

Summary of Facts and Conclusions

| | |
|---|---|
| Property Type: | An Existing 48 Unit Self Storage Facility and A 24,750 SF Vacant Parcel |
| Address: | 100 Jean Street, Munday, Knox County, Texas 76371 Vacant Parcel: No Address |
| Location: | Northeast Corner of S 3 rd Avenue and Jean Street Vacant Parcel: Northeast Corner of N Fir Avenue and East B Street |
| Date of Site Visit: | February 28, 2023 |
| Date of Appraisal: | February 28, 2023 |
| Date of Report: | April 21, 2023 |
| Zoning: | None |
| Site Area: | Improved Site: 35,344 SF (Estimated from Aerial and Plat) Vacant Parcel: 24,750 SF |
| Building Area: | 6,000 SF Rentable Area |
| Number of Units: | 48 |
| Average Unit Size: | 125 SF |
| Land to Building Ratio: | 5.89:1 |
| Year Built: | 2005 & 2016; Avg of 2011 |
| Current Occupancy | 94% |
| Highest and Best Use "As If Vacant": | Hold for future development or assemblage with an adjoining parcel; (same conclusion for the Vacant Parcel) |
| "As Improved": | Continued use as a self-storage facility |

Summary of Salient Facts and Conclusions – Cont.

Summary of Estimated Values:

| Approach | "As Is" 02/28/2023 |
|--------------------------------|-----------------------|
| Site Valuation (Vacant Parcel) | \$6,200 |
| Sales Approach | \$174,000 |
| Income Approach | \$177,000 |
| FINAL VALUE CONCLUSION | |
| Vacant Parcel | \$6,200 |
| Self- Storage Facility | \$175,000 |

Extraordinary Assumptions

- 1) No environmental audit was provided. This appraisal assumes there is no environmental contamination and should an environmental audit reveal such, any remediation costs would have to be deducted from the value estimate presented herein.
- 2) No survey was provided for the improved site, and no site area was reported by Knox County Appraisal District. Thus, a site area for the west improved portion of the site was estimated from an aerial and a plat map. The site area for the non-contiguous 24,750 square foot parcel was secured from the Knox County Appraisal District Plat Map on file, and is assumed to be correct. It is specifically assumed that there are no unusual or detrimental easements, encroachments, or restrictions.
- 3) The appraisal assumes that the subject's historical operating data provided by the ownership is accurate as presented.

Legal Description

Following is the legal description for the two parcels that comprise the improved subject parcel. Both are located in Munday, Knox County, Texas. The legals were secured from the Knox County Appraisal District.

| Account Nb | Legal Description |
|------------|---|
| 1685 | Block 62, Lots 9-11, Lee Addition |
| 14510 | 0.490 Acres; Blk 62 & S End of Blk 58; Lee Addition |

Following is the legal description for the vacant parcel.

| Account Nb | Legal Description |
|------------|--------------------------------------|
| 516 | Block 133, Lots 2-4, Reeves & Musser |

Site Description

General Description

The improved site is located at the Northeast Corner of S 3rd Avenue and Jean Street. The improved site is comprised of two tax accounts. The westerly section does not have a reported size but is noted to part of four 50' wide lots. The east section is noted by KCAD to have 21,344 square feet.

Size

35,344 square feet (estimated from the plat; the legal description of the east portion of the improved site; and an aerial of the total tract).

