



Real Estate Appraisal – Consultation

707 BLUFF STREET, SUITE 100, WICHITA FALLS, TEXAS 76301 – (940) 322-9925 – www.enlowappraisal.com

File 23-33H

RE Appraisal of Baize Self Storage, an Existing 48 Unit Self Storage Facility Located at 1201 E Main St
Knox City, Knox County, TX 79529.

Dear Mr. Baize and Mr. Bird:

In accordance with your request, we have personally inspected and appraised the above-referenced property. The purpose of the appraisal is to estimate an opinion of value on an "as is" basis of the fee simple interest in the subject property. The "as is" opinion of value is as of February 28, 2023, the date of the site visit.

This letter is accompanied by an appraisal report describing the approaches to value and the conclusions derived from the approaches to value. The appraisal report has been prepared in conformity with and is subject to the requirements of the 2020-2021 Uniform *Standards of Professional Appraisal Practice (USPAP)* adopted by the Appraisal Standards Board of the APPRAISAL FOUNDATION, and FIRREA guidelines. This is the most recent edition available as a 2022-2023 Edition was not issued. Our opinion of value is subject to the Assumptions and Limiting Conditions stated in the body of the report.

The appraisal is also subject to the following 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) A survey dated 02/02/2007, completed by Russell Rivers RPLS, was provided. It does not show any improvements on the subject site. 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.

Mr. Van Baize & Mr. Kyle Van Cleve
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We estimate the marketing and exposure times to be approximately one to six months based on the exposure periods reported for the comparable sales. 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 subject property as of February 28, 2023, is:

ONE HUNDRED EIGHTY THOUSAND DOLLARS

(\$180,000)

Thank you for the opportunity to be of service, and we trust you will advise us if we can be of further assistance.

Respectfully submitted,



A handwritten signature in cursive script, appearing to read 'Wm J Enlow'.

William J. Enlow, MAI
State Certified
Certificate No. TX-1320484-G

A handwritten signature in cursive script, appearing to read 'Brady Enlow'.

Brady Enlow
State Certified
Certificate No. TX-1360614-R

Summary of Facts and Conclusions

Property Type:	An Existing 48 Unit Self Storage Facility
Address:	1201 E Main St, Knox City, Knox County, TX 79529
Location:	Southeast Corner of E Main Street and S Ave K
Date of Site Visit:	February 28, 2023
Date of Appraisal:	February 28, 2023
Date of Report:	April 21, 2023
Zoning:	None
Site Area:	45,000 SF Total (Survey); 21,000 SF Primary Site; 24,000 SF Considered Surplus Land
Building Area:	6,000 SF Rentable Area
Number of Units:	48
Average Unit Size:	125 SF
Land to Building Ratio:	7.50:1; or 3.50:1 considering surplus land separately
Year Built:	2007 (per Owner)
Current Occupancy	98%
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 Estimated Values:	

<i>Approach</i>	<i>"As Is" 02/28/2023</i>
<i>Sales Approach:</i>	\$180,000
<i>Income Approach:</i>	\$182,000
<i>FINAL VALUE CONCLUSION:</i>	\$180,000

Neighborhood Analysis

Neighborhood Map



Legal Description

Per the survey completed by Russell L. Rivers, RPLS dated 02/02/2007, the following is the legal description for the subject: All of the West Half of Block 15, Bettie G. Davis Addition, to the Town of Knox City, Knox County, Texas. The County Appraisal District reports the following: Block 15, Lots 3-16, Davis, Knox City, E Main. No metes and bounds legal description was provided.

Site Description

General Description

The subject site is located at the Southeast Corner of E Main Street and S Ave K.

Size

45,000 square feet or 1.033 Acres (per Dimensions on Survey)

