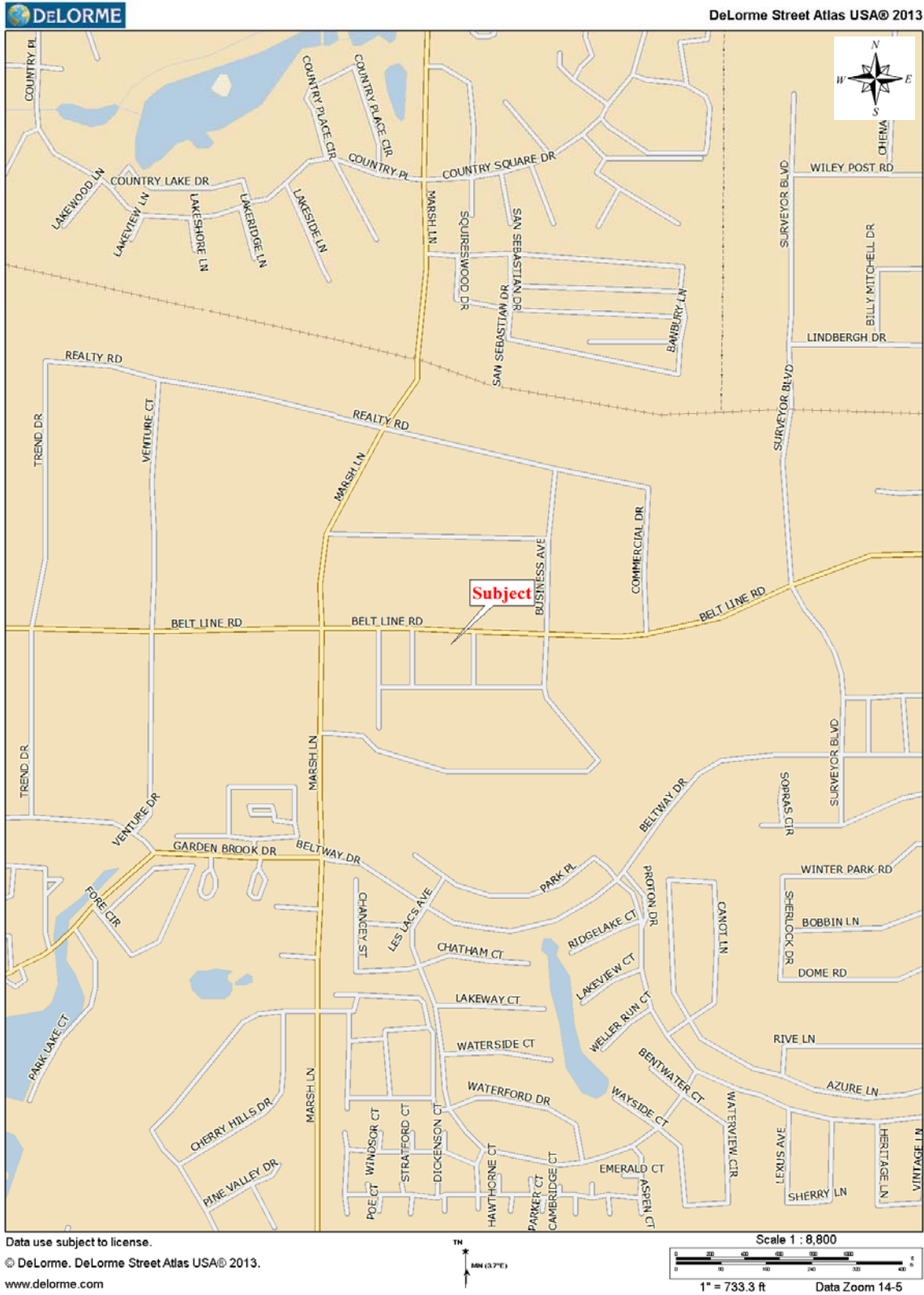
The immediate neighborhood is a diverse employment center in northern Dallas, and is enhanced by the surrounding residential areas. The transportation network in the area is good. Major roadways, regional freeways and toll roads provide good access for the area.

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



SUBJECT PROPERTY

The whole subject property is improved with a multi-tenant retail building, of which Einstein Bros. Bagels, Sweet Frog Frozen Yogurt, Comfort Dental, Great Clips and a temporarily closed Schlotzky's Deli currently occupies, located at 3740 Belt Line Road, Addison, Dallas County, Texas.

SITE DATA

Site/Dimensions/Frontage

Based on the information available, the whole property is a rectangularly shaped tract containing 67,705 square feet, or 1.5543 acres. The subject fronts the southern line of Belt Line Drive for approximately 288 feet, and private drives on the west and east sides of the subject for approximately 248 and 237 feet, respectively. The subject is approximately 248 feet deep, at its deepest point.

Abutting Uses

The subject abuts a retail strip center across Belt Line Road to the north, a bank branch along the east side, another multi-tenant retail building along the west side, and an supermarket anchored shopping center along the south side.

Linkages

The subject is accessible to arterial linkages and the distance to employment centers, retailers, restaurants, and schools is 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

Overall, access for the neighborhood is rated as average. Access to and from the subject is average. Direct access to the subject is via curb cuts along private drives on each side of the subject. Visibility and exposure of the subject are rated average.

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 determined to be outside the 100-year floodplain, being within Zone 'X'. Drainage of the site appears graded. 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

SUBJECT PROPERTY

conditions affect the subject.

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 is provided by the town of Addison. The property is located within the Dallas Independent School District.

Zoning

The site is zoned PD, Planned Development by the town of Addison. "The PD, Planned Development district is intended to encourage better development in the town by allowing more flexibility in the planning and development of projects. The district is further designed to allow the city council greater control over development.

The district allows a wide range of commercial uses. Multi-tenant retail buildings are allowed in this zoning district. Setback and height restrictions are site specific and approved by the city on an individual basis.

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

A title commitment was provided by the client, detailing a number of easements and restrictions that apply not only to the subject property, but also to the surrounding shopping center, of which common ownership exists. A number of easements are on and across the subject property, including ten-foot utility easements along the northern, western, and southern property lines. This valuation assumes that utility and access easements typical of this property type are present 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.

Deed Restrictions

The vesting deed mentions several restrictive covenants. A review of the title history shows covenants address primarily access and use agreements between several past and present tenants of the shopping center parent tract located to the immediate south of the subject. As the surrounding shopping center and the subject are all under common ownership, the restrictive covenants applied to the property are not assumed to present any detrimental conditions to the subject of this report.

SUBJECT PROPERTY

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 multi-tenant retail building and site improvements. The building is oriented to Belt Line Road and is approximately 90 feet from the proposed permanent easement. As the proposed acquisition is a significant distance from the main building improvement and does not affect the current use of the property, only the affected land and site improvements are addressed and valued in this report.

Parking

The site has adequate parking to service the building improvements and satisfy the zoning requirement. No parking areas are affected by the proposed acquisition.

Site Improvements

Site improvements affected by the proposed acquisitions are limited to landscaping only; more specifically ornamental grass and a single crepe myrtle tree. Overall, the improvements appear to be adequately maintained and in good condition. Quality is rated as good. No items of deferred maintenance are observable.

Functional Utility

Functional utility is 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 a multi-tenant retail building. 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.

SUBJECT PROPERTY

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. The subject regional area is currently experiencing stable rental rates and occupancy levels. Based upon the stable market conditions within the extended area the property does not appear to suffer from external obsolescence.

CONCLUSIONS

The subject is improved with a multi-tenant retail building, with adequate frontage along Belt Line Road and access via private drives on either side of the subject. It appears that the condition of the improvements is good. 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, and Dallas Independent School District. Pertinent 2013 tax rates for the subject are detailed below.

