

APPRAISAL REPORT

OF

**Edwin B. Hibbs Family Trust
Gift of Properties to Hillsdale College
Bowman and Williams League, Abstract Number 9
Matagorda County, Texas**

PREPARED FOR

**Mr. John Cervini
Vice President for Institutional Advancement
Hillsdale College
33 East College Street
Hillsdale, MI 49242**

FILE NO. 2017-055

DATE OF VALUE: October 17, 2017

DATE OF REPORT: October 26, 2017

BY

**HUDGINS-GROOVER
APPRAISAL & CONSULTING
P. O. BOX 1157
WHARTON, TEXAS 77488-1157
(979) 532-0007**

HUDGINS-GROOVER APPRAISAL & CONSULTING

www.hudginsgroover.com

P. O. Box 1157
Wharton, TX 77488
Office: (979) 532-0007
Fax: (979) 532-0165
hudgins@hudginsgroover.com

October 26, 2017

Mr. John Cervini
Vice President for Institutional Advancement
Hillsdale College
33 East College Street
Hillsdale, MI 49242

RE: Edwin B. Hibbs Family Trust
Gift of Properties to Hillsdale College
Bowman and Williams League, Abstract Number 9
Matagorda County, Texas

Dear Mr. Cervini:

In accordance with your request, we have made an appraisal of the above referenced properties.

This letter is accompanied by an **Appraisal Report** which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP) for an Appraisal Report. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's workfile. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

The indicated value of each parcel was then summed to indicate a total value of all the properties of John Cervini, Vice President; Hillsdale College. After completing an analysis of the property, it is our opinion that the subject properties, as-is, had a fair market value as of October 17, 2017 of:

TRACT	ACREAGE	FAIR MARKET VALUE
1	63.505	\$450,000
2	13.867	\$24,000
TOTALS	77.372	\$474,000

The estimated marketing time (i.e., the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) for each tract is listed on the "Property Description" page for each individual tract.

There were no extraordinary assumptions or hypothetical conditions considered in the appraisal of the subject property.

This appraisal has been completed in accordance with my best interpretation of the Uniform Standards of Professional Appraisal Practice as approved by the Appraisal Standards Board of the Appraisal Foundation and our

«Sex» «Firstname» «Lastname»«Desig»

«reportdate»

Appraisal Report -- Page 2

analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the applicable Internal Revenue Service Valuation Guidelines.

This letter is to transmit the attached report which reflects our reasoning for the value conclusions reached. Please call if we may be of further assistance to you in this matter.

HUDGINS-GROOVER APPRAISAL & CONSULTING

A blue ink handwritten signature of Richard T. Hudgins, consisting of a large, stylized 'R' followed by a horizontal line.

Richard T. Hudgins, MAI
State Certified General Appraiser
TX-1320672-G

A blue ink handwritten signature of Jason Pace, written in a cursive style.

Jason Pace
Appraiser Trainee
TX-1341141 - Trainee

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APPRAISER QUALIFICATIONS

Richard T. Hudgins, MAI
HUDGINS-GROOVER
APPRAISAL & CONSULTING
P. O. Box 1157
Wharton, Texas 77488-1157
Office: (979) 532-0007 Fax: (979) 532-0165
hudgins@hudginsgroover.com
www.hudginsgroover.com

APPRAISER'S QUALIFICATIONS

Appraiser Certification

State Certified General Real Estate Appraiser (Texas) -
Certificate No. TX-1320672-G Expires: May 31, 2019

Real Estate Broker License

Real Estate Broker License (Texas) -
License No. 0184374 Expires: May 31, 2019
License No. 60655856 Expires: May 31, 2019

Professional Memberships

Member - Appraisal Institute - **MAI Designation**
- **SRPA Designation**

Education

Texas A&M University

Bachelor of Science Degree, Agricultural Economics

American Institute of Real Estate Appraisers

Course 1A-1, Principles of Real Estate Appraisal
Course 1A-2, Basic Valuation Procedures
Course 1B-A, Capitalization Theory & Techniques, Part A
Course 1B-B, Capitalization Theory & Techniques, Part B
Course 2-1, Case Studies in Real Estate Valuation
Course 2-2, Valuation Analysis and Report Writing
Course 2-3, Standards of Professional Practice
Course 4, Litigation Valuation (Easement Valuation)

Society of Real Estate Appraisers

Course 101, Introduction to Appraising Real Property
Course 102, Applied Residential Property Valuation
Course 201, Principles of Income Property Appraising
Course 202, Applied Income Property Valuation
Narrative Report Writing Seminar
Standards of Professional Practice

International Right-of-Way Association

Easement Valuation
Expert Witness Skills

Appraisal Institute

Standards of Professional Practice
Rural Land Appraisal
Appraisals for Litigation

National Association of Master Appraisers

Course 1, Principles of Real Estate Appraisal
Course 2, Real Estate Appraisal Practices
Course 3, Farm and Land Appraisal

Experience

Real Estate experience (1973 ó Current)
Broker -- Hudgins-Groover Properties
Former Broker Associate - ERA Quinn Properties
Former Broker Associate - Century 21 Nasso Properties
Former Salesman Associate - Hugh Pitts & Associates
Former Instructor of Fundamentals of Real Estate Appraisal;
Wharton County Junior College (WCJC)
Former Owner/Manager; Briar Grove Village Apartments
Officer/Director; Hudgins-Groover Development, Inc.
Director/Manager; Hudgro, Inc.
Hudgins Goose Hunting, partner with Arthur B Hudgins (1970 ó 1988)

Property Types Appraised

Office/Warehouse	Subdivisions
Farm & Ranch	Office Buildings
Grain Dryers/Elevators	Single Family Residential
Right of Ways (Easements)	Retail Centers
Undivided (Partial) Interests	Medical Clinics
Vacant Commercial Sites	Hospitals
Veterinary Clinics	Marinas
Churches	Convenience Store/Service Stations

Appraisal Assignments Completed in the Texas Counties of:

Anderson, Aransas, Austin, Bastrop, Bee, Bexar, Blanco, Brazoria, Brazos, Brewster, Brown, Burleson, Caldwell, Calhoun, Chambers, Colorado, Comal, Crockett, DeWitt, Duval, Falls, Fayette, Fort Bend, Freestone, Gaines, Galveston, Gonzales, Hamilton, Harris, Hays, Henderson, Hidalgo, Hockley, Houston, Howard, Jack, Jackson, Jefferson, Karnes, Kenedy, Kleberg, La Salle, Lavaca, Lee, Liberty, Limestone, Live Oak, Matagorda, McMullen, Midland, Milam, Nueces, Pecos, Presidio, Reeves, Rusk, San Jacinto, San Patricio, Starr, Terry, Victoria, Walker, Waller, Washington, Webb, Wharton, Williamson, and Wilson.

Qualified as an Expert Witness

County Court, Wharton County
District Court, Wharton County
Family Law Court, Harris County
District Court, Calhoun County
District Court, Matagorda County
District Court, Jackson County
District Court, Fort Bend County
Federal Bankruptcy Court, Nueces County
IRS Estate Tax Appeal Hearing, Harris County
Special Commissioner (Condemnation) Hearings (Counties of:)
Brazos, Brazoria, Colorado, Gonzales, Fort Bend, Starr, Matagorda, and Wharton
Central Appraisal District (CAD) Hearings (Counties of:)
Fort Bend, Waller, and Wharton

Community Service

Lifetime Vice President, Houston Livestock Show and Rodeo (HLSR) - (2009 - Current)
Board of Directors, Houston Livestock Show and Rodeo (HLSR) - (2000 - Current)
Chairman, Armed Forces Appreciation Committee (HLSR) ó (2010 - 2011)
Co-Chairman, First Responders Appreciation Day Task Force (HLSR) ó Current
Outstanding Committeeman, Armed Forces Appreciation Committee, Ft. Bend Co. Fair (2015)
Co-Chairman, First Responders Appreciation Day ó HLSR (2016)
Outstanding Committeeman, Armed Forces Appreciation Committee, Ft. Bend Co Fair (2015)
Past President, Wharton Rotary Club (2011 ó 2012)
Rotarian of the Year, Wharton Rotary Club (2013)
Paul Harris Fellow, Rotary International (2 time)
Board of Directors, Wharton Rotary Charity, Inc. (Current)

Chairman, Precinct 1025, Republican Party of Ft. Bend County (1996 - 2016)
 Chairman, Lower Basin Advisory Panel, Lower Colorado River Authority (LCRA) (2005 - 2008)
 Vice President, Houston Livestock Show and Rodeo (HLSR) - (2006 - 2008)

- Officer-in-Charge ó Calf Scramble Arena Committee
- Officer-in-Charge ó Calf Scramble Donors Committee
- Officer-in-Charge ó Calf Scramble Greeters Committee
- Officer-in-Charge ó Speakers Committee
- Officer-in-Charge ó Black Heritage Committee
- Officer-in-Charge ó Rodeo Operations Committee
- Officer-in-Charge ó Houston Metro Go Texan Committee
- Officer-in-Charge ó Houston General Go Texan Committee

Acting Chairman, Speakers Committee, HLSR - (Feb. - June 2003)
 Chairman, Speakers Committee, HLSR - (July 1999 ó June 2001)
 Member, National Association of Parliamentarians (Current)
 Member, Sons of the American Revolution, Alexander Hodge Chapter (Current)
 Parliamentarian, Executive Committee, Republican Party of Ft. Bend County (1996 - 2007)
 Secretary, Coon Creek Homesites Homeownerø Association (Former)
 City Councilman, City of Wharton (1982-1986)
 Chairman, Planning Commission, City of Wharton (1986-1988)
 Member, Airport Board, City of Wharton (1980-1982)
 Member, Airport Advisory Board, Houston-Galveston Area Council (1982-1989)
 Chairman, Republican Party of Wharton County (1991-1997)
 SD 18 Committeeman, State Executive Committee, Republican Party of Texas (1994-1995)
 Steering Committee, Wharton Civic Center Project (1988)
 Chairman of Site Selection Committee, Wharton Civic Center Project (1988)
 State Council, Texas FFA Alumni (Former)
 Former President & Current Member, Past State Officers Alumni, Texas FFA Alumni
 Life Member, Wharton County Youth Fair
 Life Member, Houston Livestock Show & Rodeo
 Life Member, FFA Alumni (øFFAö formerly øFuture Farmers of Americaö)
 Deacon, First Baptist Church of Wharton
 Member, Wharton Chamber of Commerce (Current)
 President, Wharton County A&M Club (Former)
 Speaker of the Year, HLSR Speakers Committee (1998)

Personal Licenses or Privileges Held

Private Pilot's License

Single Engine-Land (Cessna 182 and 172 Aircraft)
 Instrument Rated

Advanced Open Water Diver, PADI

Jason Pace
HUDGINS-GROOVER
APPRAISAL & CONSULTING
P. O. Box 1157
Wharton, Texas 77488-1157
Office: (979) 532-0007 Fax: (979) 532-0165
pace@hudginsgroover.com
www.hudginsgroover.com

APPRAISER'S QUALIFICATIONS

Appraiser Certification

Appraiser Trainee (Texas) –
Authorization No. TX-1341141-Trainee
Expires 06/30/2018

Education

Texas A&M University
Master of Science Degree, Agricultural Economics
Bachelor of Arts Degree, Political Science

Allied Business Schools
Real Estate Appraisal Principles
Real Estate Appraisal Practices
National Uniform Standards of Professional Appraisal Practice (USPAP)
Texas Supervisor-Trainee Course

