

Summary of Facts and Conclusions

Property Type:	An Existing 24 Unit Self Storage Facility at 419 E Cleveland Ave, Electra, Wichita County, TX 76360
Address:	419 E Cleveland Ave, Electra, Wichita County, TX 76360
Location:	Northwest Corner of N Texas Street & E Cleveland Ave
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: 14,000 SF
Building Area:	3,000 SF Rentable Area; 3,026 SF Gross Building Area (based on physical measurements as of the date of the site visit).
Number of Units:	24
Average Unit Size:	125 SF
Land to Building Ratio:	4.67:1
Year Built:	2008
Current Occupancy	83%
Highest and Best Use "As If Vacant":	Hold for future development or assemblage with an adjoining 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
Sales Approach:	\$87,000
Income Approach:	\$74,000
FINAL VALUE CONCLUSION:	\$80,000

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. It is specifically assumed that the site area secured from the Wichita County Appraisal District is correct, and 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

Lots 9-12, Block 125, Original Town, Electra (per WCAD)

Site Description

General Description

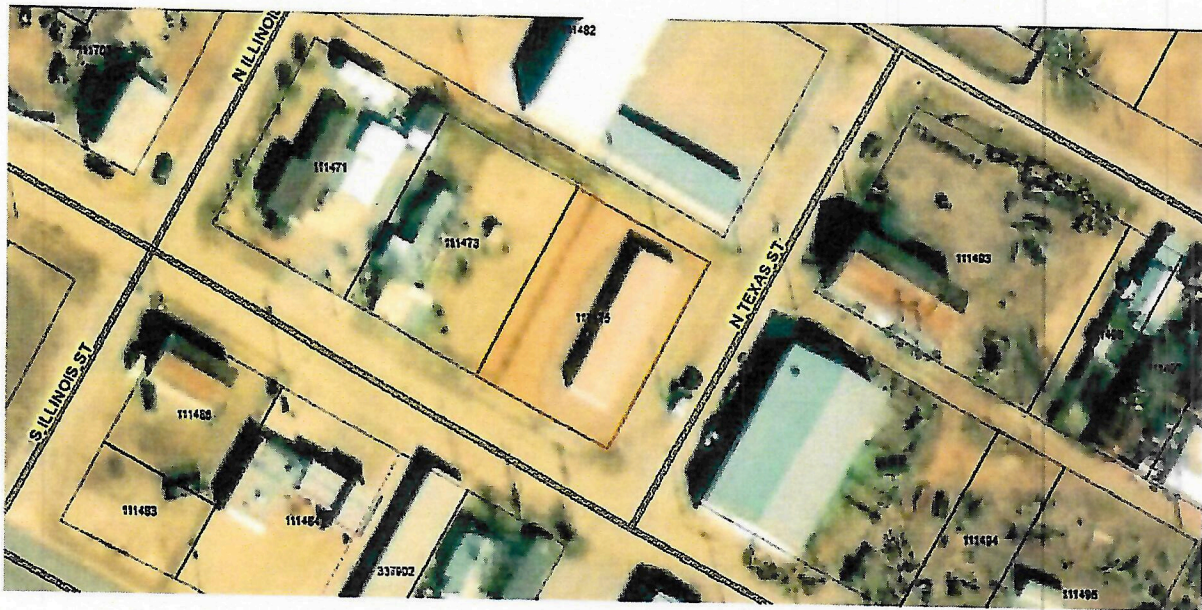
The improved site is located at the Northwest Corner of N Texas Street & E Cleveland Ave

Size

14,000 square feet (per WCAD)

Shape

Rectangular; See Plat Map Below



Digital Plat Map

Dimensions

Approximately 100' x 140' per County Appraisal District.

Frontage

The subject has approximately 100 feet of frontage along the north side of E Cleveland Ave and 140 feet of frontage along the west side of N Texas St.