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

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

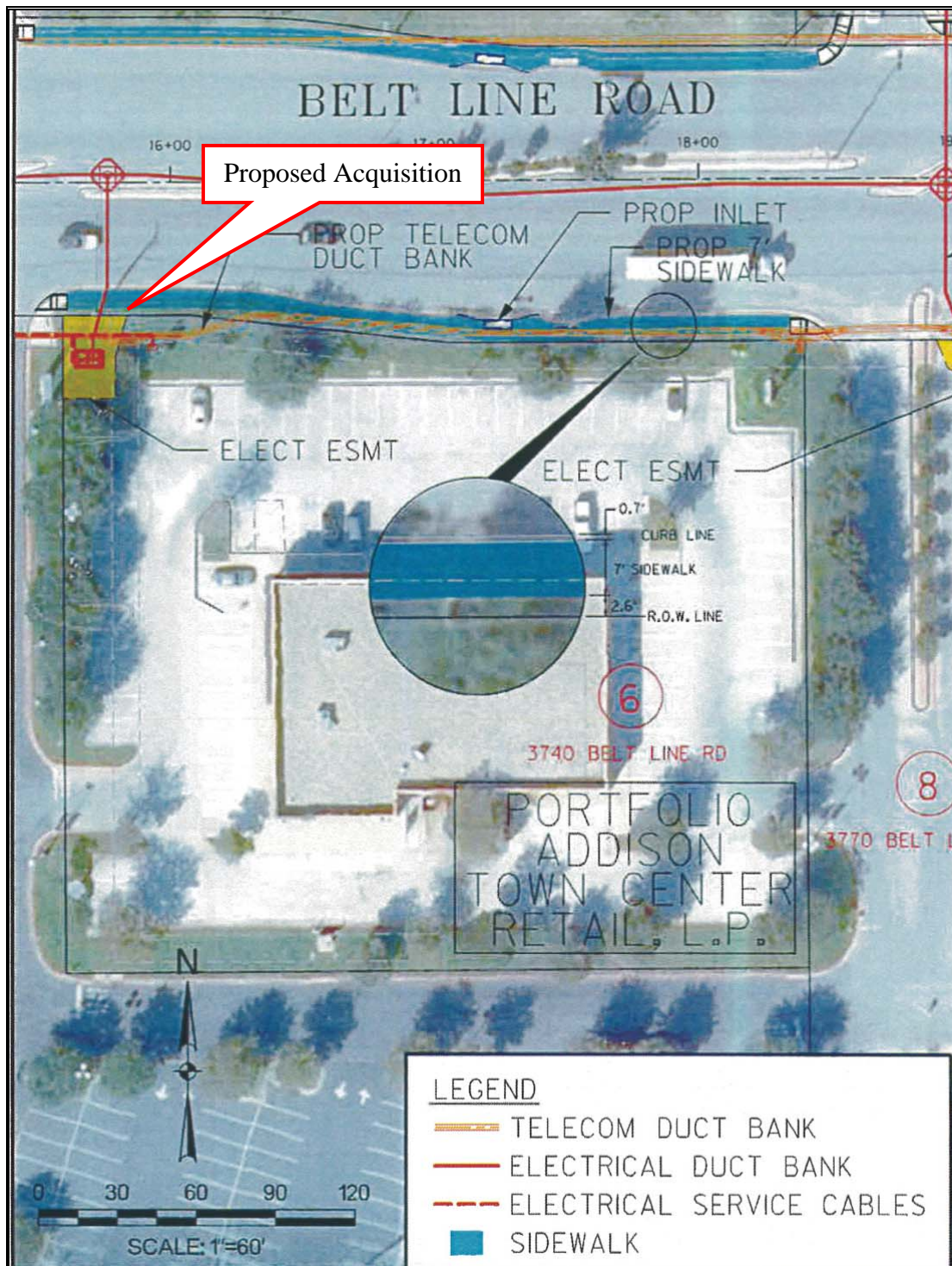
Account Number	Land	Improvements	Total
100007600D0010000	\$ 677,050	\$ 474,940	\$ 1,151,990

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
\$1,151,990	x \$2.507685 =	\$ 28,888

The land value is \$677,050, or \$10.00 per square foot, 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



Yellow shows the proposed permanent easement area.

SUBJECT PHOTOGRAPHS

PHOTOGRAPHED JANUARY 15, 2014



Viewing westerly along Belt Line Road, subject on left.

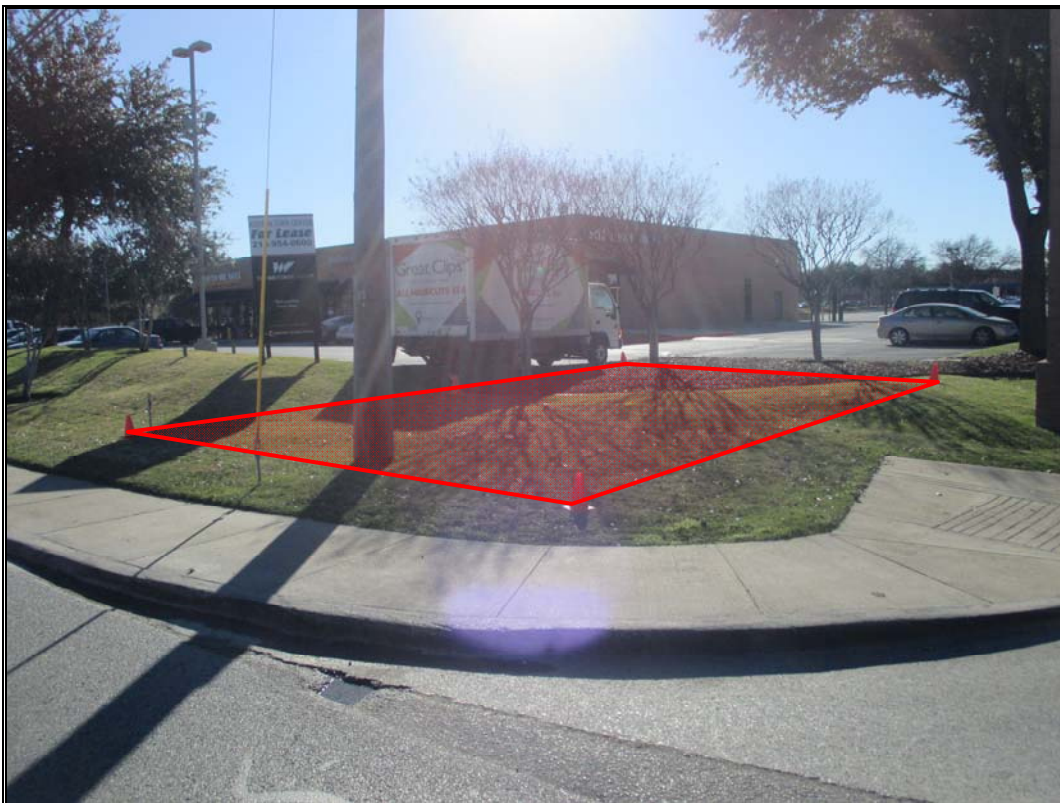


Viewing easterly along Belt Line Road, subject on right.

SUBJECT PHOTOGRAPHS



Viewing southwesterly at area of proposed acquisition.



Viewing southeasterly at area of proposed acquisition.