Shape

Irregular; See Digital Plat Map Below



Digital Plat Map

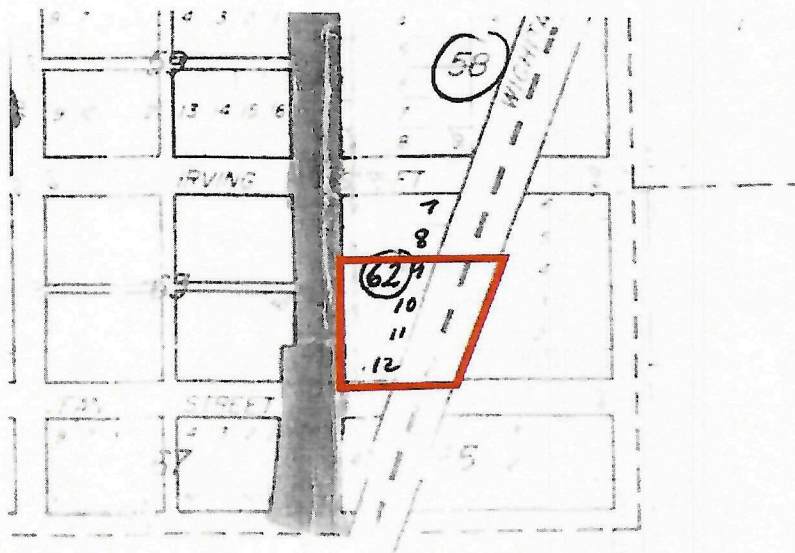
Site Description - Continued



Map data ©2023, Map data ©2023 Google 20 ft

Measure distance
Total area: 14,004.16 ft² (1,301.03 m²)
Total distance: 551.37 ft (168.06 m)

Aerial of West Section of Improved Tract



Plat Map of Total Improved Tract

Site Description - Continued

| | |
|-----------------------|--|
| Dimensions | Approximately 100' x 115' per County Appraisal District and Survey. |
| Frontage | The subject has approximately 200 feet of frontage along the east side of South 3 rd Avenue. There is approximately 150 feet of frontage on the north side of Jean Street. |
| Topography | The subject is generally level. |
| Flood Hazard | According to FEMA, there is no flood map data available in this area. The subject property does not appear to be in a low lying area; however, any flood hazard status is unknown. |
| Soil Condition | The appraiser is unaware of any adverse soil conditions, and none of the improvements in the area were noted to be suffering from adverse conditions. It is assumed that the soil's load-bearing capacity is sufficient to support the subject structures. |
| Utilities | There is no electric service to the property. There are no water/sewer connections, and the Town of Munday reported that there is no water/sewer service to the property at the current time. |
| Accessibility/Access | The subject is located along the southern portion of S 3 rd Avenue (Business 277), a two lane asphalt paved road which serves as a major traffic artery in the area. The subject; however, only has access to Jean Street which extends east from S 3 rd Avenue. Jean Street is a two lane asphalt paved road which dead ends just east of the subject parcel. |
| Easements | A title insurance policy was not provided. No survey was provided, and thus it is specifically assumed that there are no unusual or detrimental easements, encroachments, or restrictions. |
| Environmental Hazards | The appraiser is unaware of any specific environmental hazards in the immediate area. The appraisers, however, are not qualified to detect such types of hazards and recommend that the client engage appropriate experts, if such conditions are believed to exist. Should an environmental audit reveal to the contrary, any remediation costs would have to be deducted from the opinion of value presented herein. |
| Site Improvements | The subject improvements include 6,000 square feet (NRA) of self-storage units in two buildings with gravel paving. The improvements will be discussed in the Improvements Description to follow. |
| Surrounding Uses: | North: Vacant land; large drainage ditch further to north East: Vacant Parcel with multiple above ground tanks West: Vacant land South: Vacant land |

Site Description - Continued

Excess or Surplus Land:

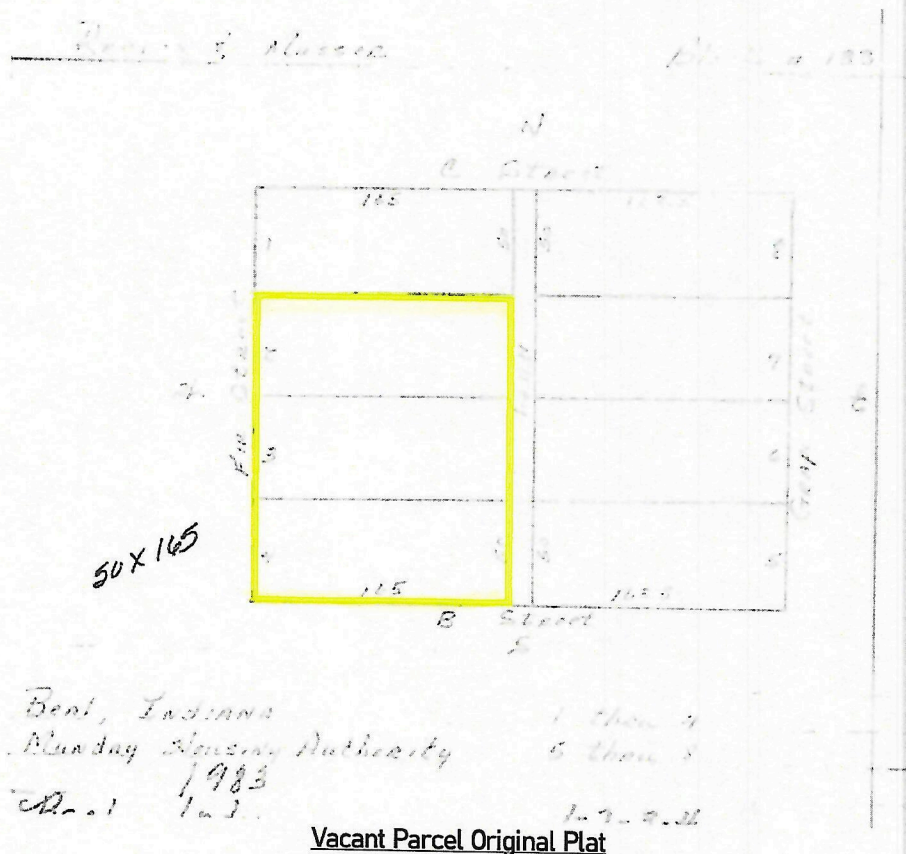
The improved parcel at the NEC of Jean Street and S 3rd Avenue has no excess or surplus land.