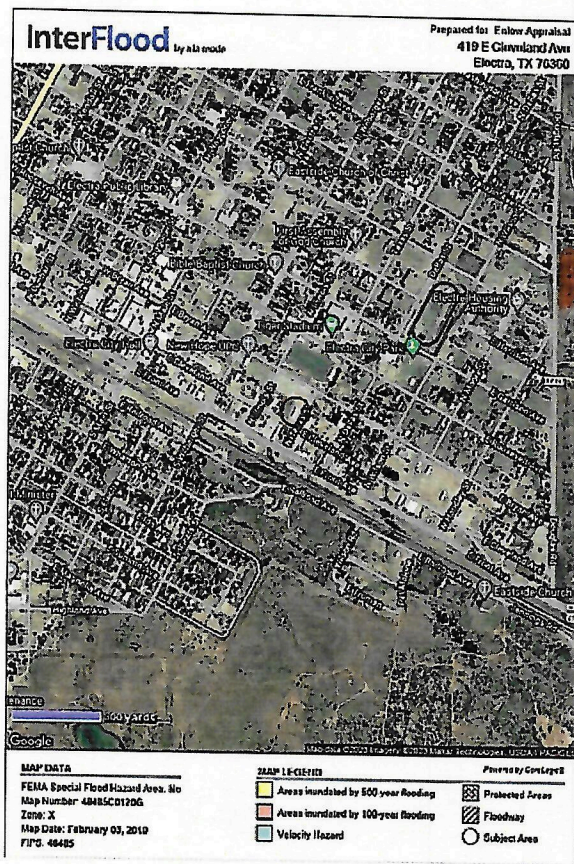
Topography

The subject is generally level.

Flood Hazard

According to FEMA, the subject does not reside in any flood zone. See attached flood map.

Site Description - Continued



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 and there are no water/sewer connections; however, the city of Electra reportedly has adequate supply and the ability to connect to these services. There is water/sewer service in the area with improved properties to the west, east, and south.

Accessibility/Access

The subject is located along E Cleveland Ave and N Texas St. Access is currently only available from two gravel driveways, one on each street. These two roadways are secondary streets (E Cleveland is concrete paved with curb and gutter and N Texas is a two lane asphalt paved road). The subject site is located just one block north of Business 287, the primary east/west traffic artery through the central area of Electra.

Traffic Counts:

None available.

Site Description - Continued

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 3,000 square feet (NRA) of self-storage units in one building with gravel paving. The improvements will be discussed in the Improvements Description to follow.
Surrounding Uses:	North: School District Bus Storage East: Metal Warehouse West: Vacant Land & Mobile Home South: Office (Single Family Structure)
Summary:	The improved subject parcel is located on a secondary street just north of E Front Ave which is the main east/west traffic corridor. The subject site is small in size and has utilities available in the area.

Zoning

The subject parcel is located within the city limits of Electra. The town does not have a zoning ordinance, and thus the subject is not subject to zoning restrictions. The appraiser has no knowledge of deed restrictions, and this is a legal matter that should be investigated in conjunction with title research. It is specifically assumed that there are no deed restrictions.

Improvements Description

Bldg No.	Floor	GBA(SF)	Use and Type (specify)	% of Total	Remaining Econ. Life:	40+~
1	1	3,026	Metal Storage Units	100%	Type of Construction:	Metal, metal roof, steel frame
					Source of Area:	Appraiser's measurements
					Inspection(s) made:	<input checked="" type="checkbox"/> Interior of 4 vacant units <input checked="" type="checkbox"/> Exterior
	Total	3,026	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						
Frame	Metal	Appeal/Appearance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Floor Cover	Concrete	Floor Plan/Design	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ceiling	Open to metal roof panels.	Construction Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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	2008; 10 year eff. Age	Interior Inspection was made: See above					
Remaining Econ. Life	40	Exterior Inspection was made: See above					

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

Improvement Description – Cont.

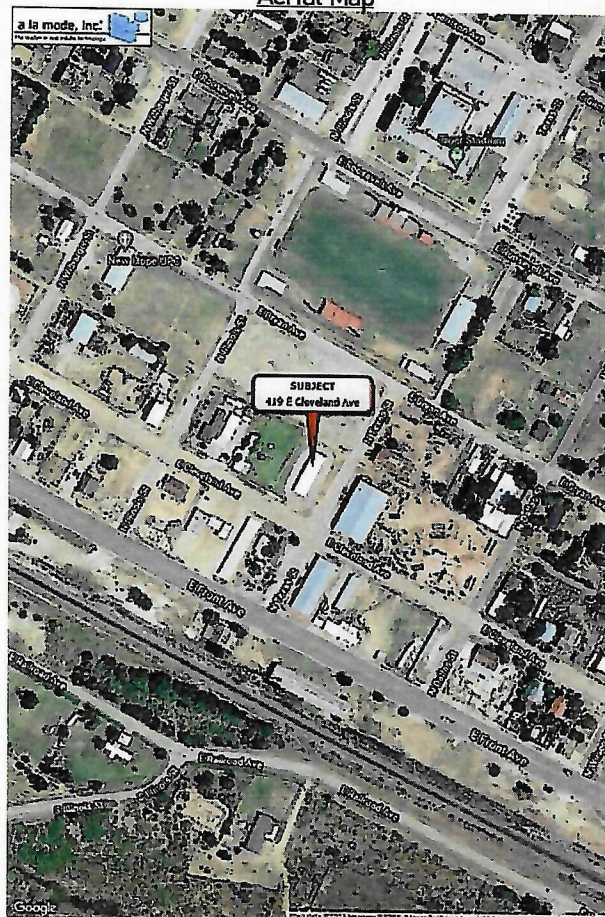
units. The overall quality and condition are considered average. There is no significant estimated deferred maintenance. The gravel paving is in average condition.