Experience

Staff Appraiser ó Hudgins-Groover Real Estate (2016 ó present)
Appraisal Associate ó Hudgins-Groover Real Estate (2016)
VALIC ó Investment Advisor/Broker-Dealer Representative (2015 ó 2016)
Farm Management Consulting ó Independent Practice (2014 ó 2015)
Oklahoma Cooperative Extension Service ó Area Economist (2013 ó 2015)
AgriLogic Risk Management Services ó Loss Adjuster (2012)
Texas A&M University ó Research Assistant (2011 ó 2012)
Texas A&M University ó Financial Aid Advisor (2008 ó 2009)
South Plains College ó Financial Aid Advisor (2006 ó 2008)

Property Types Appraised

Farm & Ranch
Industrial
Office
Residential
Retail
School Buildings
Vacant Commercial Sites

Appraisal Assignments Completed in the Texas Counties of:

Bexar, Brazos, Colorado, Crockett, DeWitt, Fayette, Fort Bend, Gaines, Gonzales, Hockley, Howard, Jackson, Lavaca, Matagorda, Midland, Pecos, Presidio, Reeves, Terry, Travis, Victoria, and Wharton

Professional Licenses and Designations

Appraiser Trainee ó Texas Appraiser Licensing and Certification Board
General Securities Representative (Series 7) ó Financial Industry Regulatory Authority
Investment Advisor Representative (Series 66) ó Oklahoma Department of Securities
Life Insurance Producer (Oklahoma) ó Oklahoma Insurance Department

Presentations and Publications

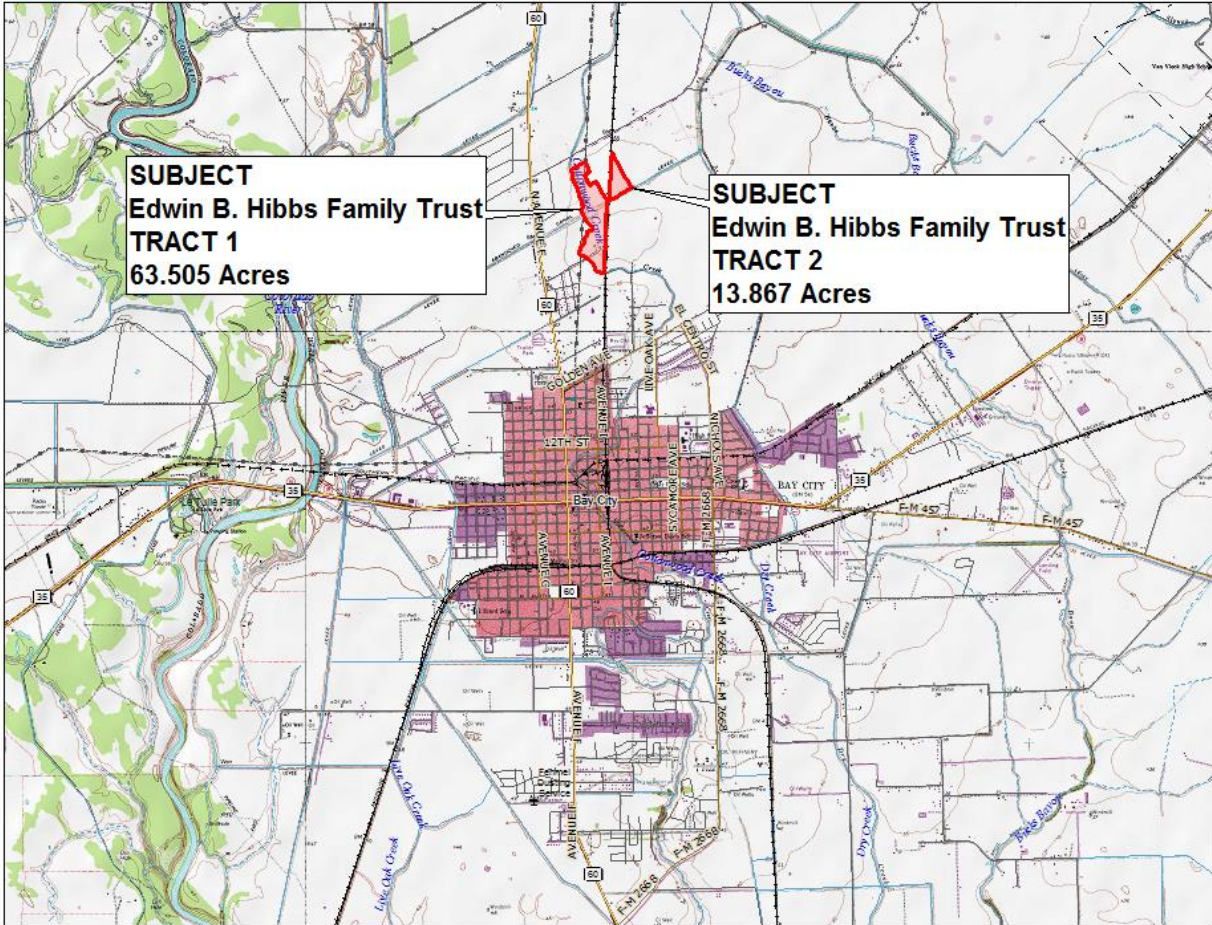
- Speaker, "2015 Grain Market Situation and Outlook." Red River Crops Conference. Childress, TX. 2015.
- Author, "China Still Big Factor in Cotton Market." Southwest Farm Press. Volume 32, Issue 2. 2015.
- Instructor/Developer, "Master Manager of Oklahoma" Educational Seminar Series. 2015.
- Speaker, "Overview of the Stacked Income Protection Plan (STAX) for Upland Cotton." 2015.
- Author, "Advantages of Tax-Deferred Retirement Plans for Small Businesses." 2015.
- Speaker/Instructor, 2014 Farm Bill Education and Decision Aid Workshop Series. 2014 ó 2015.
- Speaker, "Rebuilding the Herd: What Can I Afford to Pay for Females?" Texas-Oklahoma Cattle Trails Cow-Calf Conference. Wichita Falls, TX. 2014.
- Author, "2014 Cotton Market Outlook." Southwest Farm Press. Volume 31, Issue 2. 2014.
- Author, "Overview of Livestock Risk Protection (LRP) Insurance." Southwest Ag Newsletter. 2014.
- Author, "Crop Insurance 101." Southwest Ag Newsletter. 2014.
- Author, "Factors Influencing Cotton Producers' Choice of Marketing Outlet." Oklahoma Cooperative Extension Service Bulletin, Publication E-1036. 2013.
- Speaker, "Retained Ownership of Weaned Calves." Cleveland County Cattleman's Association Winter Banquet. Norman, OK. 2013.
- Speaker, 2014 Wheat-Stocker Cattle Systems Budgeting Seminar Series. 2014.
- Speaker, "Net Returns to Value-added Preconditioning Programs." Oklahoma Quality Beef Network Workshop. Elk City, OK. 2013.
- Speaker, "Net Returns to Incorporating Canola into Winter Wheat System." Oklahoma Winter Canola Conference. Altus, OK. 2013.
- Author, "The (Alleged) Financialization of Agricultural Commodities." Southwest Ag Newsletter, Oklahoma Cooperative Extension Service. 2013.
- Speaker, "Factors Influencing Cotton Producers' Choice of Marketing Outlet." Beltwide Cotton Conferences, San Antonio, TX. 2013.
- Author, "Marketing Choices by Texas Cotton Growers." NCCC-134 Conference on Applied Commodity Price Analysis, Forecasting and Market Risk Management Proceedings, St. Louis, MO. 2012.
- Speaker, "The Shipping and Handling of Cotton in Short Ton Units." Beltwide Cotton Conferences Poster Session, Orlando, FL. 2012.

REPORT SUMMARY AND CERTIFICATION

Property Location Map

DeLORME

Topo North America™ 10



Data use subject to license.
© DeLorme. Topo North America™ 10.
www.delorme.com

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Area Data

Matagorda County is in the Coastal Prairie region of Texas, bounded on the north by Wharton County, on the east by Brazoria County and the Gulf of Mexico, on the west by Calhoun and Jackson counties, and on the south by the Gulf of Mexico and Tres Palacios, Matagorda, and East Matagorda bays. The center of the county lies at 28°54' north latitude and 95°59' west longitude; Bay City, the county's seat of government and largest city, is four miles north of the center of the county at the convergence of State highways 35 and 60, fifty air miles southwest of Houston. Matagorda County is the 65th largest of the 254 counties in Texas with an estimated population of 36,133 in 1991. The county had a 1995 estimated population of 38,297. Matagorda County is a rural county and consists of 1,157 square miles with a 2000 population density of 32.80 residents per square mile. As of the 2010 census, the population was 36,702. Crossed by the once highly flood-prone Colorado River, which bisects it from north to south, the county extends across 1,612 square miles of mostly open prairie. With the exception of a slight undulation in the north, most of the county is level, with elevations ranging from sea level to seventy feet. Part of Matagorda Peninsula, a narrow barrier island formed less than 5,000 years ago, runs northeast and southwest for sixty-five miles from the mouth of Caney Creek in the eastern part of the county to Pass Cavallo on the west. The peninsula protects Matagorda Bay and is cut in half by the Colorado River channel twenty-four miles from the pass. Temperatures in the county vary from an average low of 44° F in January to an average high of 92° F in July. The growing season averages 295 days per year.

Source: The Handbook of Texas Online <<http://www.tsha.utexas.edu/handbook/online>> and Wikipedia.Com <http://en.wikipedia.org/wiki/Matagorda_County,_Texas>

City Data

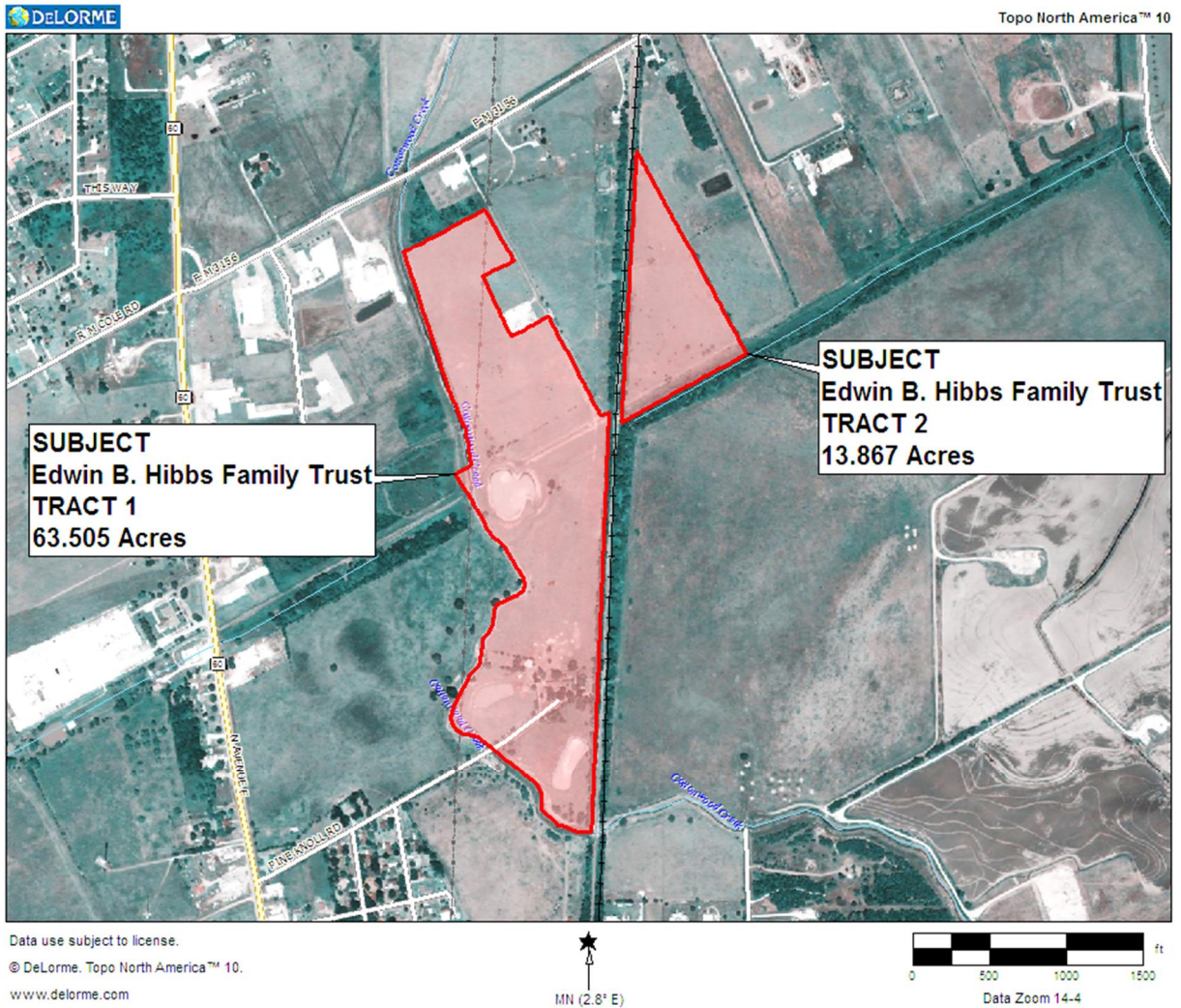
Bay City, the County Seat of Matagorda County, lies on State Highway 35 at State Highway 60. Matagorda County is a rural county and consists of 1,157 square miles with a 1990 population density of 31.2 residents per square mile. Bay City serves as the county seat for Matagorda County and with a population of 17,614 at the 2010 census. Bay City lies on State Highway 35 at State Highway 60 and is about 22 miles from the Gulf of Mexico. Recent economic news for the Bay City area includes a possible expansion of the South Texas Nuclear Project located nearby and the possible construction of a clean-coal fired power plant outside of town.