Summary:

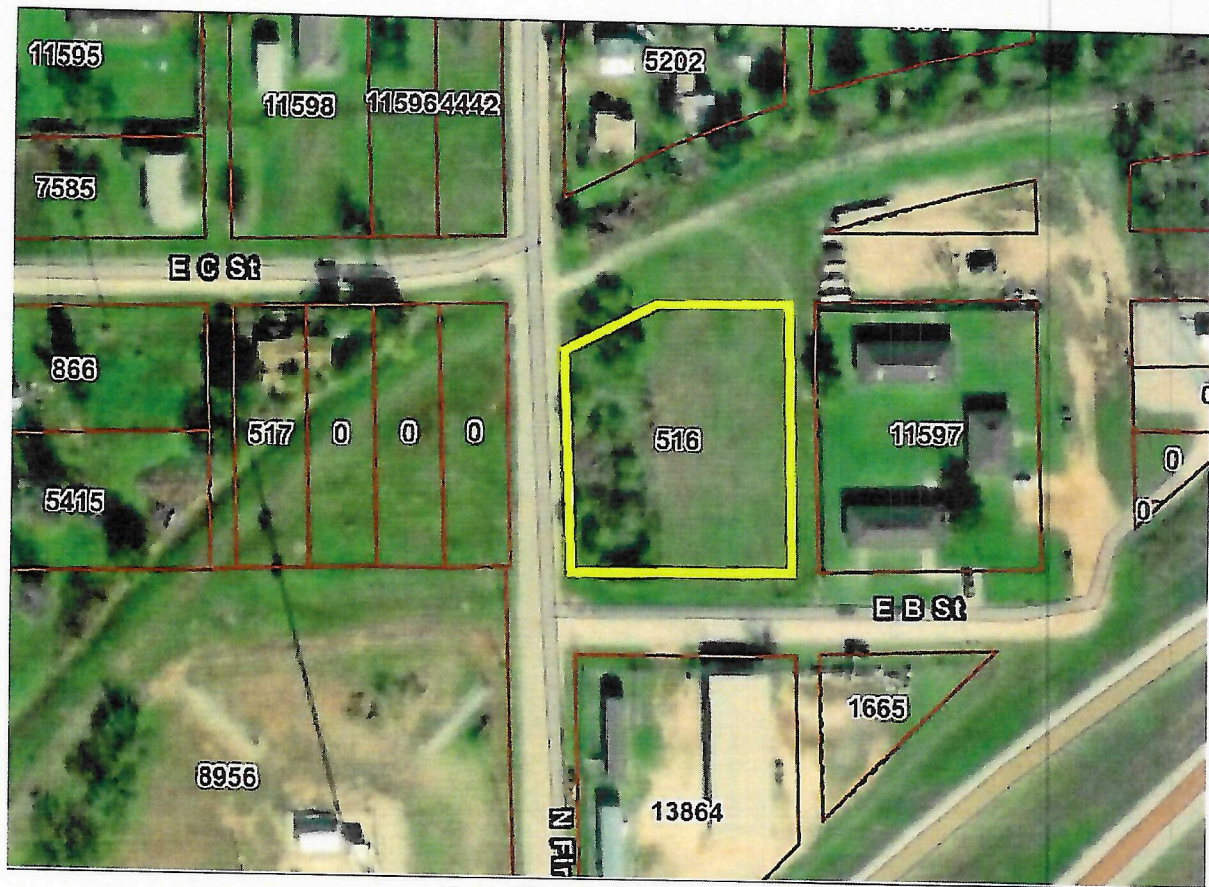
The improved subject parcel is located along one of the primary north/south traffic corridors in Munday (the Business 277 corridor), just to the north of US 277 Bypass. The subject site is small in size and has utilities available.