SUBJECT PHOTOGRAPHS

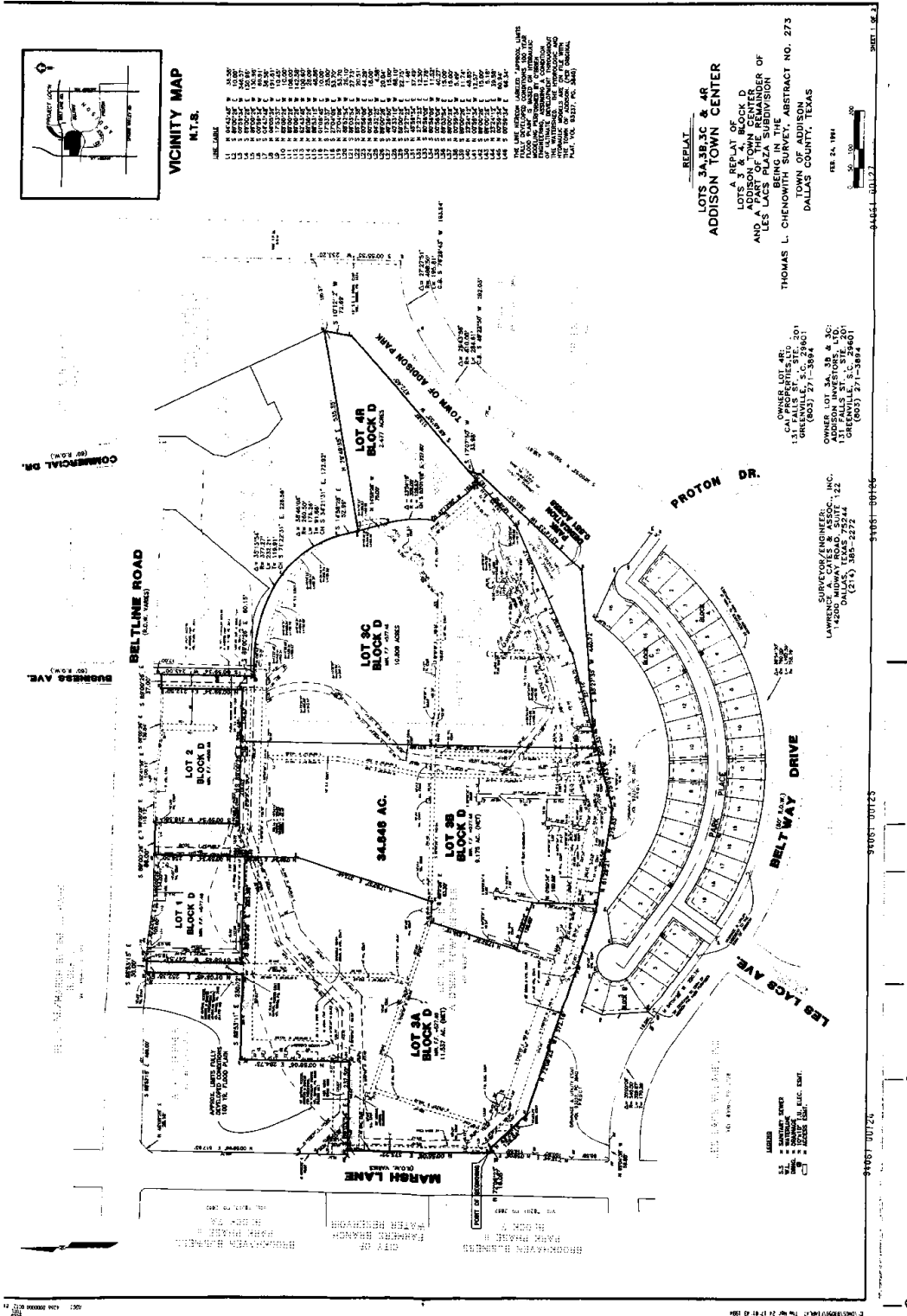


Viewing northerly at area of proposed acquisition.

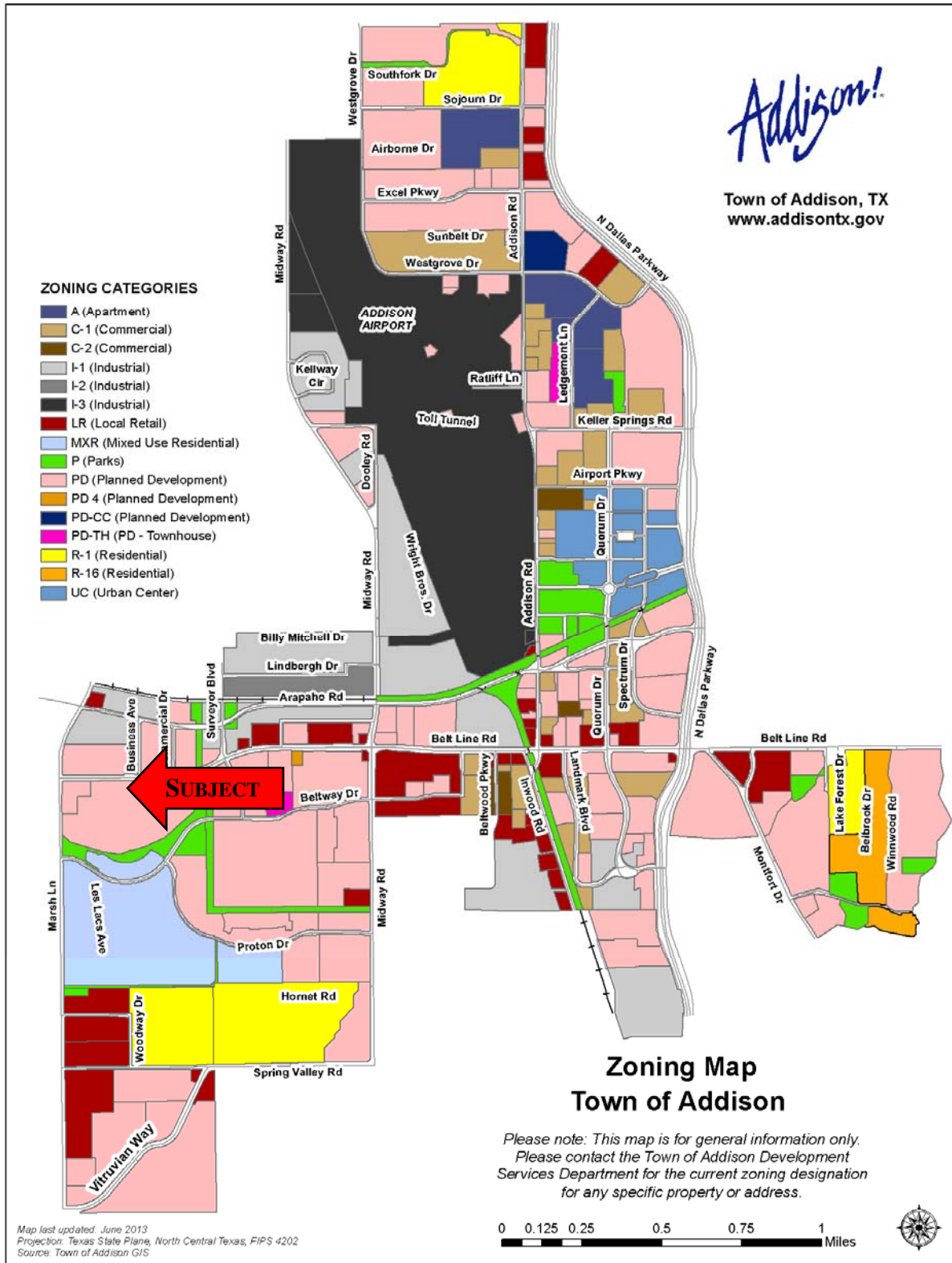


Summary view of main building improvements.

WHOLE PROPERTY SKETCH



ZONING MAP



ARTICLE XV. PLANNED DEVELOPMENT DISTRICT

Section 1. Purpose of district.

Section 2. Application.

Section 3. Uses permitted.

Section 4. Development schedule.

Section 5. Procedure for approval of development plan.

Section 6. Coordination with subdivision regulation ordinance.

Section 1. Purpose of district.

The purpose of this district is to encourage better development in the town by allowing more flexibility in the planning and development of projects. Variable combinations of land use units such as industrial parks, office or commercial districts, mixed or uniform residential development, or other appropriate combination of uses will be allowed if developed and operated as integral land use units by a single owner or combination of owners. It is the policy of the town that the developer shall inventory site conditions and environs, both natural and manmade, and shall provide appropriate protection of these elements prior to approval of the planned development district. The district is further designed to allow the city council greater control over the development of areas adjacent to residential districts.

Section 2. Application.

An application for a planned development district may be made to the city planning and zoning commission in the same manner that an application for any amendment to the zoning ordinance is made. In addition to the requirements outlined in sections 4 and 5, the planning and zoning commission or the city council may require additional information or special plans related to specific elements of the planned development district.

Section 3. Uses permitted.

A planned development district may be approved for any use or combination of uses allowed under the zoning ordinance including special use permits. The uses permitted in any specific planned development district shall be enumerated in the ordinance establishing such districts.

Section 4. Development schedule.

1.

An application for a planned development district shall, if the applicant desires or the planning and zoning commission or city council requires, be accompanied by a development schedule indicating the appropriate date on which construction is expected to begin and the rate of anticipated development to completion. The development schedule, if adopted and approved by the city council, shall become part of the development plan and shall be adhered to by the owner, developer and his successor in interest. The city council, in the ordinance approving the development schedule, may authorize the planning and zoning commission to extend the development schedule or adopt a new development schedule without additional public hearings.

2.

Annually, where a development schedule has been required, the building official shall report to the city council the actual development accomplished in the various planned development districts as compared with the development schedules.

3.

The planning and zoning commission may, if in its opinion the owner or owners of the property are failing or have failed to meet the approved schedule, initiate proceedings to rezone the planned development district by removing all or part of the planned development district from the zoning district map and recommending that the area involved be placed in another appropriate zoning district. This recommendation shall be passed to the city council as are other amendments to the zoning ordinance.