Following is the unit mix as provided by the owner:

Subject Unit Mix				
Unit Type	# Units		Area (SF)	Gross Rentable SF
5 10	6		50	300
10 10	4		100	400
10 15	10		150	1,500
10 20	4		200	800
	24		125	3,000

The NRA of 3,000 square feet is slightly smaller than the GBA of 3,026 square feet, and the minor difference is related to the GBA being based on the actual building exterior dimensions with the NRA being based on the dimensions of the individual units (as reported by the owner). 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 4.67:1.

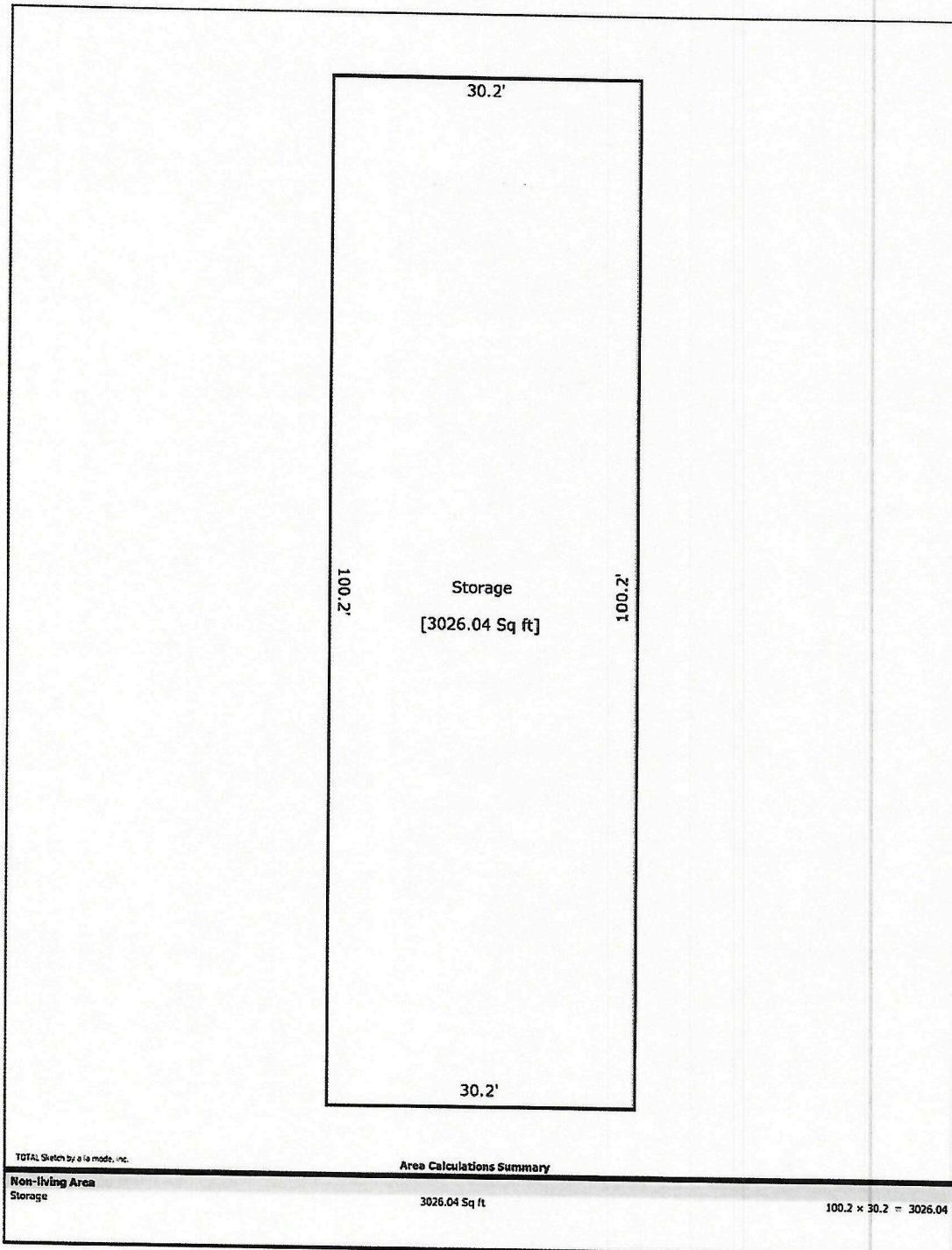
Aerial Map



Improvement Description - Cont.