Source: The Handbook of Texas Online <http://www.tsha.utexas.edu/handbook/online>; https://en.wikipedia.org/wiki/Bay_City,_Texas

Report Summary

TRACT	ACREAGE	FAIR MARKET VALUE
1	63.505	\$450,000
2	13.867	\$24,000
TOTALS	77.372	\$474,000

Aerial View – Subject Properties



Certification

We certify that, to the best of our knowledge and belief, ...

1. the statements of fact contained in this report are true and correct.
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
4. we have no bias with respect to the property that is the subject of this report or to the parties involved.
5. 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.
6. our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Standards Board of the Appraisal Foundation, and the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, and with the applicable Internal Revenue Service Valuation Guidelines.
8. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. Richard T. Hudgins, MAI, made a personal inspection of the property that is the subject of this report. Jason Pace did not make a personal inspection of the property that is the subject of this report.
10. As of the date of this report, I, Richard T. Hudgins, MAI, have completed the requirements of the continuing education program for Designated members of the Appraisal Institute.
11. Richard T. Hudgins, MAI, is certified by the Texas Appraiser Licensing and Certification Board as a State Certified General Real Estate Appraiser, Certificate Number: TX-1320672-G.
12. Jason Pace is authorized by the Texas Appraiser Licensing and Certification Board as an Appraiser Trainee, Authorization Number: TX-1341141 - Trainee.
13. no one else provided significant real property appraisal assistance to the person signing this certification.
14. we previously completed an appraisal of the property that is the subject of this report on May 10, 2016, with a date of value of March 24, 2016. No other appraisal or real estate services have been provided concerning these properties during the three years prior to the acceptance of this appraisal assignment.

HUDGINS-GROOVER APPRAISAL & CONSULTING



Richard T. Hudgins, MAI
State Certified General Appraiser
TX-1320672-G



Jason Pace
Appraiser Trainee
TX-1341141 - Trainee

DEFINITIONS AND SCOPE OF WORK

Definitions and Scope of Work

Property Interest Valued

The property rights appraised of each individual parcel, are indicated on the "Property Description" page of each parcel in the "Tract Descriptions and Valuation Analysis" section and on the "Report Summary" page of the "Report Summary and Certification" section of this report.

Purpose of the Appraisal

The purpose of this appraisal is to provide the appraiser's opinion of the fair market value of the subject property as of the effective date of this appraisal.

Definition of Value

The definition of "fair market value" found in the estate tax regulations, U. S. Treasury Regulations Section 20.2031-2(b), provides:

"The fair market value is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts."

Client

The client of the appraiser is John Cervini, Vice President; Hillsdale College.

Intended User

The users of this Appraisal Report are the Edwin B. Hibbs Family Trust and Hillsdale College.

Intended Use of the Report

The intended use of the appraisal report is for gifting of the properties to Hillsdale College.

Effective Date of Value

October 17, 2017

Date of Report

October 26, 2017

Scope of Work (Appraisal Development and Reporting Process)

The appraisers were Richard T. Hudgins and Jason Pace. Hudgins is a State Certified General Real Estate Appraiser and holds the MAI designation through the Appraisal Institute. Pace is a Licensed Appraiser Trainee. Richard Hudgins inspected the property and during the inspection photos were taken. Pace did not make a personal inspection of the property.

The research, initial analysis, and draft report writing was performed by Jason Pace. The final analysis and report writing was performed by Richard Hudgins.

The appraiser's investigations included research of public records both in person and through the use of commercial sources of data such as printed comparable data services and computerized databases. Search parameters such as dates of sales, locations, sizes, types of properties, and distances from the subject started with relatively narrow constraints and was expanded until the appraiser retrieved data sufficient (in the appraiser's opinion) to form an opinion of fair market value. Researched land sales data were viewed and efforts were made to verify the data with persons directly involved in the transactions such as buyers, seller, brokers, agents, or lenders. In addition, the appraiser considered appropriate listings of properties found through observations during appraiser's data collection process. The appraiser reported only the data deemed to be pertinent to the valuation problem.

The appraiser investigated and analyzed any pertinent easements or restrictions by reviewing public deed records, topographical maps, aerial photos, and by an on-site inspection. It is the client's responsibility to supply the appraiser with a title report; however, none was available and the appraiser relied on a visual inspection to identify any readily apparent easements or restrictions.

In preparing this appraisal, the appraiser:

1. inspected the subject site and the interior and exterior of the improvements;
2. gathered information on comparable land, construction costs and accrued depreciation;
3. confirmed and analyzed the data and applied the cost approach for Tract 1 and the sales comparison approach for Tract 2. For Tract 1, the sales comparison approach was utilized to value the land as if vacant, but was not utilized as an approach to value for the property as improved, since no sales of similarly improved properties were found in this size range and that the value of the improvements constituted only small percentage of the total value of the property. For Tract 2, The cost approach to value was not used since the subject property is unimproved, vacant land.
4. The income approach was not utilized in the valuation process for either tract because the properties do not typically trade based on their income-producing capabilities.

This Appraisal Report is a brief recapitulation of the appraiser's data, analyses, and conclusion. The supporting documentation is included in the "Tract Description and Valuation Analysis" section of this report and portions are retained in the appraiser's file.

Assumptions and Limiting Conditions

1. This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's workfile. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental, or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise

stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The opinion of value herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

14. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has 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 the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in arriving at the opinion of value of the property.

15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.

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

17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.

TRACT DESCRIPTIONS AND VALUATION ANALYSIS

TRACT 1 – 63.505 ACRES

Tract Summary

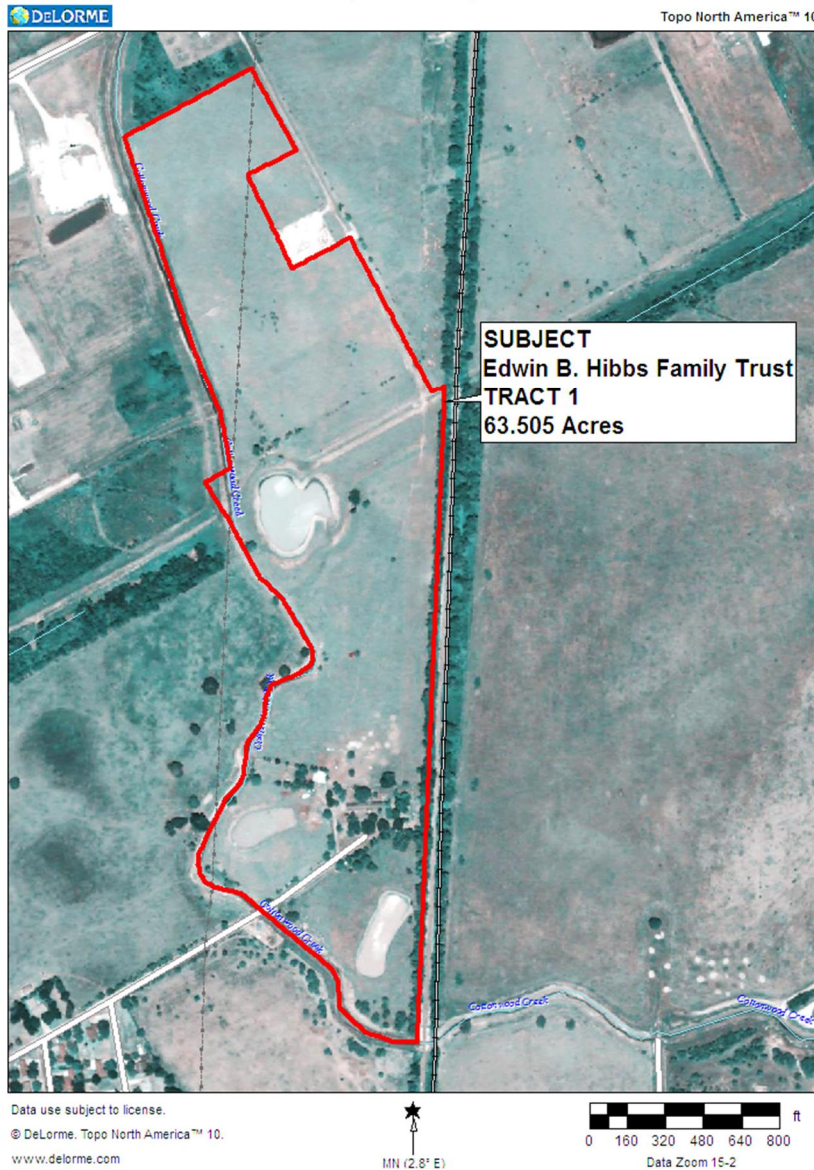
(Tract 1)

Cost Approach	\$450,000
Income Approach	N/A
Direct Sales Approach	N/A

Fair Market Value	\$450,000
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Aerial View

(Tract 1)



Property Description

(Tract 1)

LAND SIZE: 63.505 acres, more or less

LOCATION: The subject property is situated at the east end of Pine Knoll Road, about 1,760 feet east of the intersection of Pine Knoll Road and State Highway (SH) 60, in Bay City, Matagorda County, Texas. The southern property line has about 540 feet of frontage along Pine Knoll Road. About 1,675 feet of the east line of the property runs adjacent to the Burlington Northern-Santa Fe (BNSF) Railroad.

CAD ID: Id. Nos. 10460, 10461 and 25916

PROPERTY RIGHTS: Fee Simple Estate

LEGAL DESCRIPTION: 63.505 acres of land, more or less, described in two tracts: Tract 1 being 42 acres of the Bowman and Williams League, Abstract No. 9, as described in Volume 555, pp. 151-157 of the Matagorda County Deed Records; Tract 2 being 21.505 acres of the Bowman and Williams League, Abstract No. 9, as described in Exhibit A to the correction of the warranty deed contained in Volume 138, pp. 632-640, of the Matagorda County Deed Records.