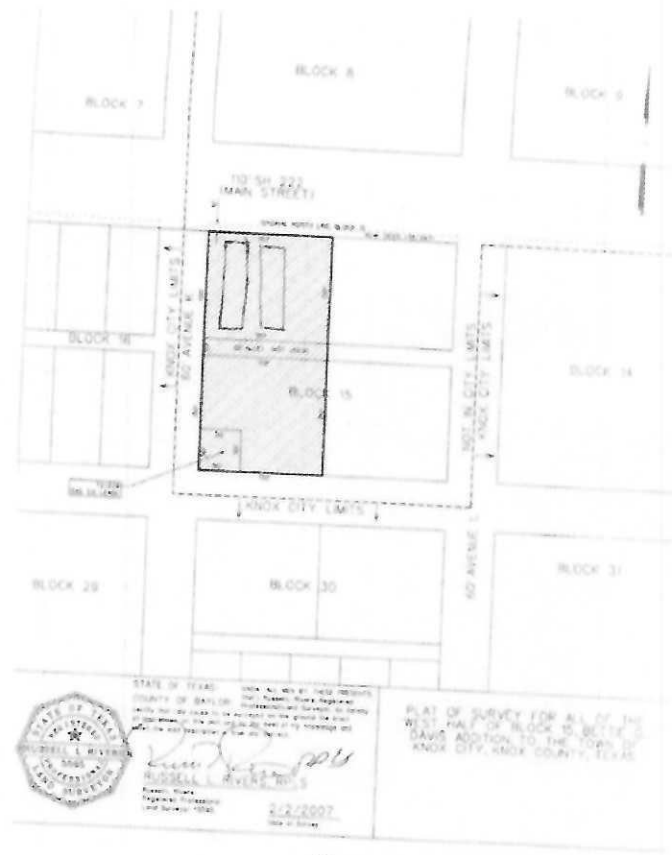
Shape

Rectangular; See Survey Attached. The Knox CAD plat incorrectly includes the lot to the east on their red outlined plat below.



Plat Map

Site Description - Continued



Survey

Dimensions

Approximately 150' x 300' per County Appraisal District and Survey.

Frontage

The subject has approximately 150 feet of frontage along the south side of E Main Street. There is 300 feet of frontage on the east side of S Avenue K and 150 feet of frontage along the north side of SE 2nd Street.

Topography

The subject is generally level with a slight downward slope to the west.

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. While there are no water/sewer connections, the town of Knox City reported that there is water/sewer service to the property.

Site Description - Continued

Accessibility/Access	The subject is located along the south side of E Main St (Highway 222), a two lane asphalt paved road which serves as a major traffic artery in the area. It also has access from S Avenue K and SE 2 nd Street, both of which are two-lane asphalt paved roads.
Easements	A title insurance policy was not provided. The survey provided did not denote any easements, other than a large 50' x 50' gas company lease noted at the southwest corner of the total tract. This negatively impacts the usability of this particular section of the site. 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 of self-storage units in two buildings with gravel paving. The improvements will be discussed in the Improvements Description to follow.
Surrounding Uses:	North: Single Family House; Commercial Retail Space East: Vacant Land West: Single Family Houses South: Single Family Houses
Surplus Land:	Only the northern half of the subject site has been improved with storage units. The southern section of the site could be developed with another self-storage building. Given that the land is to the rear of the improvements and is effectively the rear of the subject lots, it has been considered surplus land that would allow for expansion. It has not been considered excess land, or land that could be marketed separately (given extremely limited demand for vacant land in the area; particularly a parcel with no major road frontage). Thus, approximately 160' x 150', or 24,000 square feet is considered surplus land. This area is however impacted by the 50' x 50' gas company lease situated at the southwest corner of this part of the site.
Summary	The subject is located along the primary east/west traffic corridor in Knox City. The subject site is small in size and has utilities available.

Zoning

The subject property is located just outside the city limits of Knox City, thus the subject is not subject to zoning restrictions. Further, the town does not have a zoning ordinance. 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:	35+-
1	1	3000	Metal Storage Units	50%	Type of Construction:	Metal, metal roof, steel frame
2	1	3000	Metal Storage Units	50%	Source of Area:	Appraiser's measurements
					Inspection(s) made:	<input checked="" type="checkbox"/> Interior of 1 vacant unit (#31) <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						
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	2007 (per owner); 15 year eff. age	Interior Inspection was made: See above	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Remaining Econ. Life	35	Exterior Inspection was made: See above	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				

Improvement Description - Cont.

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 estimated deferred maintenance. The gravel paving is in average condition.