4.

The owner or owners may, at any time, apply to the planning and zoning commission for an extension of the development schedule. Such application shall be acted upon by the planning and zoning commission and if the ordinance setting out the development schedules gives the authority to the planning and zoning commission to extend the development time, the action of the planning and zoning commission making the extension shall be final. In the event the planning and zoning commission denies the extension, the owner or owners of the property shall have a right of appeal to the city council and the rules for the amendment of the zoning ordinance shall apply and govern the handling of the appeal.

Section 5. Procedure for approval of development plan.

1.

An applicant for a development of an area included under a planned development district, or one seeking to have an area designated as such a district, must submit a development plan which shall become part of the amending ordinance. Changes in the development plan shall be considered the same as changes in the zoning district map and shall be processed as required by zoning ordinance; except that changes of detail which do not alter the basic relationship of the proposed development to

adjacent property and which do not alter the uses permitted or increase the density, building height or coverage of the site, or which do not decrease the off-street parking ratio or reduce the yards provided at the boundary of the site or does not significantly alter the landscape plans or signage as indicated on the approved development plan may be authorized by the zoning administrator. Any applicant may appeal the decision of the zoning administrator to the planning and zoning commission for review and decision as to whether an amendment to the planned development district ordinance shall be required.

2.

The development plan shall include:

(a)

A site inventory analysis including a scale drawing showing existing vegetation, natural watercourses, creeks or bodies of water and analysis of planned changes in such natural features as a result of the development. This should include a delineation of any flood prone areas.

(b)

A scale drawing showing any proposed public or private streets and alleys; building sites or lots, and areas reserved as parks, parkways, playgrounds, utility easements, school sites, street widening and street changes; the points of ingress and egress from existing streets; general location and description of existing and proposed utility services, including size of water and sewer mains; the location and width of all curb cuts and the land area of all abutting sites and the zoning classification thereof on an accurate survey of the tract with the topographical contour interval of not more than five feet.

(c)

A site plan for proposed building complexes showing the location of separate buildings and the minimum distance between buildings, and between buildings and property lines, street lines and alley lines. Also to be included on the site plan is a plan showing the arrangement and provision of off-street parking.

(d)

A landscape plan, prepared in accordance with the provisions of article XXI, landscaping regulations of this appendix.

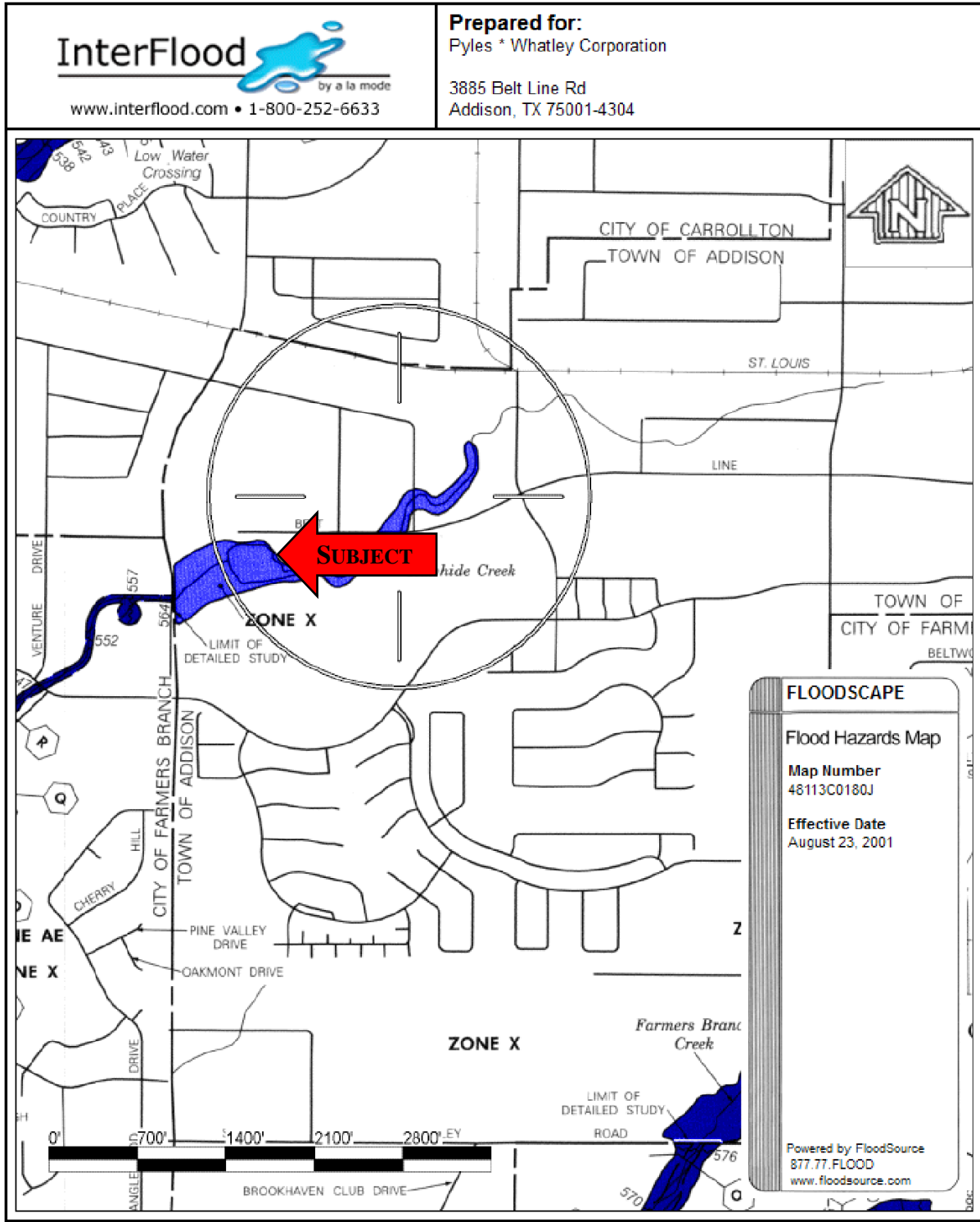
(e)

An architectural plan showing elevations to be used throughout the development on commercial buildings. Any or all of the required information may be incorporated on a single drawing if one drawing is clear and can be evaluated by the director of development services and the building official. A legal instrument establishing a plan for permanent care and maintenance of any common area or communally owned facility must be submitted before

the development plan will be approved. All such instruments shall be approved by the city attorney as to legal form, and by the city council as to suitability for the proposed use of the common area.

Section 6. Coordination with subdivision regulation ordinance. 

1.
Processing under the subdivision ordinance shall be carried out simultaneously with the review of the development plan under this section.
2.
The development plan submitted under section 5 shall be accompanied by a preliminary plat which meets the requirements of the subdivision ordinance. The preliminary plat shall be reviewed and approved by the planning and zoning commission prior to the granting of any building permits.
3.
Every planned development district approved under the provisions of this appendix shall be considered as an amendment to the zoning ordinance as applicable to the property involved. In carrying out the development of a planned development district, the development conditions and the development schedule, if required, shall be complied with and such conditions as are specified for the development of a planned development district shall not be construed as conditions precedent to the approval of the zoning amendment, but shall be construed as conditions precedent to the granting of a certificate of occupancy.



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HIGHEST AND BEST USE

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.

SITE AS VACANT

The subject is a rectangularly shaped parcel comprising 1.5543 acres. The size and shape of the tract is supportive of a number of potential developments.

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 subject fronts the southern line of Belt Line Drive for approximately 288 feet. The subject is approximately 248 feet deep, at its deepest point.

According to the enclosed flood map 48113C0180J, although the subject lies in an area denoted as "moderate flood risk", the subject is determined to be outside the 100-year floodplain, being within Zone 'X'. The site is of sufficient size, shape, and frontage to be economically adaptable to numerous commercial uses.

Permissible Use: The site is zoned PD, Planned Development by the town of Addison. "The PD, Planned Development district is intended to encourage better development in the town by allowing more flexibility in the planning and development of projects. The district is further designed to allow the city council greater control over development.

"The district allows a wide range of commercial uses, including restaurants.