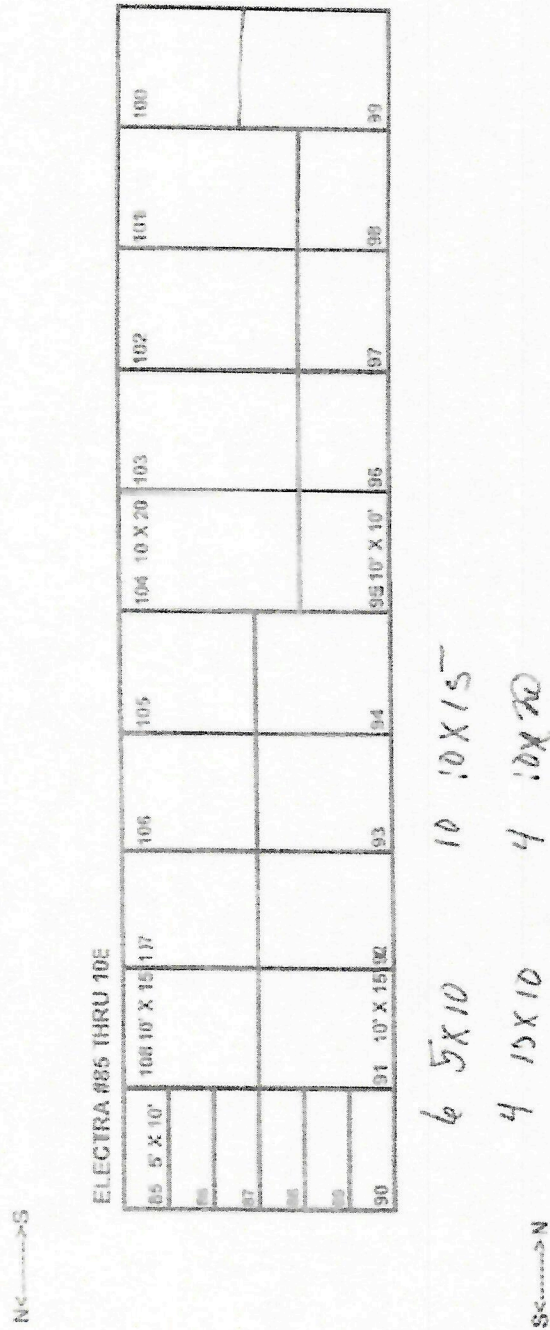
See attached appraiser sketch that was completed on the day of the site visit.

Building Sketch



Improvement Description - Cont.

Owner's Floorplan Layout



24 Unit Electra

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 \$5,059 or 43% 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 at the high end of the range in light of this data. The subject's real estate tax liability is higher than most properties given the higher total tax rate in the Electra area.

Reconstructed Operating Statement

		\$/SF
Gross Potential Rental Income	\$12,960	\$4.32
Plus: Other Income	\$0	\$0.00
Gross Potential Income	\$12,960	\$4.32
Vacancy/Collection Loss (10%)	(\$1,296)	10.00%
Effective Gross Income	\$11,664	\$3.89
Operating Expenses		
Real Estate Taxes	\$1,776	\$0.59
Insurance	\$1,050	\$0.35
Management 5%	\$583	\$0.19
Repairs/Maintenance	\$1,200	\$0.40
Structural Reserves	\$450	\$0.15
Total Expenses	\$5,059	\$1.69
Net Operating Income	\$6,605	\$2.20
Overall Rate	9.0%	
Indicated Value	\$73,387	
Rounded	\$74,000	

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.

<i>Approach</i>	<i>"As Is" 02/28/2023</i>
<i>Sales Approach:</i>	\$87,000
<i>Income Approach:</i>	\$74,000
<i>FINAL VALUE CONCLUSION:</i>	\$80,000

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 considerably less than the Sales Approach. The lower value estimate from the Income Approach is largely related to the greater real estate tax burden with the more aggressive Appraisal District assessment coupled with the higher tax rate in Electra with the additional Electra Hospital District. With equal emphasis to each approach, a final opinion of value has been estimated in the mid-range of the two approaches, or \$80,000.

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 Self-Storage Unit Property as of February 28, 2023, is:

EIGHTY THOUSAND DOLLARS

(\$80,000)*

* Subject to Extraordinary Assumptions in Transmittal Letter