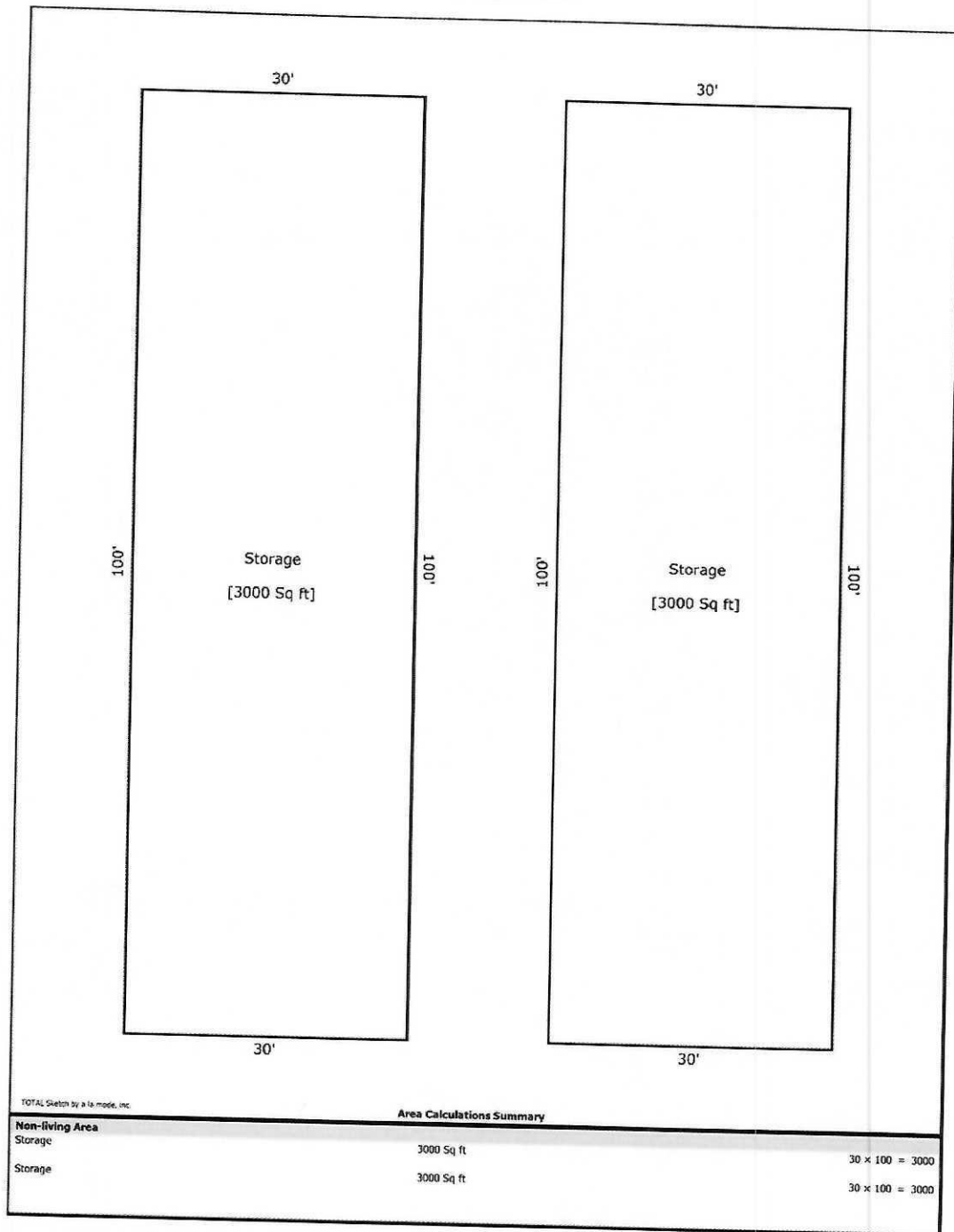
Following is the unit mix as provided by the owner:

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

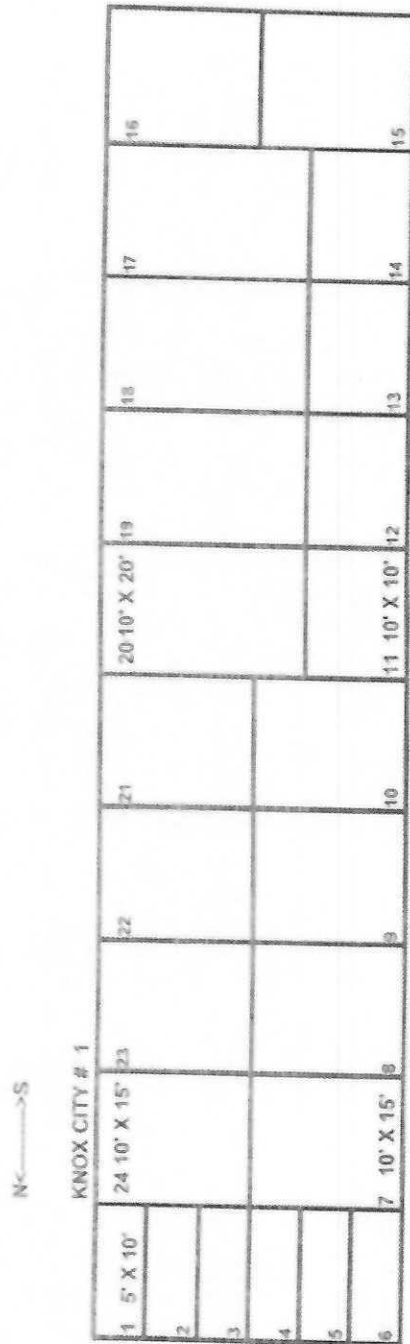
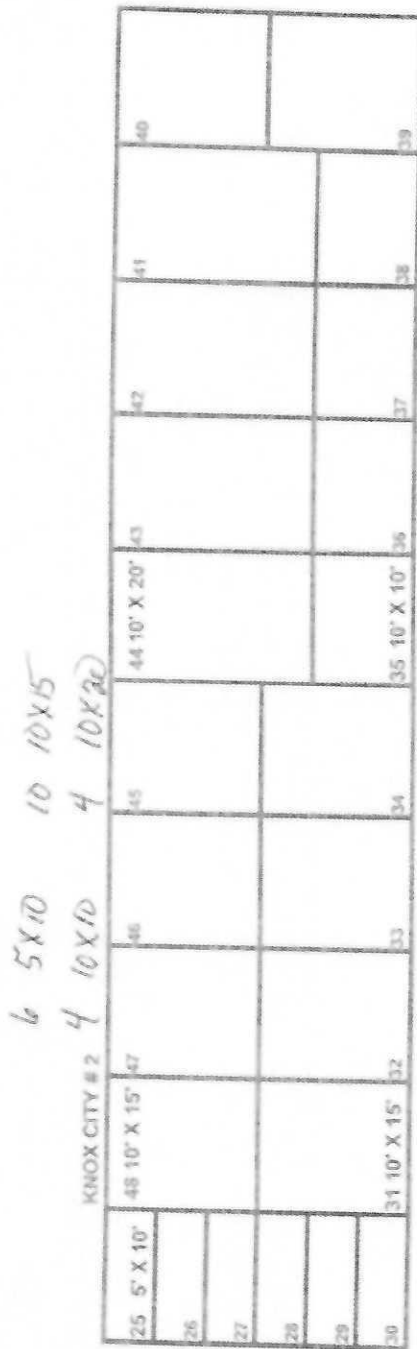
The NRA of 6,000 square feet is the same as the GBA of 6,000 square feet. The average unit size is 125 square feet. The subject is functionally adequate as a small self-storage facility. There is no perimeter fence, but this is typical in smaller market areas. The subject has a land to building ratio of 7.50:1 or 3.50:1 considering surplus land separately.

Improvement Description - Cont.