A review of the title history shows that development on the tract is limited to office, office-warehouse, light manufacturing, shopping centers, and other commercial uses including, but not limited to, hotels, restaurants, gas stations, and shops.

Feasible Use: The surrounding properties and land uses are considered for compatibility in determination of feasible use. The subject abuts a retail strip center across Belt Line Road along the north side, a bank branch along the east side, another multi-tenant retail building along the west side, and an supermarket anchored shopping center along the south side. Based on the land usage pattern of the surrounding area, the layout, location and frontage/visibility of the site, the most feasible use is for commercial use.

Maximally Productive Highest & Best Use: As if vacant, the subject has frontage and access along Belt Line Road. For a commercial use, the location is average for appeal within the submarket. Access is rated as average and visibility of the subject is rated as average. Electricity, water, sewer, and phone services are available to the subject. Based on the foregoing and land use patterns, the highest and best use of the subject tract is for commercial use.

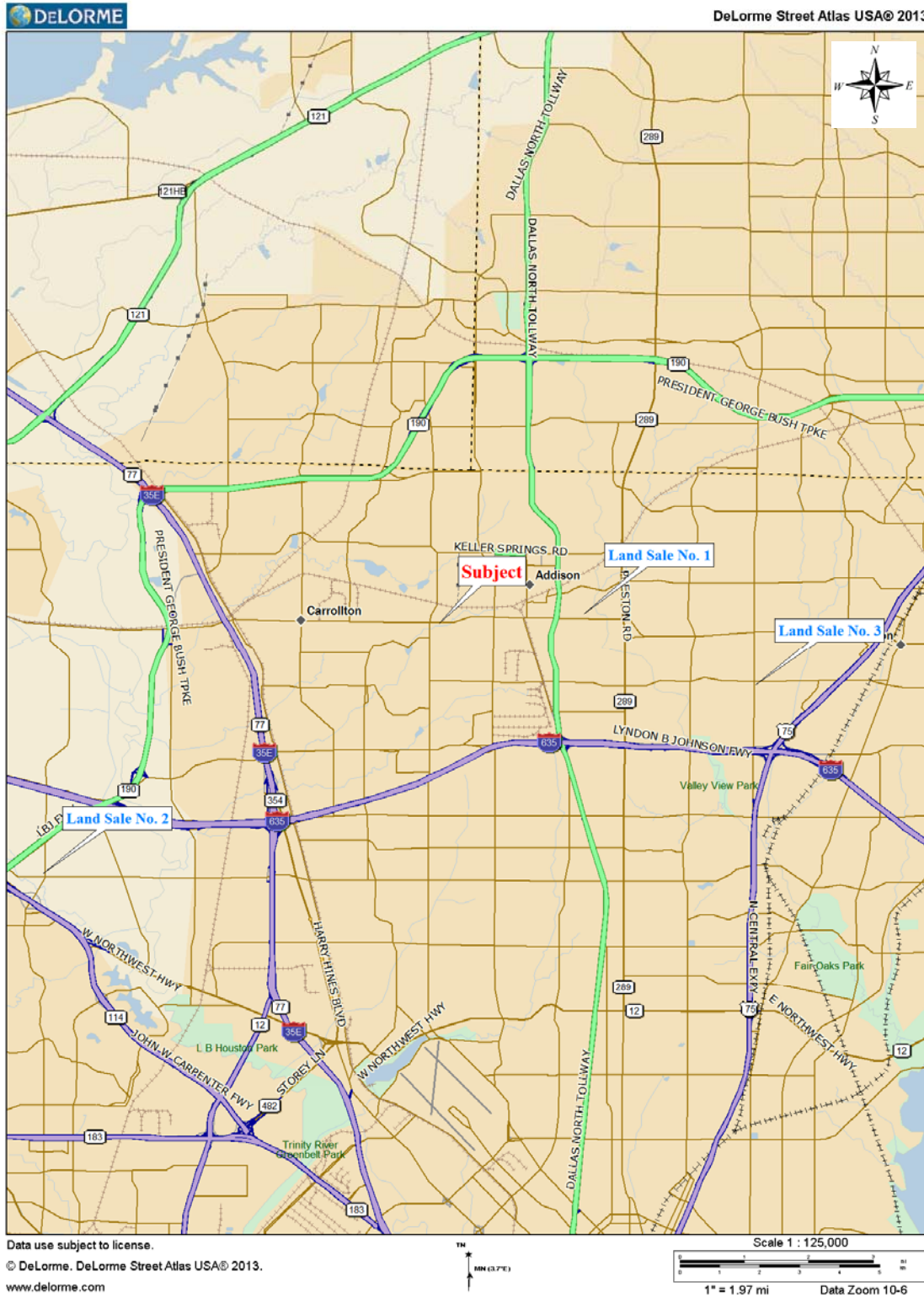
As improved, the highest and best use is for continued use as a multi-tenant retail building.

LAND VALUATION

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

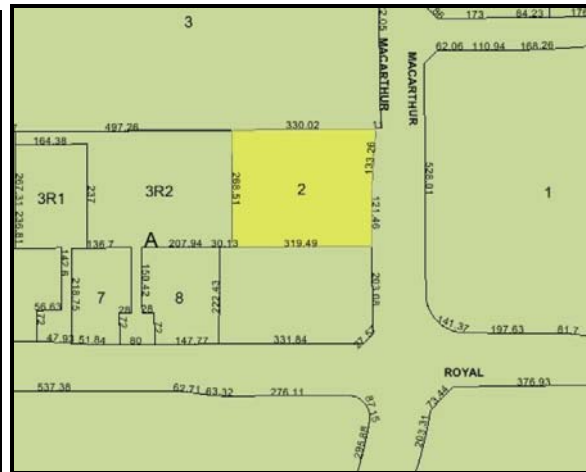


Land Sale 1



Location	Adj. to NW/c Belt Line Road and Prestonwood Boulevard Dallas, Dallas County, Texas
Mapsco	DA-15-A
Legal Description	Being a 1.1773 acre tract of land out of Lot 2, Block B/8222, Official City Numbers, of Prestonwood Town Center II
Grantor	Beltline Stampede, Ltd.
Grantee	784 Gunclub, LLC
Date of Sale	February 27, 2013
Record Data	
Document No.	201300061040
Consideration	\$800,000
Conditions of Sale	Cash to the seller
Land Area	
Acres	1.177
Square Feet	51,285
Price Per SF	\$15.60
Price Per AC	\$679,497
Zoning	MU-3 (SAH) (Mixed-Use District)
Comments	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.
Confirmed	JS

Land Sale 2



Location	E/s North MacArthur Boulevard, approx. 225 feet north of Royal Lane Irving, Dallas County, Texas
Mapsko	DA-21B-E
Legal Description	Lot 2, Block A of Makko MacArthur I, an addition to the City of Irving
Grantor	Makko MacArthur I, LP
Grantee	In-N-Out Burgers, Corp.
Date of Sale	April 6, 2011
Record Data	
Document No.	201100087823
Consideration	\$1,555,000
Conditions of Sale	Cash to the seller
Land Area	
Acres	2.021
Square Feet	88,024
Price Per SF	\$17.67
Price Per AC	\$769,515
Zoning	PUD-Planned Unit Development
Comments	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.
Confirmed	JCW

Land Sale 3



Location	E/s Coit Road, approx. 250 feet south of Spring Valley Road Dallas, Dallas County, Texas
Mapsc	DA-16-K
Legal Description	Being Lots 4 and 5, in Block A/7758 of Willingham Coit Road Addition
Grantor	WPC Coit/SV, LP
Grantee	Firebrand Properties, LP
Date of Sale	June 21, 2010
Record Data	
Document No.	201000155147
Consideration	\$735,000
Conditions of Sale	Cash to the seller
Land Area	
Acres	0.643
Square Feet	28,000
Price Per SF	\$26.25
Price Per AC	\$1,143,450
Zoning	SUP-315 (Special Use Permit)
Comments	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.
Confirmed	KH

LAND VALUATION

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	1.177	\$15.60	Feb-13
2	E/s North MacAuthur Boulevard, approx. 225 feet north of Royal Lane	88,024	2.021	\$17.67	Apr-11
3	E/s Coit Road, approx. 250 feet south of Spring Valley Road	28,000	0.643	\$26.25	Jun-10
Subject	3740 Belt Line Road	67,705	1.554		

The comparable sales range in size from 0.643 acres to 2.021 acres, in price from \$15.60 to \$26.25 per square foot, and were transacted between June 2010 and February 2013.