Vacant Parcel:

The subject property also includes a non-contiguous or separate parcel of vacant land. This parcel is located at the northeast corner of N Fir Avenue and East B Street. Both of these roadways are two lane, asphalt paved roads with curbs and gutters. This parcel has a secondary type location along two secondary streets, but is just west of the US 277 Bypass (but has no frontage or access to this roadway). The subject vacant parcel is generally level and has single family use to the north; vacant land to the west; an apartment complex to the east; and a warehouse to the south. The total area is estimated at 24,750 based on the dimensions of 165' x 150'. There is 150' of frontage of N Fir Street and 165' feet frontage along E B Street. The Town of Munday reported that there is water/sewer service available in the area.



Site Description - Continued



Vacant Parcel Digital Plat Map

Improvements Description

| Bldg No. | Floor | GBA(SF) | Use and Type (specify) | % of Total | Remaining Econ. Life: | 40+-- |
|----------|-------|---------|------------------------|------------|-----------------------|---|
| West -1 | 1 | 3,000 | Metal Storage Units | 50% | Type of Construction: | Metal, metal roof, steel frame |
| East - 2 | 1 | 3,000 | Metal Storage Units | 50% | Source of Area: | Appraiser's measurements |
| | | | | | Inspection(s) made: | <input checked="" type="checkbox"/> Interior of 2 vacant units (#2 and #3) <input checked="" type="checkbox"/> Exterior |
| | Total | 6,000 | Total | 100% | No. of Spaces: | No on site parking. |
| | | | | | | Gravel pavement around the perimeter of the buildings. |

| Building Description - Buildings | | | Improvement Rating | | | | |
|----------------------------------|--|---|---|--------------------------|-------------------------------------|--------------------------|--------------------------|
| | | | Excel | Good | Avg | Fair | Poor |
| Foundation | Concrete | Appeal/Appearance | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Frame | Metal | Floor Plan/Design | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Floor Cover | Concrete | Construction Quality | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Ceiling | Open to metal roof panels. | | | | | | |
| Exterior Walls | Metal Panel | Exterior Condition | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Interior Partitions | Metal Panel | Interior Condition | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Roof | Metal Panel/Steel | Roof Cover | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Cover/Support | | | | | | | |
| Plumbing | None | Plumbing | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Heating | None | Heating | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Air Conditioning | None | Air Conditioning | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Fire Protection | None | Fire Protection | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Sprinklers | | Sprinklers | | | | | |
| Electrical | None | Electrical | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Elevators | None | Elevators | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Insulation | None | Insulation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Landscaping | None | Landscaping | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Paving | Gravel | Paving | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Fencing | None | Fencing | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Proposed Construction | <input type="checkbox"/> Yes (Completion Date); Not applicable | Source of Square Footage: Site Visit | Measurements; and the unit sizes and unit mix were provided by owner. | | | | |
| Year Built / Effective Age | West -2005 and East - 2016 (per owner); Avg actual year built of 2011; 10 year eff. Age of | Interior Inspection was made: See above | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | | |

Improvement Description – Cont.

Remaining Econ. Life 40

Exterior Inspection was made: See above

☒ Yes

☐ No

Analysis and Comments (address effect of physical characteristics on value – deferred maintenance, etc.): The units are of pre-engineered metal construction. The units have overhead roll up doors. There is no electric service to the units. The overall quality and condition are considered average. There is no significant estimated deferred maintenance. As seen in the photographs, the rollup door for Unit 4 is broken. This is considered a minor item with insignificant repair cost. The gravel paving is in average condition.