SHAPE/TERRAIN: The subject property is irregular in shape, with two broad, straight edges that mark the eastern property line. The western property line is irregular in shape and follows the meanders of Cottonwood Creek. The terrain is mostly open and level with native prairie vegetation used as pasture for livestock. There are two ponds on the property encompassing about 2.5 acres altogether. Additionally, there is a low-lying strip splitting the northern and southern halves of the property that is an abandoned levee.

SOILS: The primary soil type is Dacosta Sandy Loam (100%) with an overall vegetative productivity rating of 4.950 (4,950 pounds of dry forage per acre per year, with average precipitation).

UTILITIES: Electricity is available to the property. Water service is provided through a well and septic system.

FLOOD PLAIN: About 95% of the property lies in Zone A3 of the 100-year flood plain.

MINERALS: According to Matagorda County Deed Records, the current owners conserve 3/16 (18.75%) of mineral interests on the property.

EASEMENTS: The property is encumbered by a 50-foot wide pipeline easement running east-west across the northern 1/3 of the property. This easement contains a gas transmission, gas gathering and highly volatile liquids (HVL) transmission pipeline. There is an additional 4.5-inch gas gathering pipeline that clips the northeast corner of the property. There is a 1-acre (+/-) oil & gas surface lease. Additionally, two overhead electrical transmission lines cross the property.

IMPROVEMENTS: The subject property is improved with a 3,130 square-foot residence with an attached carport and an open porch; a 2,500 square-foot stable; a well with septic system; and a small farm utility shed.

HISTORY: There have been no conveyances of the subject property in the last three (3) years. The property is not currently listed for sale.

MARKETING TIME: Six (6) months.

EXPOSURE TIME: Six (6) months.

Highest and Best Use

Highest and best use is that reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal. Implied in the definition is that the determination of the highest and best use results from the appraiser's judgment and analytical skill, and that the use determined represents an opinion, not a fact to be found.

The highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use. Such existing use is an interim use and lasts until that time the property is ripe for its highest and best use.

The highest and best use of a particular tract or parcel of land has the following implied characteristics:

1. Physically possible use
2. Legally permitted use
3. Financially feasible use
4. Maximally productive use.

The characteristics of Highest and Best Use are analyzed as follows:

Physically Possible Use. The open, level terrain and fertile soil physically support the current use of the subject property as native pasture for livestock grazing. Existing roads and infrastructure, the availability of utilities and appealing features physically support the use of the subject tract for a residence.

Legally Permitted Use. There are no use restrictions on the subject property, allowing the property to be put to many uses, including native pasture for livestock grazing and residential use.

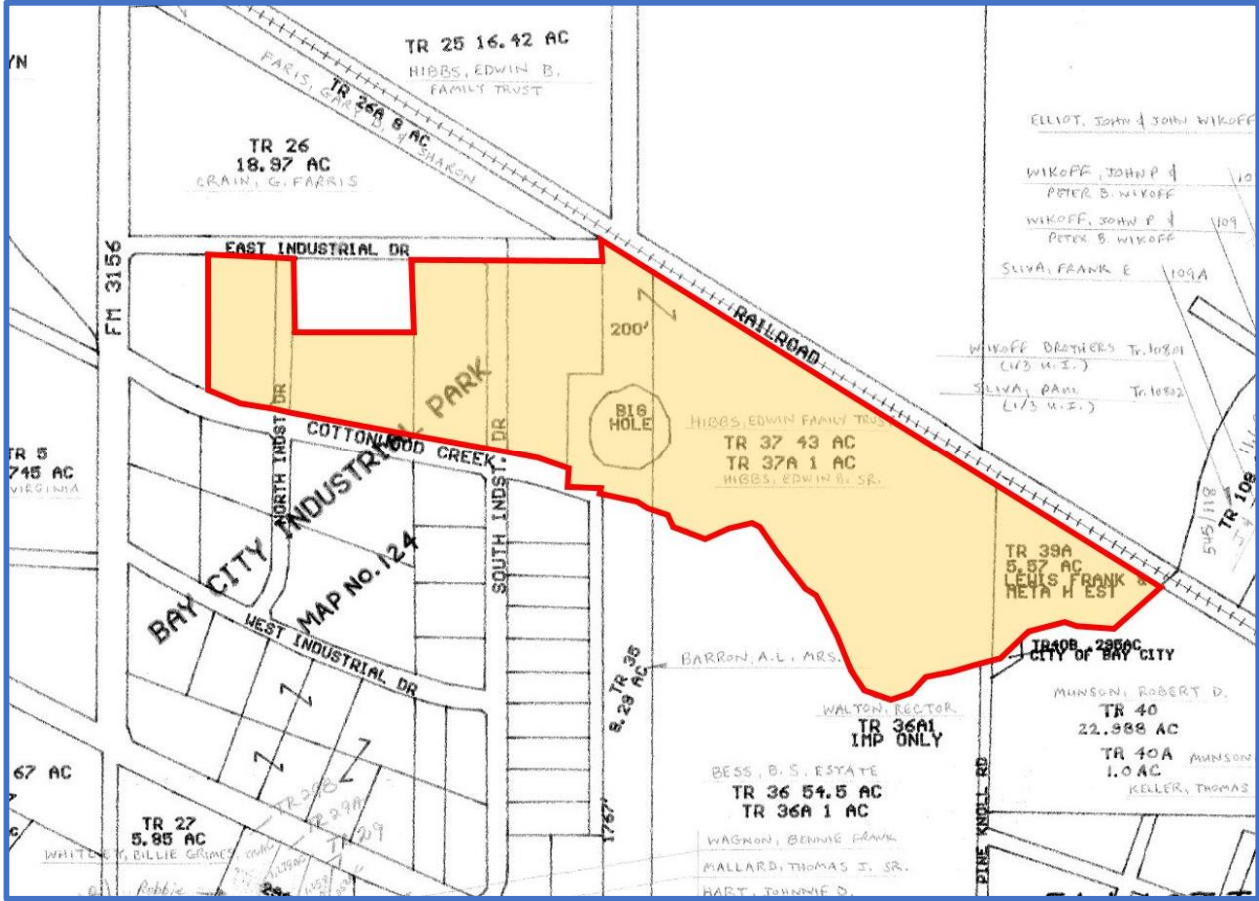
Financially Feasible Use. The current use of the subject tract is assumed to be financially feasible, since local infrastructure supports the livestock industry and the subject conforms to surrounding land uses. Residential properties are generally in demand in the subject market, thus, the property's residential use is also financially feasible.

Maximally Productive Use. There are properties adjacent to the subject property that are also used as residential and agricultural properties. Other surrounding land uses include commercial uses such as retail and industrial. Development of the subject into other commercial uses is possible, however, at this time, the lack of motor access from main thoroughfares and local market conditions render the subject's current use maximally productive.

Highest and Best Use Conclusion

After considering the physically possible, legally permissible, financially feasible, and maximally productive uses of the property; it is my opinion that the highest and best use of the property agricultural use as pasture for livestock grazing and residential use.

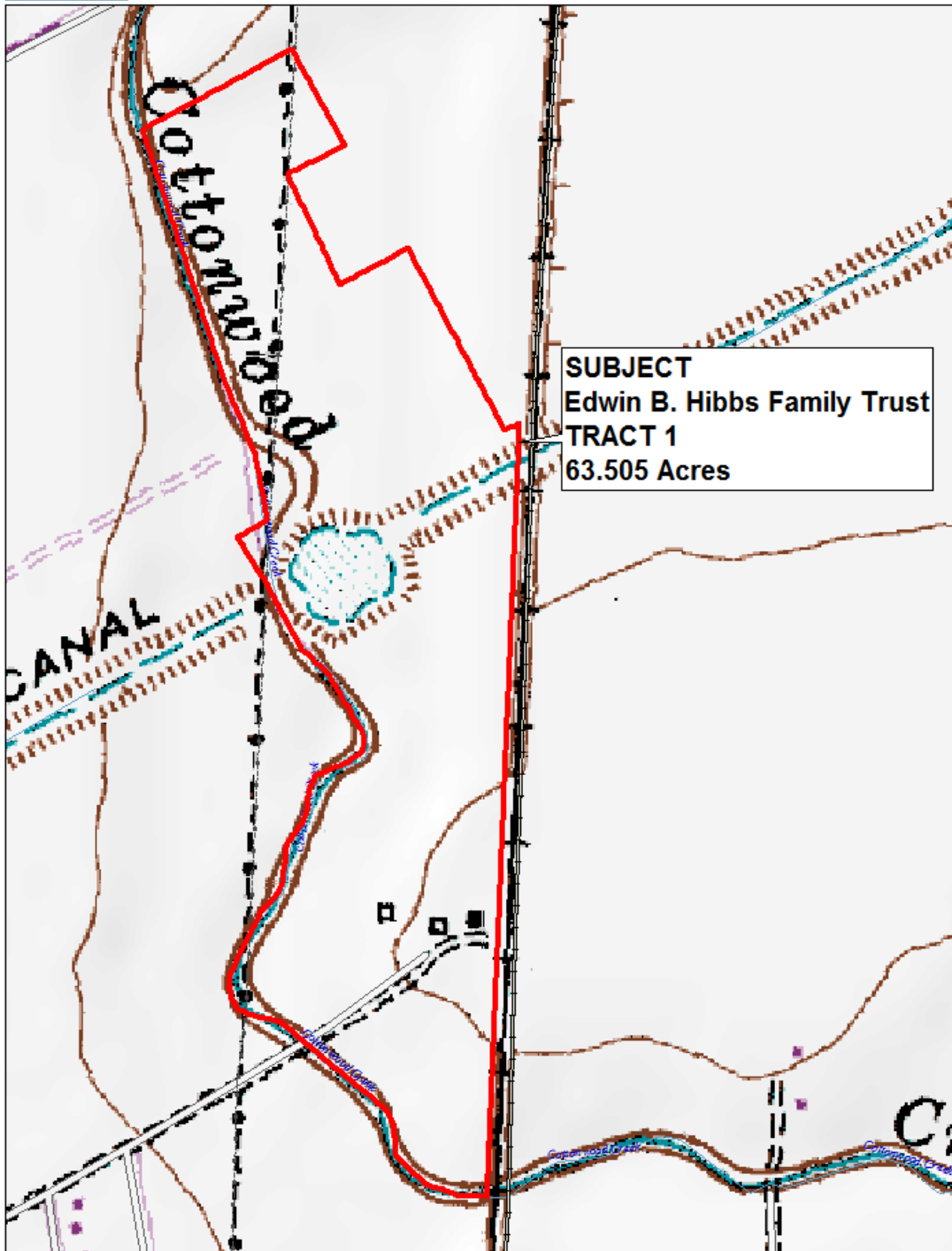
Plat Map (Tract 1)



Topographical Map (Tract 1)

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SUBJECT
Edwin B. Hibbs Family Trust
TRACT 1
63.505 Acres

Data use subject to license.