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 warranted as each of the sales transpired with no reported uncommon sale conditions.

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 adjustments.

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. Sale properties are adjusted based on their inferiority/superiority as compared with the subject. The subject has access from curb cuts along private drives on each side of the subject. Each of the sales has adequate access from respective thoroughfares, and/or additional access from secondary streets or surrounding properties. Therefore, no adjustments are necessary for access.

Frontage

Frontage is the number of feet of frontage along the subject roadway or roadways. Sale properties are adjusted based on their inferiority/superiority as compared with the subject. The subject fronts the southern line of Belt Line Drive for approximately 288 feet, and private drives on the west and east sides of the subject for approximately 248 and 237 feet, respectively. Sale No. 1 has limited frontage along Belt Line Road, yet adequate frontage on a secondary street to the rear of the tract, dictating a +5% adjustment for inferior frontage. Sale Nos. 2 and 3 are similar in frontage and are not adjusted.

Exposure

Exposure is the visibility of the subject to the roadways or neighboring properties. The subject has average exposure from Belt Line Road. Sales Nos. 1 and 3 are adjusted +5%. Sale 2 requires no adjustment.

Land Sales - Traffic Exposure		
Sale No.	Location	Vehicle Count
1	Adj. to NW/c Belt Line Road and Prestonwood Boulevard	39,700
2	E/s North MacAuthur 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>3740 Belt Line Road</i>	<i>52,200</i>

Size

The subject is 1.554 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. Typically a 5% - 15% adjustment for each doubling/halving (100%) in size is adequate. A 5% adjustment for each doubling/halving (100%) in size is utilized. Each sale is adjusted accordingly for size.

Zoning

The property is zoned PD, Planned Development, by the town of Addison. All of the sales are similar as compared to the property in terms of designation and highest and best use, and do not require adjustments.

Topography

The terrain is characterized as mostly level. Drainage is appears to be graded. According to FEMA flood hazard map 48113C0180J, the subject is determined to be outside the 100-year floodplain, being within Zone 'X'. Each of the comparable sales is located outside of designated flood area, warranting no adjustments.

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 and are not adjusted.

LAND VALUATION

Utility

In terms of utility, Sale 1 has a significant portion of the site located in a narrow, elongated area that is unsuitable for development, yet is suitable for access of the location of signage. Sale No. 1 is adjusted +10% for inferior utility. Sale Nos. 2 and 3 are of sufficient size and shape to support numerous development types, requiring no adjustments.

LAND SALES DATA

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

LAND SALES ADJUSTMENTS			
Sale No.	1	2	3
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%	8%	11%
Adjusted Price	\$16.07	\$19.08	\$29.14
Location	0%	0%	0%
Access	0%	0%	0%
Frontage	5%	0%	0%
Exposure	5%	0%	5%
Size	-2%	2%	-4%
Zoning	0%	0%	0%
Topography	0%	0%	0%
Utilities	0%	0%	0%
Utility	10%	0%	0%
Net Adjustment	18%	2%	1%
Adjusted Price/SF	\$18.96	\$19.46	\$29.43

Land Value Opinion

After the adjustment process, the comparables range from \$18.96 to \$29.43 per square foot. Based on the foregoing with emphasis on Sale 2, the market data support an estimated fee simple value of \$20.00 per square foot for subject, with an indicated value opinion of the subject land of \$1,354,100.

Total Land Area		
No. of Square Feet	\$/SF	Indicated Value
67,705	x \$20.00	= \$1,354,100

COST APPROACH

The purpose of the cost approach is to develop an opinion of the cost to construct a replacement for existing improvements or new improvements, and then deduct all accrued depreciation in the property being appraised from the cost new. 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 fee simple 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.

Due to the size and shape of the proposed acquisition, the impact on the overall site will be minimal. Therefore, a complete analysis of the property improvements and a full cost approach are not necessary or integral in the valuation of the subject. The site improvements within the acquisition area are limited to an irrigation system and landscaping (comprised of ornamental grass and a single crepe myrtle tree). The depreciated values of the affected improvements are detailed in the table below.

Improvements	Value
656 SF - Irrigation @ \$2.50/SF, less 20% depreciation	\$ 1,312
656 SF - Landscaping @ \$1.75/SF, no depreciation	\$ 1,148
Total Contributory Value of Improvements	\$ 2,460

Therefore, and upon consideration of the minimum impact of the proposed acquisition on the overall site, the contributory value of the site improvements located within the acquisition totals **\$2,460**.

RECONCILIATION – WHOLE PROPERTY VALUE

CONCLUSION

In conclusion, the sales comparison approach is the most reliable and applicable valuation approach. The cost and income capitalization approaches are not utilized in this analysis. The sales comparison is used to establish a subject value, due to both the quality and quantity of the available sale data, and provides an excellent basis for valuation. The limited cost approach presented is valuable in detailing the replacement costs of the site improvements located within the acquisition. Based on the above considerations for the subject property, our final opinion of the market value of the subject is as follows:

Market Value Indicators	<u>As Is</u>
Cost Approach (Site Improvements Only)	\$ 2,460
Sales Comparison Approach (Land Only)	\$ 1,354,100
 Market Value Opinion	
Fee Simple, As Is	\$ 1,356,560

PART TO BE ACQUIRED

Part To Be Acquired

The part to be acquired in **permanent easement** estate totals 0.0151 acres, or 656 square feet, stated. The proposed easement is mostly rectangular in shape (approximately 24 feet by 31 feet) and is located along the northern property line along Belt Line Road, just east of the western private drive from Belt Line Road. The permanent easement taking will result in an encumbrance of 1.0% of the subject (656 square feet ÷ 67,705 square feet = 0.0097). A portion of the proposed easement is located within existing utility easements and within the setbacks. Reference the following pages for a survey of the part to be acquired.

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.

Landowner improvements situated in the proposed acquisition areas are limited to items of landscaping. The landscaping consists of ornamental grass and a single crepe myrtle tree. Items that appear to be the property of others (other than the subject owner) are not considered in the valuation of the subject. Reference the following table showing the improvements in the acquisition area.

Improvements Located in Permanent Easement Parcel 6E - Belt Line Road Project Addison, Dallas County Texas	
Improvements	Quantity
Irrigation	656 SF
Landscaping	656 SF

Highest and Best Use

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

PART TO BE ACQUIRED

PARCEL 6E
 0.0151 ACRE (656 SQUARE FOOT)
 EASEMENT
 OUT OF
 LOT 1, BLOCK D OF
 LOTS 1 & 3, BLOCK D, LOTS 1-19, BLOCK A,
 LOTS 1-6, BLOCK B, LOTS 1-18, BLOCK C,
 LOT 2, BLOCK D, LOT 4, BLOCK D
 ADDISON TOWN CENTER
 TOWN OF ADDISON, DALLAS COUNTY, TEXAS

BEING a 656 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 1, Block D of LOTS 1 & 3, BLOCK D, LOTS 1-19, BLOCK A, LOTS 1-6, BLOCK B, LOTS 1-18, BLOCK C, LOT 2, BLOCK D, LOT 4, BLOCK D, ADDISON TOWN CENTER, an addition to the Town of Addison, Texas, as recorded in Volume 93237, Page 3840 of the Deed Records of Dallas County, Texas (D.R.D.C.T.), said tract also being part of that tract of land described as Tract 1 in deed to Portfolio Addison Town Center Retail, L.P., as recorded in Volume 2004250, Page 05256, D.R.D.C.T., and being more particularly described as follows:

BEGINNING at a 5/8-inch found iron rod with "RPLS 1890" cap for the northwest corner of said Lot 1 and for the most northerly northeast corner of Lot 3A, Block D of LOTS 3A, 3B, 3C-1, 4R-1 AND 5, BLOCK D OF ADDISON TOWN CENTER, an addition to the Town of Addison, Texas, as recorded in Volume 94176, Page 01630, D.R.D.C.T., on the south right-of-way line of Belt Line Road (variable width right-of-way);

THENCE North 89 degrees 37 minutes 20 seconds East, with the common south right-of-way line of said Belt Line Road and with the north line of said Lot 1, a distance of 18.54 feet to a 5/8-inch found iron rod with "RPLS 1890" cap for corner;