Following is the unit mix as provided by the owner:

| Subject Unit Mix | | | |
|------------------|---------|-----------|-------------------|
| Unit Type | # Units | Area (SF) | Gross Rentable SF |
| 5 10 | 12 | 50 | 600 |
| 10 10 | 8 | 100 | 800 |
| 10 15 | 20 | 150 | 3,000 |
| 10 20 | 8 | 200 | 1,600 |
| | 48 | 125 | 6,000 |

The NRA of 6,000 square feet (per Rent Roll) is equal to the GBA of 6,000 square feet (based on site visit measurements by the appraisers). The average unit size is 125 square feet. The subject is functionally adequate as a small self-storage facility. There is no perimeter fence, but this is typical in smaller market areas. The subject has a land to building ratio of 5.89:1, but has no excess or surplus land.

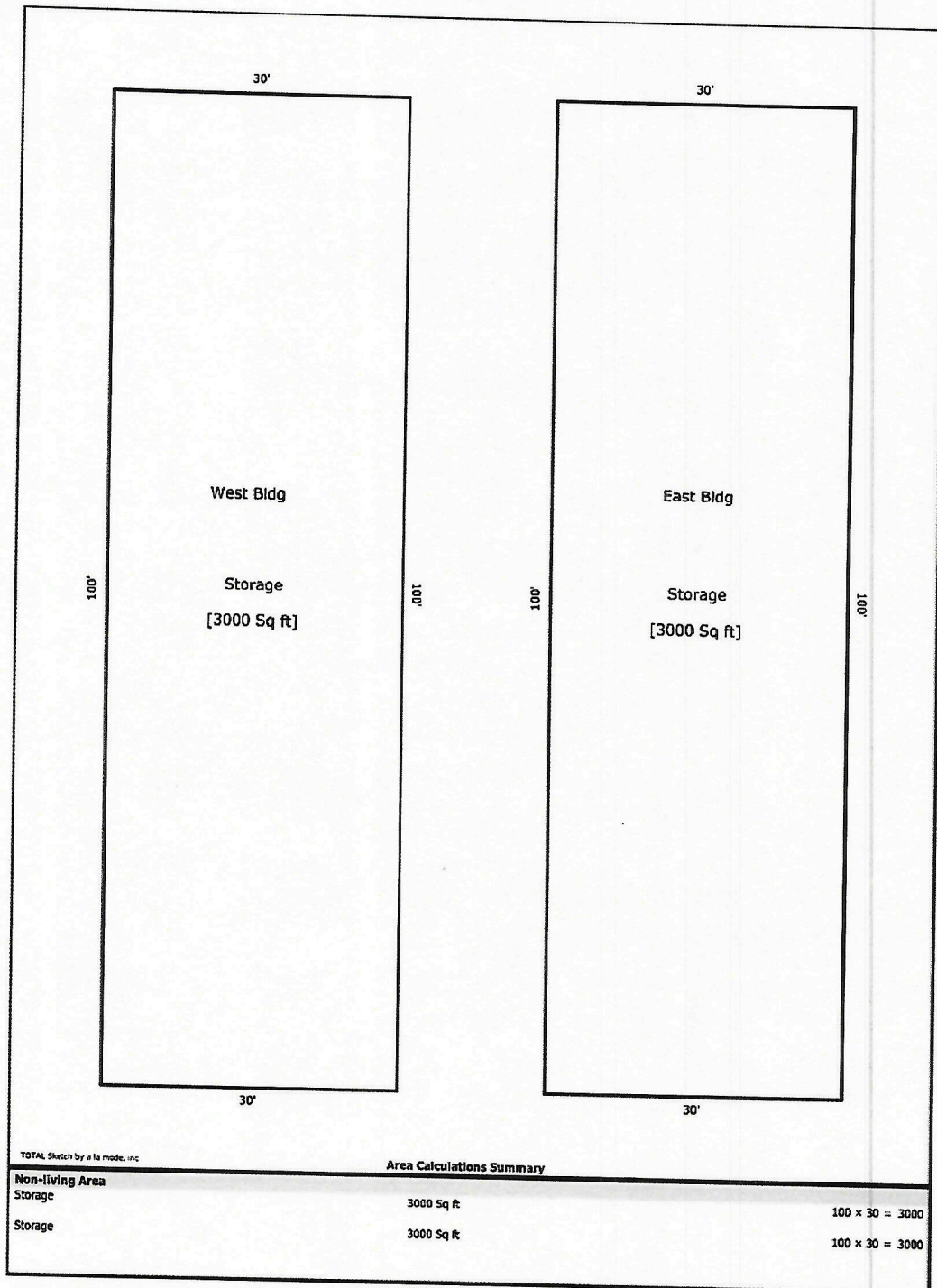
Aerial Map



Improvement Description - Cont.