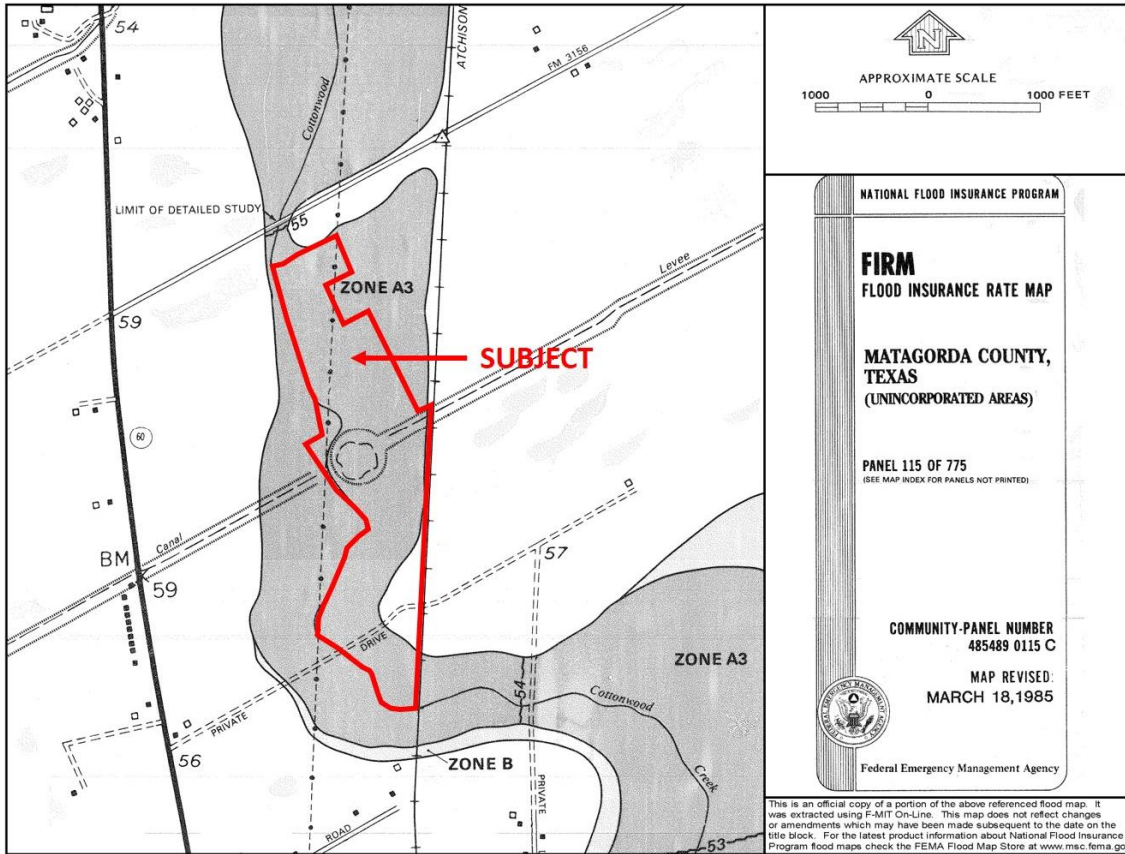
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Data Zoom 15-2

Flood Plain Map (Tract 1)



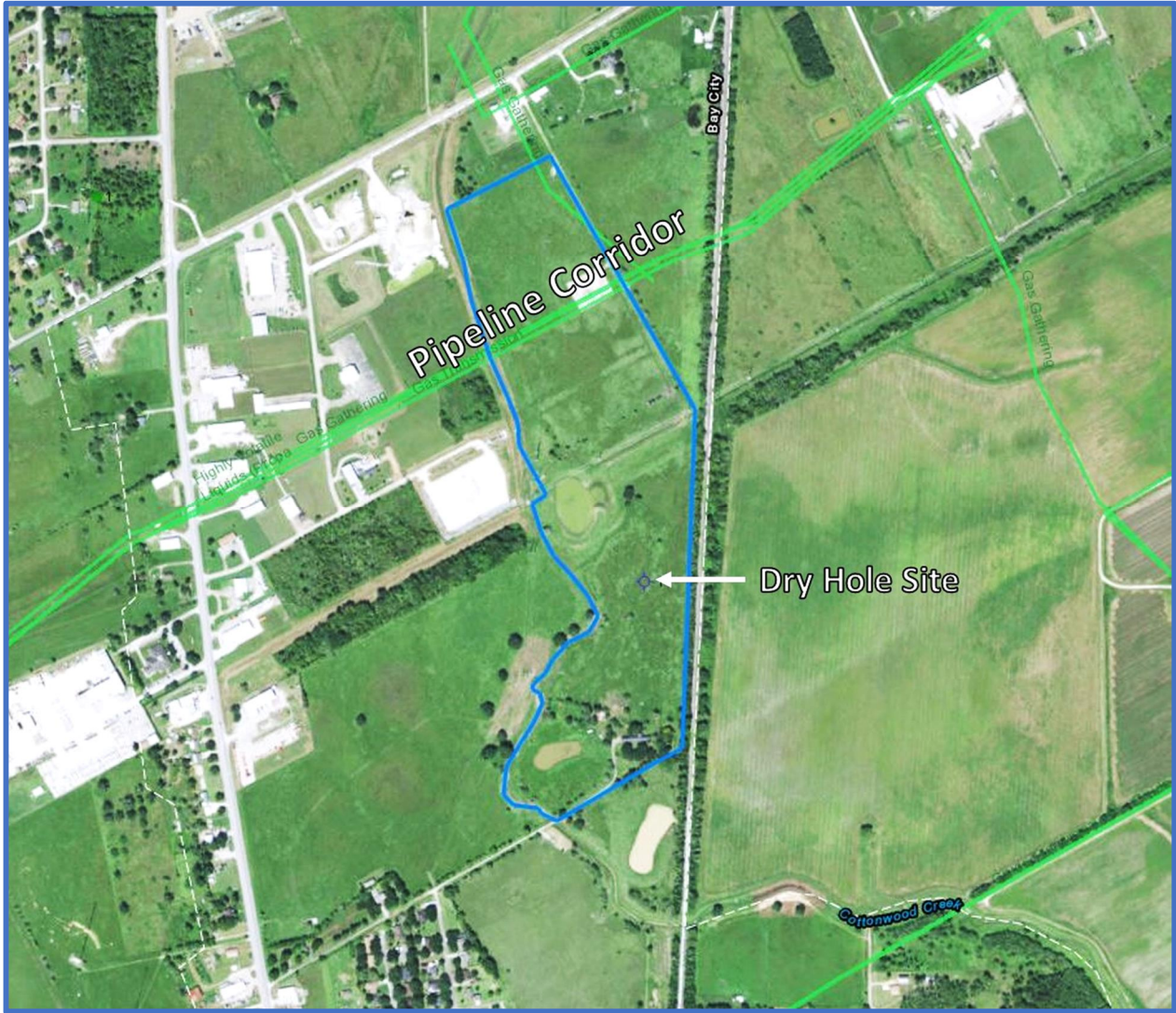
Soil Map (Tract 1)



Map Unit Symbol	Map Unit Name	Vegetative Productivity (lbs/acre, in thousands)	Percent of AOI	Weighted Rating
Matagorda County				
DaA	Dacosta sandy clay loam, 0 to 1 percent slopes	4.950	100.0%	4.950
Vegetative Productivity Rating			100%	4.950

Gas Pipeline and Oil/Gas Well Location Map

Texas Railroad Commission
(Tract 1)



Subject Photos



Looking northeast towards
subject property entrance



Looking south along Cottonwood Creek
with the subject on the left



**Looking north along Cottonwood Creek
with the subject on the right**



**Looking southwest along Pine Knoll Road
Looking from subject property entrance**



Full front view of Residence



Exterior view of Residence from the north



Exterior view of Residence from the east



Exterior view of Residence from the south



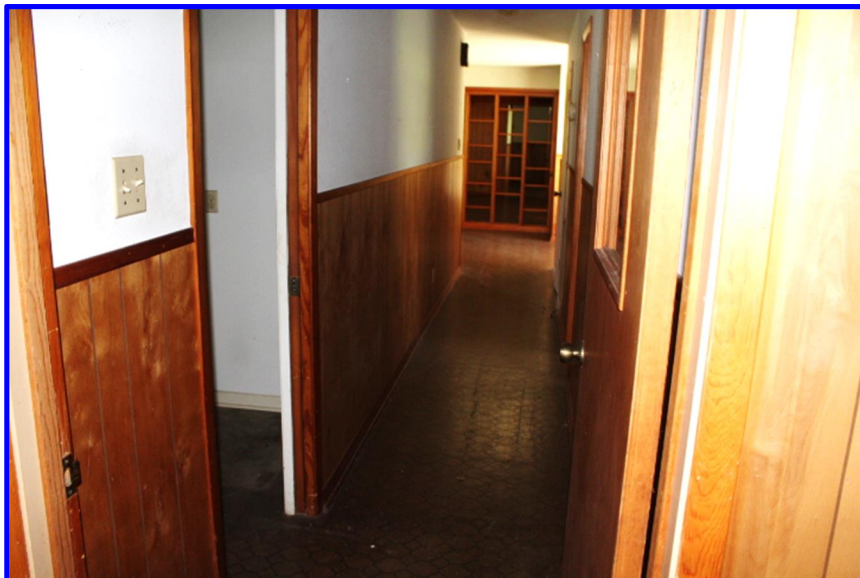
Front Door



Bonus Room



Bathroom



Central Hallway



Utility Room



Bathroom



Dining Room and Living Room



Kitchen



Living Room



Master Bedroom



Bedroom



Master Bathroom



Bathroom



Bonus Room



Carport



Well House



Hay Barn



Utility Barn



Stock Pens



Looking north across subject tract



**Looking north across subject tract
with pond (foreground)
and transmission lines (background)**



**Looking west across subject tract
from eastern property line**



**Looking northeast across subject tract
(transmission line – foreground)**



Looking south across subject tract

Valuation Analysis

(Tract 1)

Appraisal methodology applied to any specific property or property type must emulate the thinking of the most probable class of purchaser. The basic tenet of the three classical approaches is the principle of substitution, which holds that a prudent purchaser has three alternative courses of action available:

1. To acquire an equally desirable existing property offering comparable utility (market approach);
2. To buy a vacant site and build a similar property (cost approach);
3. To acquire a substitute income stream of comparable quality and durability (income approach).

In all instances, the experience of the appraiser, coupled with objective and sound judgment, plays a major role in arriving at the conclusion of indicated value. The quantity and quality of available data and the applicability of each approach relative to the type of value sought are important factors in comparing the various indications and reconciling them into a final estimate of value.

In the Cost Approach, the value of the site as though vacant is estimated, to which is added the estimated cost of the improvements. The cost approach to value is most meaningful when two conditions are present: a) the improvements are new or suffer from little or no accrued depreciation, and b) the improvements represent the Highest and Best Use of the site. The cost approach can provide an indication of value if the improvements represent the Highest and Best Use of the site, but should more properly be viewed as a measure of investment cost in a cost/benefit analysis of the feasibility of the continued operation of a given property in its existing or proposed use pattern.

In the Market Data or Direct Sales Comparison Approach, sales of comparable improved properties are investigated and analyzed and units of comparison are developed, and the differences and similarities of the properties are compared to the subject property to reach an estimated value.

In the Income Approach, the anticipated net income imputable to the property is estimated and then processed into value, using the appropriate capitalization or discounting methods considered representative of the marketplace. The effect of the timing and magnitude of cash flows is best measured in the income approach to value.

The results of the appraiser's investigation and analysis follow.