THENCE North 89 degrees 28 minutes 18 seconds East, continuing with said common line, a distance of 5.79 feet to a 1/2-inch set iron rod with blue plastic cap stamped "HALFF ESMT" (hereinafter referred to as "with easement cap") for the northeast corner of the proposed easement;

THENCE South 15 degrees 34 minutes 44 seconds West, departing said common line, over and across said Lot 1, with the east line of said proposed easement, a distance of 15.76 feet to a 1/2-inch set iron rod with easement cap for corner;

THENCE South 00 degrees 22 minutes 40 seconds East, continuing with the east line of said proposed easement and over and across said Lot 1, a distance of 16.09 feet to a 1/2-inch set iron rod with easement cap for the southeast corner of said proposed easement;

PART TO BE ACQUIRED

PARCEL 6E
 0.0151 ACRE (656 SQUARE FOOT)
 EASEMENT
 OUT OF
 LOT 1, BLOCK D OF
 LOTS 1 & 3, BLOCK D, LOTS 1-19, BLOCK A,
 LOTS 1-6, BLOCK B, LOTS 1-18, BLOCK C,
 LOT 2, BLOCK D, LOT 4, BLOCK D
 ADDISON TOWN CENTER
 TOWN OF ADDISON, DALLAS COUNTY, TEXAS

THENCE North 90 degrees 00 minutes 00 seconds West, continuing over and across said Lot 1 and with the south line of said proposed easement, a distance of 20.00 feet to a 1/2-inch set iron rod with easement cap for the southwest corner of said proposed easement on the common west line of said Lot 1 and on an east line of said Lot 3A;

THENCE North 00 degrees 22 minutes 40 seconds West, with said common line, a distance of 31.09 feet to the POINT OF BEGINNING and containing 0.0151 of an acre (656 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.

J. A. Jernigan
 23 Oct
 2013



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, plus the cost to cure, if any.

Valuation of the Permanent Easement Acquisition

The part to be acquired is comprised of a permanent easement. The permanent easement taking will result in an encumbrance of 1.0% of the subject ($656 \text{ square feet} \div 67,705 \text{ square feet} = 0.0097$).

The proposed easement is not an economic unit within itself, due to the small size and shape, yet the highest and best use of the parcel is as a part of the whole property. The whole property land value is previously established at \$20.00 per square foot. However, the part to be acquired falls entirely within a municipal easement, thereby reducing the utility and value of the property. The land encumbered by the easement is concluded to retain 25% of the original utility of the land. Therefore, the concluded value of the land as applied to the proposed easement, or that land that lies in an existing easement, equates to \$5.00 per square foot. ($\$20.00 \text{ fee simple value} \times 25\% \text{ remaining utility of existing easement} = \$5.00 \text{ per square foot}$) The value of the easement land immediately before the imposition of the pipeline easement equates to \$3,280 for a total of 656 square feet.

$$\text{Calculation: } 656 \text{ SF} \times \$5.00/\text{SF} = \$3,280$$

The property owner retains limited rights to surface use of the area within the easement, and cannot construct any house, building or other structure without the express, prior consent of the grantee, 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 conveying 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 ad valorem taxes. The easement will be used by the Town of Addison for the installation of electrical infrastructure

Limited market data are available that demonstrate the value of these rights. For the land encumbered by the permanent easement area, the lies within an existing utility easement, it is our opinion that the property owner is conveying rights to the easement holder that equate to 10% of the fee simple value of the land.

Immediately after the imposition of the easement, the value of the land in the easement area is considered to be no more than 10% of the fee simple value of the land. The resulting value of the permanent easement is calculated as follows:

EASEMENT VALUE

Immediately Before Imposition of Easement:	656 SF	x	\$20.00	x	25%	=	\$	3,280
Immediately After Imposition of Easement:	656 SF	x	\$20.00	x	10%	=	\$	1,312
Permanent Easement Value							\$	1,968

PART TO BE ACQUIRED

Improvements situated within the easement are concrete paving, concrete curbing, irrigation, and landscaping. The improvements situated in the proposed easement are valued at \$2,460.

Improvements	Value
656 SF - Irrigation @ \$2.50/SF, less 20% depreciation	\$ 1,312
656 SF - Landscaping @ \$1.75/SF, no depreciation	\$ 1,148
Total Contributory Value of Improvements	\$ 2,460

In our opinion, the total value of the part to be acquired in easement estate, including land and improvements is \$4,428.

REMAINDER BEFORE TAKING

Remainder Before Taking

The indicated value of the remainder before the taking is derived by deducting the projected value of the take from the value of the whole property. The calculation is as follows:

Opinion of value - whole property	\$ 1,356,560
Opinion of value - taking	\$ 4,428
Opinion of value - remainder before the taking	<u>\$ 1,352,132</u>

REMAINDER AFTER TAKING

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 comprises 1.5543 acres, or 67,705 square feet, calculated, including the permanent easement. The proposed permanent easement will result in an encumbrance of approximately 1.0% of the whole property land area (656 square feet ÷ 67,705 square feet = 0.0097).

Remainder After The Acquisition As Affected By The Proposed Acquisitions

After the taking, no building improvements are removed and no parking spaces are affected. The building is approximately 90 feet from the proposed permanent easement. In the remainder situation, the subject retains approximately 288 feet along the northern line of Belt Line Road. The access remains via curb cuts along private drives on each side of the subject, at the same locations as compared to the whole property. The remainder property is appraised as though the elevation and grade of the land at the new right-of-way line is substantially similar to the whole property condition with respect to the existing right-of-way line. The proposed acquisition is a significant distance from the improvements and has no effect on the functionality or marketability of the subject.

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

The improvements were built in 1993, according to the Dallas County Appraisal District. The improvements are of good quality and in good condition. The intended use of the improvements is for multi-tenant retail building use. The physical characteristics and accompanying amenities support the continued use as such. The site is zoned PD, Planned Development by the town of Addison. Multi-tenant retail buildings are allowed in this zoning district. The existing improvements have an effective age of approximately 10 years, with a remaining economic life estimated at 40 years. No other use of the improvements could provide a greater return in the current market. As improved, the property is improved with a multi-tenant retail building and is suitable for use as a multi-tenant retail building. Therefore, the continued use as a multi-tenant retail building represents the highest and best use of the land and improvements.

Remainder After Value

The remainder land, comprised of 67,705 square feet, is valued at \$20.00 per square foot using the land sales in the whole property valuation.

REMAINDER AFTER TAKING

The remainder after the taking is the same as the whole property, but with a small area encumbered by the easement. The remainder land area is 67,705 square feet, or 1.5543 acres, including the part taken in a permanent easement (656 square feet). A portion of the easement is situated within existing easements and the setbacks. The highest and best use of the remainder land continues as commercial use. While the taking does not diminish the remainder's potential, it will result in an encumbrance of approximately 1.0% of the whole property land area (656 square feet ÷ 67,705 square feet = 0.0097).

The value of the remainder after the taking is \$1,342,292, including the permanent easement. In the remainder after, after the imposition of the easement, the area encumbered by the easement is valued at 10% of the fee simple value (10% of \$13,120) or \$1,312.

Land Within Permanent Easement	656 SF	x	\$20.00	x	10%	= \$	1,312
Unencumbered Land	<u>67,049 SF</u>	x	\$20.00	x	100%	= \$	<u>1,340,980</u>
Total	67,705 SF					\$	1,342,292

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.

SUMMARY OF COMPENSATION

SUMMARY OF COMPENSATION

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 multi-tenant retail property. Access remains at proportionately the same locations as before the acquisition.

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

Total Compensation

The market value of the total compensation due to the landowner is \$4,428.

Whole Property (Market Value)	\$	1,356,560	
Part To Be Acquired in Easement			\$ 4,428
Remainder - Before Taking	\$	1,352,132	
Remainder - After Taking	\$	1,352,132	
Damages		\$	0
Costs-to-Cure		\$	0
Total Compensation			\$ 4,428

APPRAISER'S CERTIFICATE

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 report, Charles Stearman has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.

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

PYLES ★ WHATLEY CORPORATION



Charles Stearman, SR/WA
 State of Texas Certification #TX-1335388-G



Kreg Hodge
 State of Texas Certification #TX-1337205-T

QUALIFICATIONS

CHARLES STEARMAN

Appraisal assignments include retail properties, office buildings, and industrial properties, automobile dealerships, convenience stores, restaurants, religious facilities, land development, and specialized properties, single- and multi-family dwellings, sales studies, right-of-way acquisitions, access rights, surplus property, easements, and condemnation work.