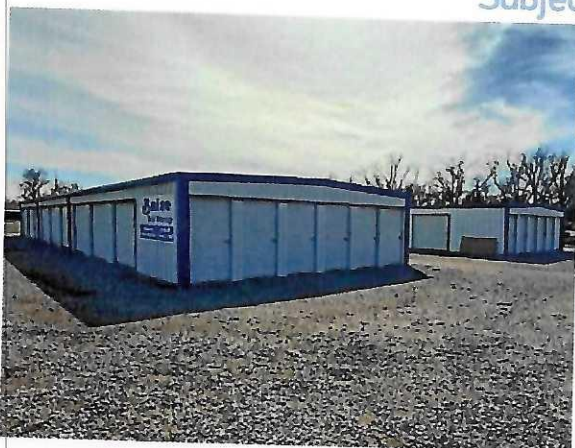
Building Sketch



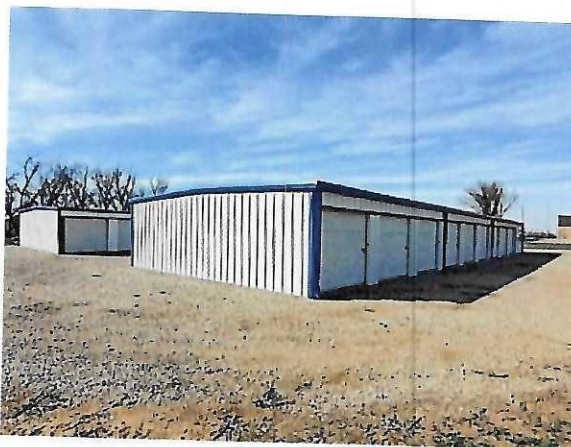
Owner's Floorplan Layout



Subject Photos



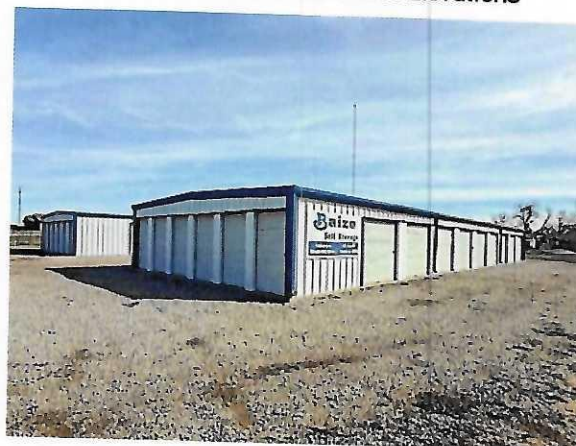
Southwest at North and East Elevations



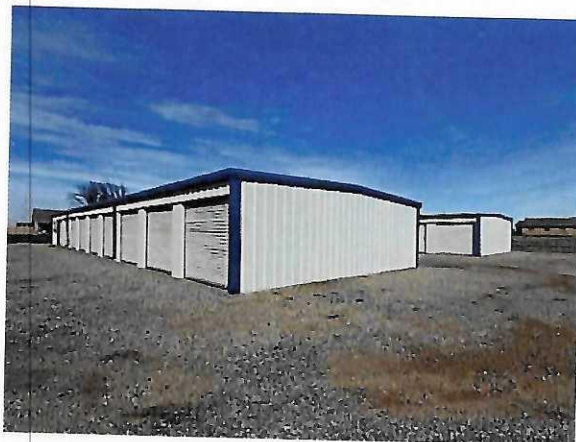
Northwest at East and South Elevations



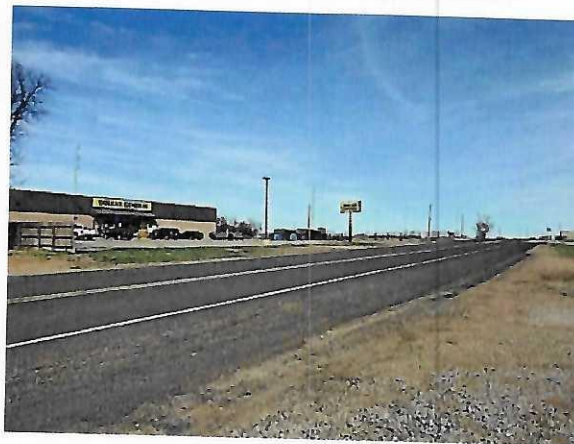
West Along E Main Street, Subject to Left



Southeast at West and North Elevations



Northeast at West and South Elevations



East Along E Main Street, Subject to Right

Improvement Description - Cont.



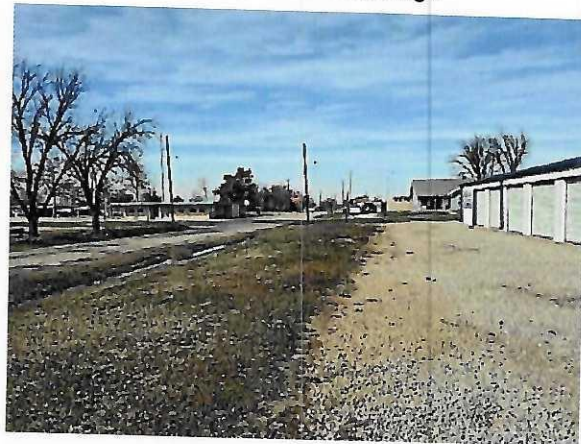
North Between Buildings



South Between Buildings



Surplus Land



North Along S Avenue K



Interior of Vacant Unit



Surplus Land

Improvement Description – Cont.