Cost Approach

(Tract 1)

The cost approach is one of the three accepted methods of valuation and is defined as an ðA set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of, or replacement for, the existing structure; deducting accrued depreciation from the reproduction or replacement cost; and adding the estimated land value plus an entrepreneurial profit. Adjustment may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.¹

The nine (9) basic procedures implemented in this analysis, as outlined in The Appraisal of Real Estate, Eleventh Edition, are as follows:

1. Estimate the value of the land as though vacant and available to be developed to its highest and best use.
2. Estimate the direct (hard) and indirect (soft) costs of the improvements as of the effective appraisal date.
3. Estimate an appropriate entrepreneurial incentive (profit) from an analysis of the market.
4. Add estimated direct costs, indirect costs, and entrepreneurial incentive (profit) to arrive at the total cost of the improvements.
5. Estimate the amount of accrued depreciation in the structure and, if necessary, allocate it among the three major categories: physical deterioration, functional obsolescence, and external obsolescence.
6. Deduct the estimated depreciation from the total cost of the improvements to derive an estimate of their depreciated cost.
7. Estimate the contributory value of any site improvements that have not already been considered (Site improvements are often appraised at their contributory value, i.e. directly on a depreciated-cost basis).
8. Add the site value to the total depreciated cost of all improvements to arrive at the indicated value of the property.
9. Adjust the indicated value of the property for any personal property (e.g., fixtures, furniture, and equipment) that may be included in the cost estimate and, if necessary, adjust this value, which reflects the value of the fee simple interest, for the property interest being appraised, if necessary to arrive at an indicated value of the specified interest in the property.²

The principle basis of the cost approach is the principle of substitution which states that no rational buyer will pay more for a property than that amount for which he or she can obtain a comparable site and construct a building of equal desirability and utility, assuming no undue delay. The methodology and estimates for the steps in the cost approach are analyzed in the following discussion.

Land Value: The site value was obtained by the sales comparison approach wherein sales of comparable properties were analyzed and compared to the subject site, taking into consideration the various similar and dissimilar characteristics.

¹ The Dictionary of Real Estate Appraisal, Third Edition, (Chicago: Appraisal Institute, 1993), p. 81.

² The Appraisal of Real Estate, Eleventh Edition, (Chicago: Appraisal Institute, 1996) p. 340.

Cost Schedule

(Tract 1)

COST ITEM	UNITS (size, #, lf)	COST/ UNIT	COST NEW	EFFECTIVE AGE	ECONOMIC LIFE	DEPRECIATION			DEPRECIATED COST
						PHYSICAL	FUNCTIONAL	ECONOMIC	
Residence	3,289 sf	\$99.15	\$326,144	30	55	55%	0%	0%	\$146,765
Open Porch	139 sf	\$21.98	\$3,046	30	55	55%	0%	0%	\$1,371
Carport	627 sf	\$19.95	\$12,515	30	55	55%	0%	0%	\$5,632
Utility Barn	336 sf	\$5.55	\$1,865	18	20	90%	0%	0%	\$187
Barn	2,491 sf	\$12.60	\$31,387	25	30	83%	0%	0%	\$5,336
Well House	64 sf	\$10.29	\$659	10	25	40%	0%	0%	\$395
Domestic Water Well	1 Well	\$10,000	\$10,000	10	25	40%	0%	0%	\$6,000
Septic System	1 System	\$8,000	\$8,000	20	25	80%	0%	0%	\$1,600
TOTAL COST NEW: \$393,616						DEPRECIATED COST:			\$167,286
Entrepreneurial Profit						(@ 15%)			\$25,093
Total Improvements Cost Contribution									\$192,379
Land Value						(63.505 acres @ \$4,080 per acre)			\$259,000
FAIR MARKET VALUE									\$451,379
Rounded									\$450,000

Vacant Land Valuation

This section of the appraisal report is concerned with estimating the value of the subject land, as if vacant, for use in the Cost Approach section.

Valuation of the subject land is accomplished by a comparison of the subject property with similar properties which have recently sold in the open market, together with comparable properties which are for sale. A thorough search was conducted of the county deed records in order to ascertain this information. Data is listed on the following pages concerning a number of sales which have been utilized in the formulation of our value estimate for the subject land.

Land Sales Grid (Tract 1)

Sale No.	1	2	3	4	5	6
Date of Sale	7/19/2016	6/3/2016	5/22/2015	4/1/2014	3/25/2014	5/24/2013
Size (Acres)	52.3100	44.2500	63.9200	47.5400	45.9650	177.1500
Price/Acre	\$4,588	\$4,181	\$8,605	\$5,890	\$5,675	\$5,000
Property Rights	0%	0%	0%	0%	0%	0%
Financing	0%	0%	0%	0%	0%	0%
Condition of Sale	0%	0%	0%	0%	-15%	0%
Time (Market Cond.)	3%	3%	5%	7%	7%	21%
Adjusted Price	\$4,703	\$4,286	\$9,035	\$6,302	\$5,161	\$6,050
Location	0%	10%	5%	-10%	0%	0%
Access	-5%	-5%	-5%	0%	-10%	-10%
Size	-1%	-3%	0%	-2%	-2%	7%
Terrain	5%	0%	0%	0%	0%	0%
Soil	-2%	-2%	-7%	-11%	-11%	-2%
Utilities	-10%	0%	0%	0%	0%	-10%
Minerals	1%	1%	1%	1%	1%	1%
Flood Plain	-5%	-5%	-5%	-5%	-4%	-2%
Encumbrances	-4%	-5%	-3%	-5%	-4%	0%
Improvements	0%	0%	-41%	0%	0%	0%
Total Adjustments	-22%	-9%	-55%	-32%	-31%	-16%
INDICATED VALUE	\$3,688	\$3,912	\$4,050	\$4,257	\$3,578	\$5,091

Comments on Sales Comparison Approach

(Tract 1)

The appraiser's investigations included research of public records both in person and through the use of commercial sources of data such as printed comparable data services and computerized databases. Search parameters such as dates of sales, leases, locations, sizes, types of properties, and distances from the subject were started with relatively narrow constraints and were expanded until the appraiser had either retrieved data sufficient (in the appraiser's opinion) to form an opinion of fair market value, or until the appraiser believed that he had reasonably exhausted the available pool of data. Researched sales data was viewed and efforts were made to verify the data with persons directly involved in the transactions such as buyers, seller, brokers, agents, or lenders. In addition, the appraiser considered any appropriate listings or properties found through observations during the data collection process. The appraiser has reported only the data deemed to be pertinent to the valuation problem. The appraiser investigated and analyzed any pertinent easements or restrictions, on the fee simple ownership of the subject property.

Conditions of Sale: The subject was considered under normal marketing conditions. Sale 5 was purchased by the adjoining property owner and was negatively adjusted 15%. The remaining sales were considered to be arms-length transactions with no conditions of sale making them similar to the subject in this respect and were not adjusted.

Time (Market Conditions): The date of value of this report is October 17, 2017. A positive 2% adjustment per year was made to the sales for the appreciation of the market prices during this time frame to adjust them to the current market conditions.

Location: The subject property is situated at the east end of Pine Knoll Road, about 1,760 feet east of the intersection of Pine Knoll Road and State Highway (SH) 60, in Bay City, Matagorda County, Texas. Sale 2 was in a more remote market than the subject and was positively adjusted 10%. Sale 3 was adjacent to commercial development properties near Bay City and was positively adjusted 5%. Sale 4 was located in the more densely populated market of Lake Jackson/Angleton and was negatively adjusted 10%. The remaining sales were considered to be similar to the subject in this respect.

Access: The southern property line has about 540 feet of frontage along Pine Knoll Road. About 1,675 feet of the east line of the property runs adjacent to the Burlington Northern-Santa Fe (BNSF) Railroad. Sales 4 had a single point of legal access, making it similar to the subject, and was not adjusted. The remaining sales were accessible by normal public road frontage and were negatively adjusted.

Size: Generally, as property increases in size, the price per unit (per acre) decreases; however, the effect of size decreases diminishes as it increases. To account for this curvilinear, rather than straight-line adjustment, we have applied a 5% adjustment for each doubling in size respective to the size of the subject. Thus, for the sale comparables which were smaller than the subject, a negative adjustment is indicated, and for the sales larger than the subject, a positive adjustment is indicated.

Shape/Terrain: The subject property is irregular in shape, with two broad, straight edges that mark the eastern property line. The western property line is irregular in shape and follows the meanders of Cottonwood Creek. The terrain is mostly open and level with native prairie vegetation used as pasture for livestock. There are two ponds on the property encompassing about 2.5 acres altogether. Additionally, there is a low-lying strip splitting the northern and southern halves of the property that is an abandoned levee. About 50% of Sale 1 consisted of brushy or wooded terrain. Sale 1 was positively adjusted 5%. The remaining sales were considered to be similar to the subject in this respect and were not adjusted.

Soil: The primary soil type is Dacosta Sandy Loam (100%) with an overall vegetative productivity rating of 4.950 (4,950 pounds of dry forage per acre per year, with average precipitation). The overall land capability ratings of the sales is shown in the chart below. A 5% adjustment factor was applied for differences when compared directly to the subject.

LAND CAPABILITY RATINGS

Tract	Subject	1	2	3	4	5	6
Rating	4.950	5.345	5.347	6.325	7.200	7.200	5.285

Utilities: Electricity is available to the property. Water service is provided through a well and septic system. All of the sales were considered to be similar to the subject in this respect.

Minerals: According to Matagorda County Deed Records, the current owners conserve 3/16 (18.75%) of mineral interests on the property. The mineral interest that was conveyed with each individual comparable sale was determined by reading the deed and viewing the reservations listed therein, limited researching of prior deeds for mineral reservations or talking with parties involved directly with the sale. The minerals were adjusted on a basis of \$200 per acre for a 100% mineral interest. The contribution value of the minerals on each tract was estimated and reduced to a value per acre as shown below. The price per acre adjustment was then converted to a percentage adjustment in the Land Sales Grid.

MINERAL INTEREST COMPARISON

Sale #	1	2	3	4	5	6
SUBJECT PROPERTY'S MINERAL INTEREST	18.75%	18.75%	18.75%	18.75%	18.75%	18.75%
SUBJECT PROPERTY'S MINERAL VALUE/ACRE	\$38	\$38	\$38	\$38	\$38	\$38
COMPARABLE SALE MINERAL INTEREST	0%	0%	0%	0%	0%	0%
COMPARABLE SALE MINERAL VALUE/ACRE	\$0	\$0	\$0	\$0	\$0	\$0
DIFFERENCE	\$38	\$38	\$38	\$38	\$38	\$38

Flood Plain: About 95% of the property lies in Zone A3 of the 100-year flood plain. The percentages of area in the 100-year flood plain of the sales is shown in the chart below. A 5% adjustment factor was applied for differences when compared directly to the subject.

FLOOD PLAIN PERCENTAGES

Tract	Subject	1	2	3	4	5	6
% Flood	95%	0%	0%	0%	0%	25%	50%

Encumbrances: The property is encumbered by a 50-foot wide pipeline easement running east-west across the northern 1/3 of the property. This easement contains a gas transmission, gas gathering and highly volatile liquids (HVL) transmission pipeline. There is an additional 4.5-inch gas gathering pipeline that clips the northeast corner of the property. There is a 1-acre (+/-) oil & gas surface lease. Additionally, two overhead electrical transmission lines cross the property. All of the sales were considered to be similar to the subject in this respect.

Site Improvements:

In the cost approach, the land is considered as if vacant and the improvements are added back in the cost approach schedule; thus, when considering the subject as if vacant, the sales which had improvements were considered superior to the subject in this regard. The contribution value of the improvements on each tract was estimated and reduced to a value per Acre as shown below. The price per acre adjustment was then converted to a percentage adjustment in the Land Sales Grid.