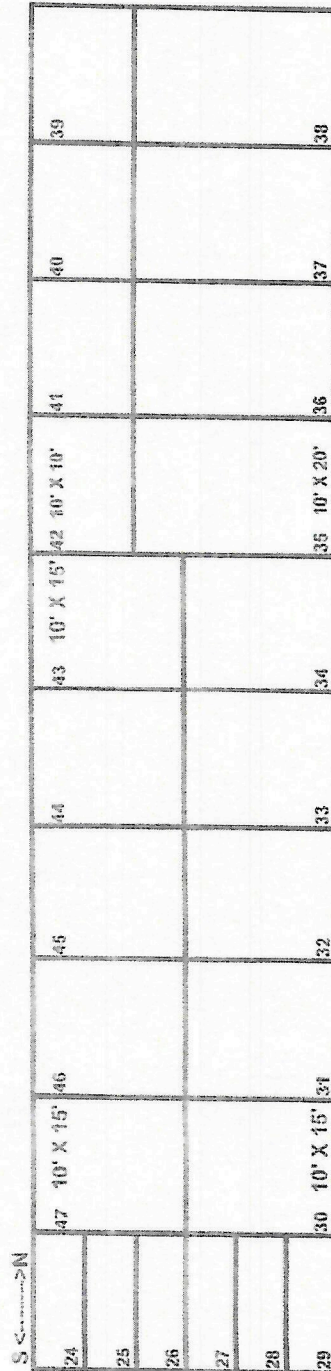
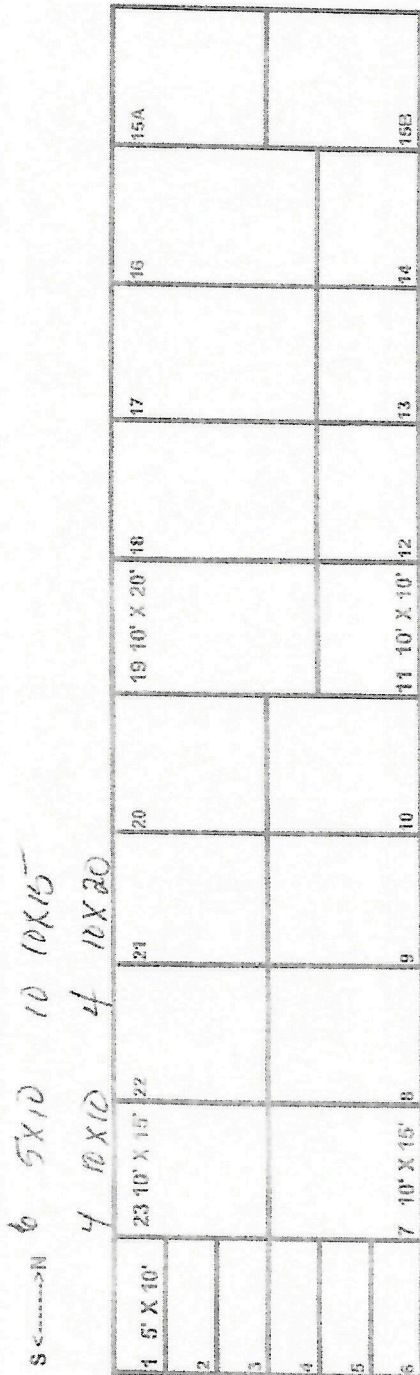
See attached appraiser sketch that was completed on the day of the site visit.

Building Sketch



Improvement Description - Cont.

Owner's Floorplan Layout



MUNDAY #1 & #2 6 5' X 10' 10 10' X 15'

4 10' X 10' 4 10' X 20'

Income Approach - Cont.

The subject insurance expense (for 14 self-storage properties under the subject ownership) was reported at \$0.27 per square foot. The three expense comparables reported insurance expenses from \$0.34 to \$0.95 per square foot. Self-Storage Expense Guide reported insurance expenses of \$0.21 per square foot (Southwest Division). An insurance expense of 0.35 per square foot has been estimated based on the comparable data.

The subject is managed by the ownership, but a typical investor must account for a management fee. A management fee of 5% of effective gross income has been estimated. Property management fees for these types of properties generally range from 3.5% to 6.0% (based on Self-Storage Expense Guide data).