Experience

- Engaged in appraisal work since 1998
- Real estate broker specializing in single-family sales, leasing, and property management
- President and co-owner of Maverick Management, Inc., Arlington, Texas. Responsible for policy and procedure implementation, contract review, leasing and management of single-family residences (1995 – 1998).
- Director, Property Management & Leasing, Van Zandt, REALTORS, Arlington, Texas. Developed and implemented department policies and procedures, oversight of department staff, agents and operations, advising company clients, sales, leasing and management (1992 – 1995).
- Instructor, approved by the Texas Real Estate Commission, George Leonard School of Real Estate, Arlington, Texas. Instructed students in courses requisite to real estate licensure 1995-1999.
- Accepted as an expert witness in condemnation proceedings

Education

- Texas A&M University
- Abilene Christian University
- Tarrant County College
- International Right-of-Way Association
- Appraisal Institute

Candidacy

- Candidate for Designation, Appraisal Institute

Professional

- State of Texas – State Certified General Real Estate Appraiser, No. TX-1335388-G
 - Approved Appraiser – Texas Department of Transportation
 - State of Texas – Licensed Real Estate Broker, No. 0363379
 - SR/WA Designation, No. 6050, Senior Member, International Right of Way Association
 - IRWA Chapter 36: Education Chair-2008, Secretary-2009, Treasurer-2010, Vice President-2011, President-2012, Director-2013
 - Member, Lewisville Association of REALTORS, Waco Association of REALTORS, Texas, and National Association of REALTORS
-

QUALIFICATIONS OF APPRAISER

ROBERT K. HODGE

Experience

- ◆ Appraiser trainee with Pyles Whatley Corporation since April 2006. Appraisal assignments include retail centers, office buildings, motels, both existing and proposed, various commercial and industrial properties. Additional consulting assignments include condemnation and right-of-way work, and other various consulting assignments.
- ◆ Over ten years experience in accounting, banking, lending, and real estate.

Education

- ◆ North Texas Chapter of the Appraisal Institute
Appraisal Principals, National USPAP Course
- ◆ Northern California Chapter of the Appraisal Institute
Appraisal Procedures
- ◆ Chapter 46 – International Right of Way Association
Basic Appraisal Principals
- ◆ Stephen F. Austin State University, 1992-1994
Philosophy, General Studies

Professional

- ◆ Texas Appraiser Licensing and Certification Board
Appraiser Trainee # 1337205-T
-

ADDENDA

TAX INFORMATION


[Home](#) | [Find Property](#) | [Contact Us](#)
Commercial Account #100007600D0010000
[Location](#) [Owner](#) [Legal Desc](#) [Value](#) [Improvements](#) [Land](#) [Exemptions](#) [Estimated Taxes](#) [Building Footprint](#) [History](#)
Location (Current 2014)

Address: 3740 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](#)
Owner (Current 2014)

PORTFOLIO ADDISON
 TOWN CENTER RETAIL LP
 3102 MAPLE AVE STE 500
 DALLAS, TEXAS 752011262

Multi-Owner (Current 2014)

Owner Name	Ownership %
PORTFOLIO ADDISON	100%

Legal Desc (Current 2014)

- 1: ADDISON TOWN CENTER
- 2: BLK D LT 1 ACS 1.5541
- 3:
- 4: VOL2004250/5256 DD12212004 CO-DC
- 5: 0007600D00100 3100007600D

Deed Transfer Date: 12/30/2004

Value

2013 Certified Values	
Improvement:	\$339,420
Land:	+ \$677,050
Market Value:	= \$1,016,470
Tax Agent: VEE SERVICES INC	
Revaluation Year:	2013
Previous Revaluation Year:	2012

Improvements (Current 2014)

#	Desc: FREE STANDING RETAIL STORE	Total Area: 10,540 sqft	Year Built: 1993
1	Construction	Depreciation	Appraisal Method
	Construction: C-MASONRY, BLOCK, TILT-WALL Foundation (Area): CONCRETE SLAB (10,540 sqft) Net Lease Area : 10,000 sqft # Stories: 1 # Units: 0 Basement (Area): NONE Heat: CENTRAL HEAT A/C: CENTRAL A/C	Physical: 25% Functional: + 0% External: + 0% Total: = 25% Quality: GOOD Condition: GOOD	INCOME

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	67,705.0000 SQUARE FEET	STANDARD	\$10.00	0%	\$677,050	N

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

Exemptions (2013 Certified Values)

No Exemptions

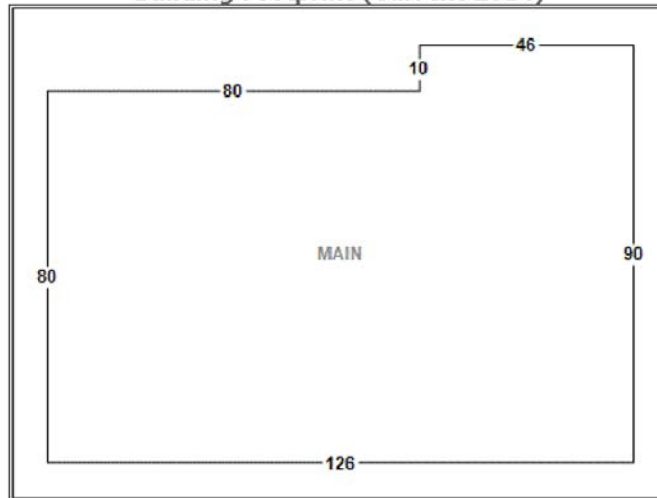
Estimated Taxes (2013 Certified Values)

	City	School	County and School Equalization	College	Hospital	Special District
Taxing Jurisdiction	ADDISON	DALLAS ISD	DALLAS COUNTY	DALLAS CO COMMUNITY COLLEGE	PARKLAND HOSPITAL	UNASSIGNED
Tax Rate per \$100	\$0.5718	\$1.282085	\$0.2531	\$0.1247	\$0.276	N/A
Taxable Value	\$1,016,470	\$1,016,470	\$1,016,470	\$1,016,470	\$1,016,470	\$0
Estimated Taxes	\$5,812.18	\$13,032.01	\$2,572.69	\$1,267.54	\$2,805.46	N/A
Tax Ceiling					N/A	N/A
Total Estimated Taxes:						\$25,489.87

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)



LETTER OF NOTICE

PYLES★WHATLEY CORPORATION
Real Estate Consultants

Wendell Pyles, MAI, SR/WA

Jan Whatley (1953-2013)

January 02, 2014

Portfolio Addison
Town Center Retail LP
3102 Maple Ave, Ste 500
Dallas, Texas 75201-1262

Via first class, certified mail, return receipt requested, article no. 7012 3050 0001 4153 2361

Re: Parcel 6E - real estate property located at 3740 Belt Line Road

To Whom It May Concern:

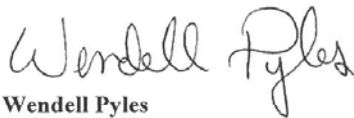
In connection with the Town of Addison, our firm has been engaged to perform a real estate appraisal of a proposed partial acquisition involving the property referenced above. In preparation for the Belt Line Road Project, real estate appraisals of the affected properties are required.

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

Enclosed are 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
Toll Free (800) 340-2166

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

RETURN RECEIPTS

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT <small>(Domestic Mail Only; No Insurance Coverage Provided)</small>	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage \$ <u>.10</u> Certified Fee <u>3.10</u> Return Receipt Fee (Endorsement Required) <u>2.55</u> Restricted Delivery Fee (Endorsement Required) _____ Total Postage & Fees \$ <u>6.31</u>	 <u>13-647/KH</u>
Sent To: Street, or PO: City, S PS Fo	Portfolio Addison Town Center Retail LP 3102 Maple Ave., Ste 500 Dallas, TX 75201-1262

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. <p>1. Article Addressed to:</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> Portfolio Addison Town Center Retail LP 3102 Maple Ave., Ste 500 Dallas, TX 75201-1262 </div> <p style="text-align: right; font-size: 1.2em;"><u>13-647/KH</u></p>	<p>A. Signature <input checked="" type="checkbox"/> <u>E. Mayberry</u> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>E. Mayberry</u> C. Date of Delivery _____</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>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>
7012 3050 0001 4153 2361	
PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540	