IMPROVEMENT COMPARISON

Sale #	1	2	3	4	5	6
SUBJECT PROPERTY IMPROVEMENT'S VALUE	\$0	\$0	\$0	\$0	\$0	\$0
SUBJECT IMPROVEMENT'S VALUE/ACRE	\$0	\$0	\$0	\$0	\$0	\$0
COMPARABLE PROPERTY IMPROVEMENT'S VALUE	\$0	\$0	\$226,710	\$0	\$0	\$0
COMPARABLE PROPERTY'S IMPROVEMENT'S VALUE/ACRE	\$0	\$0	\$3,547	\$0	\$0	\$0
DIFFERENCE	\$0	\$0	(\$3,547)	\$0	\$0	\$0

Reconciliation of Land Unit Value (Tract 1)

In reconciling the value, the quality and quantity of data for each parcel were rated, as well as the applicability of each comparable sale to that subject property. In other words; the more comparable that a sale was to the subject parcel being appraised, the greater weight it was given and the least comparable sales used in each adjustment grid were given less weight in the determination of the value of the parcel.

SALE #	1	2	3	4	5	6
WEIGHT	19.0%	19.5%	12.3%	17.9%	15.6%	15.7%

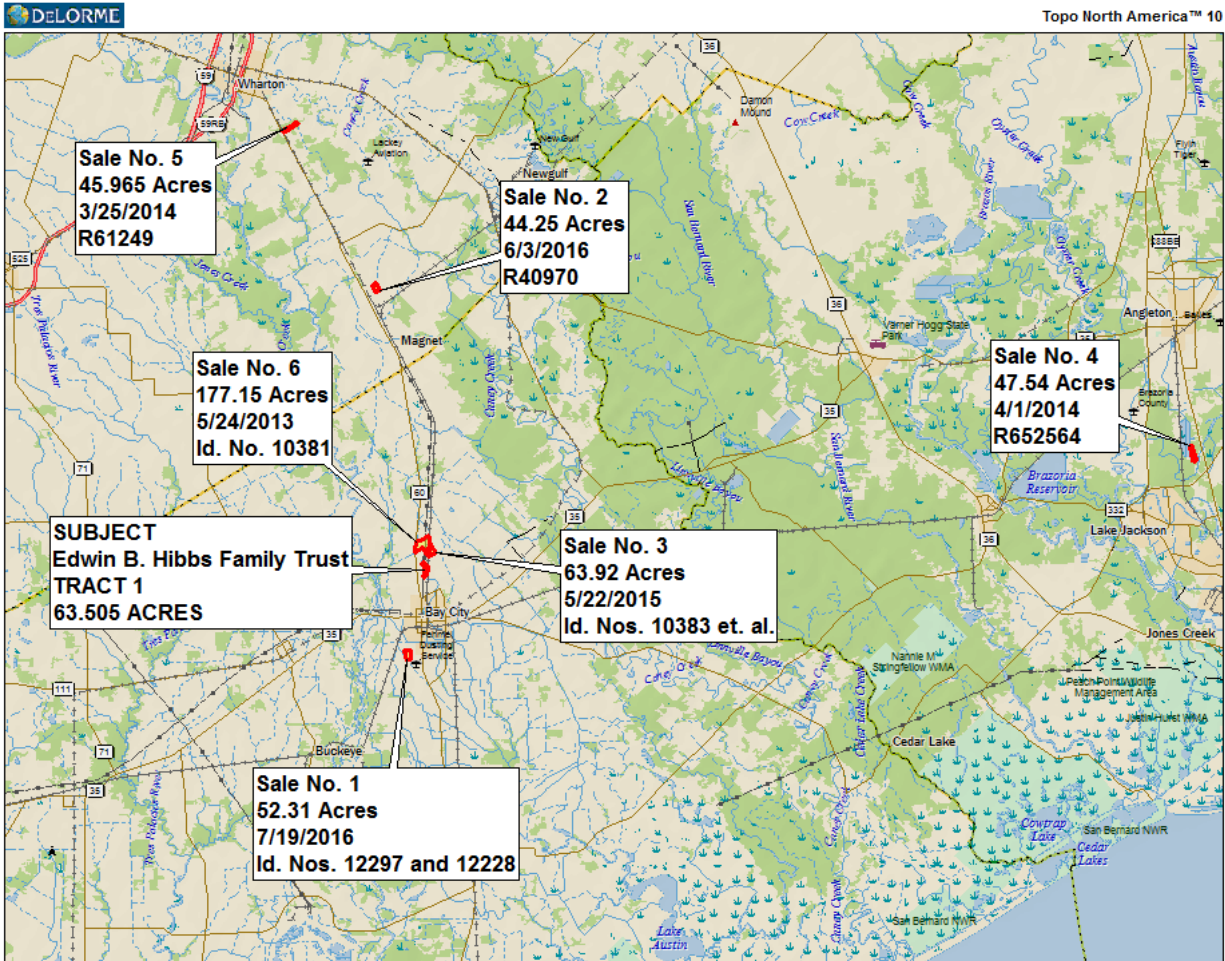
In this instance, Sales 1 and 2 were given the most weight, then Sales 4 and 6 a little less weight, and Sale 3 was given the least weight to indicate a reconciled unit value of:

RECONCILED VALUE	\$4,082 per acre
Rounded	\$4,080 per acre

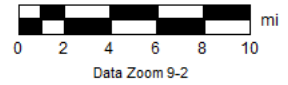
Vacant Land Value Conclusion

Indicated Value/Acre Mean	\$4,096 per acre
Indicated Weighted Value/Acre	\$4,080 per acre
Land Size	63.505 acres
Vacant Land Value	\$259,100
Rounded	\$259,000

Land Sales Map (Tract 1)



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Land Sale No. 1

Map: Matagorda County
CAD ID: Id. No. 12297 and 12228

Date: July 19, 2016
Recording: 2016-3821
Grantor: Ty Huynh
1230 Aldine Trail Route, Houston, TX 77039
Grantee: Rogelio F. Lopez and Rogelio J. Lopez
1119 Ave. B, Bay City, TX 77414
Size: 52.310 Acres, more or less
Legal Description: Elisha Hall League Survey, Abst. No. 45
Sales Price: \$240,000 **Per Acre:** \$4,588
Financing: Cash

Comments:

The property is situated along the south line of Thompson Drive, about 2,670 feet west of SH 60, in Bay City, Matagorda County, Texas. It has about 1,320 feet of frontage along Thompson Drive.

The property is slightly irregular in shape. The north and east lines are straight, with an angled southwest line that runs adjacent to a drainage ditch. The northern half of the property is open, level terrain used as native pasture. The southern half consists of brushy native prairie.

The primary soil types are Dacosta sandy clay loam (4.950 - 41.3%), Edna loam (5.220 - 34.1%) and Texana fine sandy loam (6.175 - 24.4%) for an overall productivity rating of 5.345.

Municipal water and electricity is available to the property.

Surface Only. No mineral interests were conveyed with the sale.

The property is outside the 100-year flood plain.

A gas gathering pipeline runs along the Thompson Road frontage.

There were no improvements of significant value on the property at the time of sale.

Conditions of Sale: The sale was an arms-length transaction.

History of the Property: There were no market conveyances of the property in the three-year period prior to the sale.

Confirmation: HAR MLS #32504644

Land Sale No. 2

Map: Wharton County
CAD ID: R40970

Date: June 3, 2016
Recording: 1024/334
Grantor: Stuart Dale Kocian and Ashley Nicole Kocian
Grantee:
Size: 44.250 Acres, more or less
Legal Description: Adams, Beaty & Moulton Survey No. 1, Abst. No. 416
Wharton County, Texas
Sales Price: \$185,000 **Per Acre:** \$4,181
Financing: Note of \$145,000 payable to NewFirst National Bank

Comments:

The property is situated along the northwest line of CR 112, about 2,330 feet northeast of SH 60, in Wharton County, Texas. It lies about 2.6 miles south-southeast of Lane City.

The property is rectangular in shape. It has open, level terrain employed in improved Bermudagrass production.

The primary soil types are Bernard-Edna complex (5.400 - 70.8%) and Edna loam (5.220 - 29.2%) for an overall productivity rating of 5.347.

Electricity is available to the property.

Surface Only. No mineral interests were conveyed with the sale.

The property is outside the 100-year flood plain.

There are no easements or right-of-ways that would encumber the property.

There were no improvements of significant value on the property at the time of sale.

Conditions of Sale: The sale was an arms-length transaction.

History of the Property: There were no market conveyances of the property in the three-year period prior to the sale.

Confirmation: Raymond Harrison via Lands of Texas

Land Sale No. 3

Map: Matagorda County
CAD ID: Id. Nos. 10383, 10384 and 10385

Date: May 22, 2015
Recording: 2015-2824
Grantor: Billy J. Krenek and Sally Krenek
Grantee: Fortunato Martinez & Carolyn Martinez
Size: 63.920 Acres, more or less
Legal Description: Part of the T.J. Poole & Son tract east of and adjoining the G.C. & S.F. railroad, Boman & Williams League, Abstract Nos. 9 and 534 Matagorda County, Texas
Sales Price: \$550,000 **Per Acre:** \$8,605
Financing: Cash

Comments:

The property is situated along the northwest line of FM 3156, about 0.64 miles east-northeast of SH 60, in Matagorda County, Texas. It lies about 2.6 miles north-northeast of the city center of Bay City. It has about 1,800 feet of frontage along FM 3156.

The property is triangular in shape. It has open, level terrain. The property contains three Jiggs hayfields comprising about 33% of the total acreage. About 55% of the property is native pasture, with the remainder dedicated to improvement sites and one pond.

The primary soil types are Dacosta sandy clay loam (4.950 - 38.9%) and Laewest clay (7.200 - 61.1%) for an overall productivity rating of 6.325.

Electricity and telephone are available to the property.

Surface Only. No mineral interest was conveyed with the property.

The property is outside the 100-year flood plain.

Three highly-volatile liquids pipelines clip the northern point of the property (two are in a single corridor).

The property was improved with a two-story residence (2,160 S.F.), three barns and a guest house (528 S.F.) at the time of sale. The value contribution of the improvements is estimated to be \$226,710, according to the Matagorda County C.A.D.

Conditions of Sale: The sale was an arms-length transaction.

History of the Property: There were no market conveyances of the property in the three-year period prior to the sale.

Confirmation: Lindsey Thompson via Lands of Texas

Land Sale No. 4

Map: Brazoria County
CAD ID: R652564

Date: April 1, 2014
Recording: 2014-010803
Grantor: Ronald W. Cook
P.O. Box 724, Brazoria, TX 77422
Grantee: Pearland Equity Group, LLC
203 CR 201, Angleton, TX 77515
Size: 47.540 Acres, more or less
Legal Description: J.E. Groce League, Abst. No. 66
Brazoria County, Texas
Sales Price: \$280,000 **Per Acre:** \$5,890
Financing: Note of \$210,000 payable to Hometown Bank

Comments:

This property is located at the west end of CR 840 (Eagle Lane), in Lake Jackson, Brazoria County, Texas. The property has no road frontage and its only access point is on the narrow north end via CR 840. There is an unimproved path for autos running north-south through the property.

The property is irregular in shape, long from north-to-south and narrow from east-to-west. It has open, level terrain surrounded by dense woodlands on all sides.

The primary soil type is Lake Charles clay (7.200 - 100%), for a vegetative productivity rating of 7.200.

Electricity is available to the property.

No mineral interests were reported to be conveyed with the sale.

The property is outside the 100-year flood plain.

There were no significant easements or right-of-ways encumbering the property.

The property is improved with three open-sided barns, a lean-to and an enclosed barn. The comparable sale also included a mobile home, which has since been relocated. The value of the improvements is estimated to be approximately \$53,000, according to the Brazoria County Appraisal District records and the appraiser's experience with similar properties.

Conditions of Sale: The sale was an arms-length transaction.

History of the Property: There were no market conveyances of the property in the three-year period prior to the sale.