Gas Company Easement



Surplus Land



West Along SE 2nd Street

Highest and Best Use

Definition

The highest and best use of a property is defined, as follows:

*"The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legally permissible, physical possibility, financial feasibility, and maximum productivity."*²

To test for the highest and best use for land as vacant, all logical and feasible alternatives must be analyzed. All alternative uses must meet four criteria. The criteria are as follows:

- (1) The physical use of the site - what potential uses of the site are physically possible.
- (2) The legal use of the site - what uses of the site are permitted under applicable zoning ordinances and other legal restrictions.
- (3) The feasible use of the site - what possible and legally permissible use of the site will produce a positive return.
- (4) The maximum productive use of the site - among the highest financially feasible uses, the use that provides the highest rate of return, or value (given a constant rate of return), is the highest and best use.

The highest and best use analysis is basically an economic study of market forces that is focused on the subject property. It is the basic foundation for analyzing feasibility. The highest and best use is the basis for all valuation assignments as all of the preliminary analysis of the regional conditions, neighborhood area, site characteristics, zoning, etc. lead to the highest and best use of the property, after which the highest and best use determination becomes the basis on which the property is valued by the approaches to value.

The highest and best use is considered on the property as vacant, which assumes the parcel is vacant or can be made vacant by demolishing the existing improvements. The highest and best use as vacant forms the basis for the Cost Approach. Also, the highest and best use of the property, as improved, must be considered. The highest and best use, as improved, may be for continued maintenance, renovation, expansion, or partial or total demolition. The primary aspect is to determine the use that maximizes the income to the property. The highest and best use, as improved serves as a basis for selecting comparable properties and determines what methods to consider in valuing the property, as improved.

As discussed in the Description of the Appraised Property, the subject property is improved, and thus both the "as vacant" and "as improved" analyses apply.

²The Dictionary of Real Estate Appraisal, Seventh Edition, Page 88, Appraisal Institute, Chicago, 2022.

Highest and Best Use of the Site as Vacant

Physically Possible

The first item to be considered is what uses are physically possible. The subject parcel contains 45,000 square feet. All necessary utilities are reportedly available in adequate supply. There are no known other detrimental easements. The subject is does not appear to be located in a flood hazard zone. The surrounding uses include commercial uses, vacant land, and single-family houses. Overall, the physical characteristics of the site are suited for typical uses.

Legally Permissible

The second item to be considered is what uses are legally permissible. This test evaluates limitations on use of the land imposed by zoning ordinances or other governmental regulations and restrictions. Legal constraints may be public or private. The property is located near a municipality that does not impose zoning restrictions. This is typical for smaller towns in rural areas. The appraiser has no knowledge of any deed restrictions.

Financially Feasible/Maximally Productive

The third and fourth elements in the analysis of highest and best use are what uses are financially feasible and maximally productive. There is extremely limited demand for new development in the area with many of the commercial buildings along the primary traffic corridors being vacant due to a declining population base and very limited demand for commercial or industrial uses. There is also limited demand for residential uses with virtually no new construction in the area. As vacant, the highest and best use is for holding for possible future development or assemblage with an adjoining parcel given the relatively small size of the parcel.

Highest and Best Use as Improved

The preceding analysis is for the site only, as if vacant. This section treats the highest and best use of the property considering the proposed improvements. The sole criteria for determining the highest and best use of the subject property as improved is:

"Do the existing improvements contribute value to the land in a sufficient amount to warrant its continued use?"

In the analysis to follow, the property market value as improved is much greater than the land value would be as vacant. The value as improved far exceeds the value of the site as vacant which is very negligible. The self-storage facility is functional and is reasonably maintained and operates at a stabilized level.

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"</i> <i>02/28/2023</i>
<i>Sales Approach:</i>	\$180,000
<i>Income Approach:</i>	\$182,000
<i>FINAL VALUE CONCLUSION:</i>	\$180,000

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 greater than the Sales Approach. With equal emphasis to each approach, a more rounded final opinion of value has been estimated at \$180,000.

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

ONE HUNDRED EIGHTY THOUSAND DOLLARS
(\$180,000)

* Subject to Extraordinary Assumptions in Transmittal Letter