Maintenance expenses were reported from \$0.23 to \$0.34 per square foot for the 14 properties (2022 and 2021 figures), and these included some expenses associated with outside labor for cleanup, etc. The three expense comparables report maintenance expenses of \$0.06 to \$0.07, but two had additional payroll expense of \$0.26. Self-Storage Expense Guide reported \$0.28 per square foot for Repairs/Maintenance. For the subject, there is no separate payroll or administrative allowance as the maintenance person would be the only effective payroll expense. The maintenance figure for the subject has been estimated at \$0.40 per square foot (which would allow for clean out of units; and general parking lot maintenance; mowing; etc.). There are no utilities expense for the subject.

Finally, a maintenance reserve of \$0.15 per square foot has been allowed for the replacement of long lived items. According to the 1st Quarter, 2023 of PwC Real Estate Investor Survey, National Warehouse Investors (no separate survey for Self-Storage) include Replacement Reserves from \$0.02 to \$0.25 per square foot. A figure of \$0.15 per square foot has been employed in this analysis.

The total expenses are forecast at \$8,394 or 36% of effective gross income. The 2023 Self-Storage Expense Guide Book reports expense ratios for all regions with a range from 30.04% to 41.08% with a national average of 34.95%. The subject expense ratio appears reasonable in light of this data.

Reconstructed Operating Statement

| | | \$/SF |
|-------------------------------|-----------|--------|
| Gross Potential Rental Income | \$25,920 | \$4.32 |
| Plus: Other Income | \$0 | \$0.00 |
| Gross Potential Income | \$25,920 | \$4.32 |
| Vacancy/Collection Loss (10%) | (\$1,555) | 6.00% |
| Effective Gross Income | \$24,365 | \$4.06 |
| Operating Expenses | | |
| Real Estate Taxes | \$1,828 | \$0.30 |
| Insurance | \$2,100 | \$0.35 |
| Management 5% | \$1,218 | \$0.20 |
| Repairs/Maintenance | \$2,400 | \$0.40 |
| Structural Reserves | \$900 | \$0.15 |
| Total Expenses | \$8,446 | \$1.41 |
| Net Operating Income | \$15,919 | \$2.65 |
| | | |
| | 9.0% | |
| Indicated Value | \$176,873 | |
| Rounded | \$177,000 | |

Final Reconciliation of Value

Reconciliation is the process in which the appraisers consider the reliability and applicability of each of the approaches used. Only the Sales and Income Approaches to value were considered in this analysis when considering the subject property with the following results.

| Approach | "As Is" 02/28/2023 |
|--------------------------------|-----------------------|
| Site Valuation (Vacant Parcel) | \$6,200 |
| Sales Approach: | \$174,000 |
| Income Approach: | \$177,000 |
| FINAL VALUE CONCLUSION: | |
| Vacant Parcel | \$6,200 |
| Self-Storage Facility | \$175,000 |

The Sales Approach was included and a price per square foot analysis of several similar self-storage properties. An adequate number of sales were located and an analysis of the price per square foot was presented. Purchasers of the subject would likely considered alternative properties and thus the principle of substitution is considered a worthwhile and credible analysis.

The subject is an income-producing property. Hence, an Income Approach was included. An estimate of market rent was forecast along with a market vacancy and expense levels. An overall rate analysis was provided, and a value estimate was concluded from the Income Approach. The value estimate from the Income Approach was slightly less than the Sales Approach. Given that there were several similar sales in the local market area, considerable emphasis has been given the Sales Approach, and thus an opinion of value has been estimated in the lower mid-range of the two approaches, or \$175,000.

Based upon my investigation and analysis of the data gathered with respect to the assignment, it is our opinion that the estimated "as is" market value of the fee simple interest in the 48 Self-Storage Unit Property as of February 28, 2023, is:

ONE HUNDRED SEVENTY FIVE THOUSAND DOLLARS

(\$175,000)*

Based upon my investigation and analysis of the data gathered with respect to the assignment, it is our opinion that the estimated "as is" market value of the fee simple interest in the 24,750 SF Vacant Parcel as of February 28, 2023, is:

SIX THOUSAND TWO HUNDRED DOLLARS

(\$6,200)*

* Subject to Extraordinary Assumptions in Transmittal Letter