Confirmation: Bob Peltier via Lands of Texas

Land Sale No. 5

Map: Wharton County
CAD ID: R61249

Date: March 25, 2014

Recording: 950/489

Grantor: Liane M. Faneca, et al
5014 Belmont Rd., Tampa, FL 33647

Grantee: Exelon Generation Co., LLC
2301 Market St., Philadelphia, PA 29103

Size: 45.965 Acres, more or less

Legal Description: James Tumlinson Survey, Abst. No. 63
Wharton County, Texas

Sales Price: \$260,859 **Per Acre:** \$5,675

Financing: Cash

Comments:

This property is located on the East side of Highway 60 (532.96' frontage) about 2,000' North of C.R. 138 and is situated about 3 miles South of the city of Wharton. It is strategically located on the South side of the Exelon Power Plant.

It is rectangular in shape and has open, level terrain used as row-crop farmland. The general elevation is about 95' above sea level.

The primary soil type is Lake Charles clay (7.200 - 100%), for a vegetative productivity rating of 7.200.

Electricity and telephone are available to the property.

Surface Only. No mineral interest was conveyed with the property.

About 25% of the property is located within the boundaries of the 100-year flood plain.

A gas gathering line runs along the Highway 60 frontage.

There were no improvements of significant value on the property at the time of sale.

Conditions of Sale: The property was purchased by the adjoining landowner.

History of the Property: There were no market conveyances of the property in the three-year period prior to the sale.

Confirmation: HAR MLS #58894615

Land Sale No. 6

Map: Matagorda County
CAD ID: Id. No. 10381

Date: March 24, 2013

Recording: 2013-2466

Grantor: Julia Dykes Winicki, et al
18610 Tranquility, Humble, TX 77346

Grantee: Dunn Heat Exchangers, Inc.
410 21st St. South, Texas City, TX 77590

Size: 177.150 Acres, more or less

Legal Description: Boman & Williams League, Part of Abstract Nos. 9 and 534 west of and adjoining the G.C. & S.F. railroad
Matagorda County, Texas

Sales Price: \$885,750 **Per Acre:** \$5,000

Financing: Cash

Comments:

This property is located on the East side of Highway 60 about 3,000' North of F.M. 3156 and is situated about 3 miles North of the city of Bay City. It also has 85' of frontage on F.M. 3156.

It is irregular in shape and has level terrain with light brush and an elevation of about 55' above sea level.

The primary soil types are Dacosta sandy clay loam (4.950 - 81%), Laewest clay (7.200 - 10%) and Texana fine sandy loam (6.175 - 9%) for an overall productivity rating of 5.285.

The city of Bay City is spending \$200,000 to extend sewer to the property; however the buyers will drill their own water well.

Surface Only. No mineral interests were conveyed with the sale.

About 50% of the property is located within the boundaries of the 100-year flood plain

There is an HVL pipeline corridor and one gas gathering pipeline traversing the property. There are two plugged gas wells and one dry hole site on the property.

The property was improved with an old home built in 1950 estimated to contribute about \$5,000 of value.

Conditions of Sale: The sale was an arms-length transaction.

History of the Property: There were no market conveyances of the property in the three-year period prior to the sale.

Confirmation: Matagorda County MLS

Reconciliation and Final Value Estimate

(Tract 1)

The subject property, consisting of of land has been appraised by considering the three (3) approaches to value based upon different assumptions and data abstracted from the market. The three (3) approaches to value considered were the cost approach, income approach, and the direct sales comparison approach; however, in this instance only the cost approach was used.

The indications to value were:

Cost Approach	\$450,000
Income Approach	N/A
Direct Sales Approach	N/A

Summary of Analysis and Valuation

Cost Approach. Replacement cost information was gathered from recently constructed buildings similar to that of the subject property, building contractors, and/or from the Marshall Valuation Service cost manual. Accrued depreciation was extracted from sales of comparable properties. The value of the land as though vacant was estimated using the sales comparison approach. The land sales grid, land sales information sheets and location map, depreciation schedules, and cost approach schedule are included in the "Valuation Analysis" section of this report.

Direct Sales Approach. The direct sales comparison approach was utilized to value the land, as if vacant; which value was included in the cost approach to value.

Income Approach. Since this type of property is typically not traded on its rent income producing capabilities, the income approach to value was not utilized.

Reconciliation and Value Conclusion

In reconciling the value, the quality and quantity of data is rated, as well as the applicability of each approach to value. In this instance, the only approach to value used was the Cost Approach; thus, the value determined by the Cost Approach was concluded to be the value of the property.

After completing an analysis of the property, it is our opinion that the **Fee Simple Estate** of the subject property, as-is, as of October 17, 2017 has a fair market value of:

\$450,000

Marketing Time

The estimated marketing time (i.e., the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation is estimated to be Six (6) months.

Exposure Time

The estimated exposure time (i.e. estimated length of time that the property interest being appraised would have been offered on the market prior to the **hypothetical consummation** of a sale at fair market value on the effective date of the appraisal.) is about Six (6) months.

TRACT 2 - 13.867 ACRES

Tract Summary

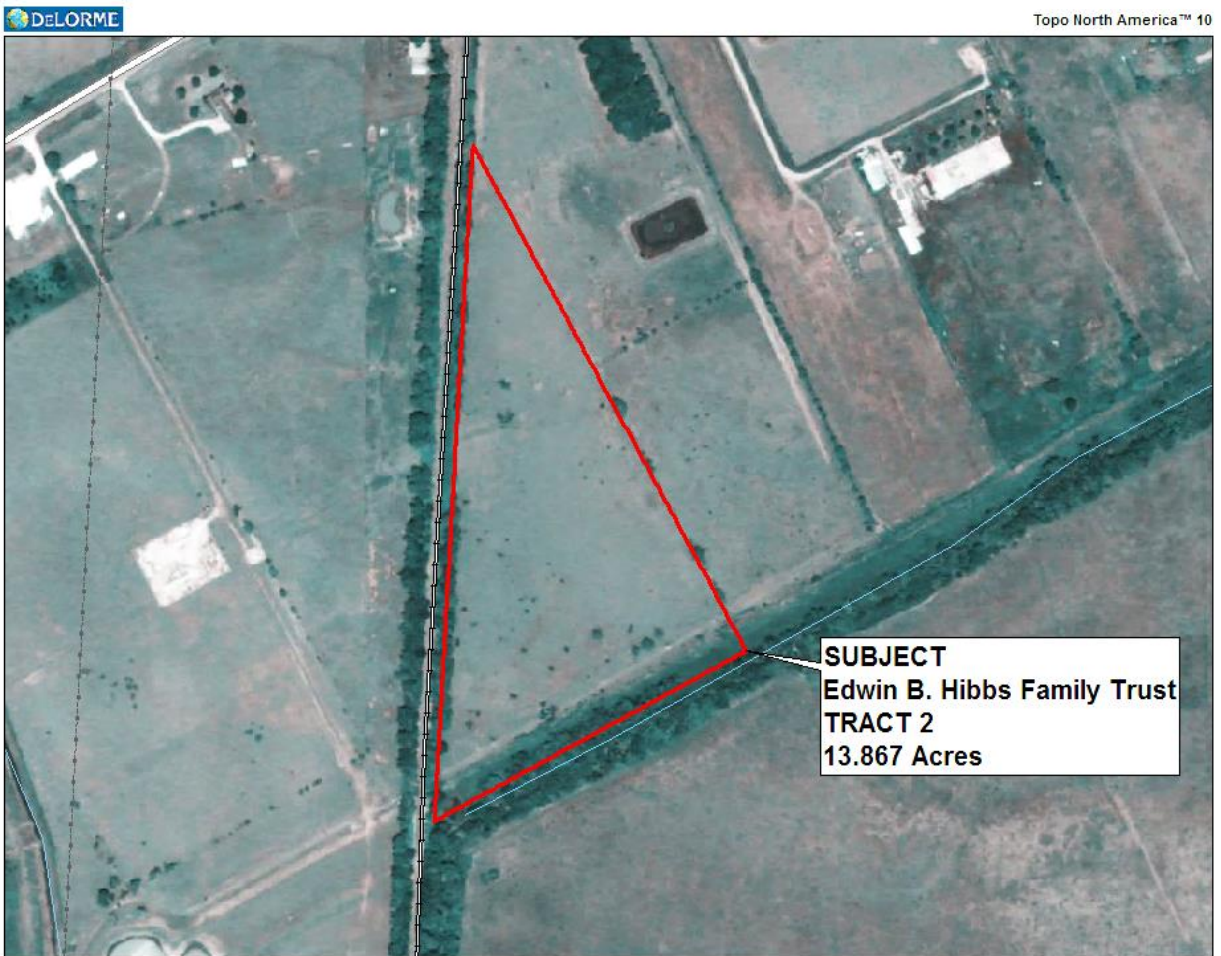
(Tract 2)

Cost Approach	N/A
Income Approach	N/A
Direct Sales Approach	\$24,000

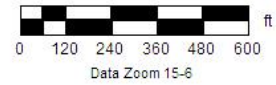
Fair Market Value	\$24,000
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Aerial View

(Source: DeLorme Maps)



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Property Description

(Tract 2)

LAND SIZE: 13.867 acres, more or less

LOCATION: The subject property is situated about 750 feet south-southwest of the intersection of the Burlington Northern/Santa Fe (BNSF) Railroad and FM 3156 in Matagorda County, Texas. The western property line runs adjacent to the BNSF Railroad and the city limits of Bay City. It has about 1,780 feet of frontage along the BNSF Railroad. The property is currently landlocked, having no known legal access.

CAD ID: Id. No. 10424

PROPERTY RIGHTS: Fee Simple Estate

LEGAL DESCRIPTION: 13.867 acres of land, more or less, out of the Bowman and Williams League, Abstract No. 9, in Matagorda County, Texas, said 13.867 being more particularly described by metes and bounds as Tract Two in that certain deed from James E. Cowart to Medical and Surgical Company, Inc., recorded in Vol. 158, Page 131, of the Official Records of Matagorda County, Texas, to which reference is made for all purposes.

SHAPE/TERRAIN: The subject property is triangular in shape. It exhibits open, level terrain with native prairie vegetation.

SOILS: The primary soil type is Dacosta sandy loam (100%) with an overall vegetative productivity rating of 4.950 (4,950 pounds of dry forage per acre per year, with average precipitation).

UTILITIES: No utilities are available to the property.

FLOOD PLAIN: None of the subject property lies in the flood plain.

MINERALS: No minerals are known to be conserved by the current owner.

EASEMENTS: The property is encumbered by a 50-foot-wide pipeline easement running east-west across the northern 1/2 of the property. This easement contains a gas transmission, gas gathering and highly volatile liquids (HVL) transmission pipeline.

IMPROVEMENTS: There are no improvements on the property.

HISTORY: There have been no conveyances of the subject property in the last three (3) years. The property is not currently listed for sale.

MARKETING TIME: Six (6) months.

EXPOSURE TIME: Six (6) months.

Highest and Best Use

Highest and best use is that reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal. Implied in the definition is that the determination of the highest and best use results from the appraiser's judgment and analytical skill, and that the use determined represents an opinion, not a fact to be found.

The highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use. Such existing use is an interim use and lasts until that time the property is ripe for its highest and best use.

The highest and best use of a particular tract or parcel of land has the following implied characteristics:

1. Physically possible use
2. Legally permitted use
3. Financially feasible use
4. Maximally productive use.

The characteristics of Highest and Best Use are analyzed as follows:

Physically Possible Use. The current use of the subject property is vacant land with native prairie vegetation. The property is currently being utilized as pastureland for livestock, presumably by the adjoining land owner without lease.

Legally Permitted Use. There are no use restrictions on the property, but the property is currently landlocked. There is no known legal access to the property through adjacent properties. The property is bound along the northwest line by the Burlington Northern/Santa Fe Railway, over which there is no crossing.

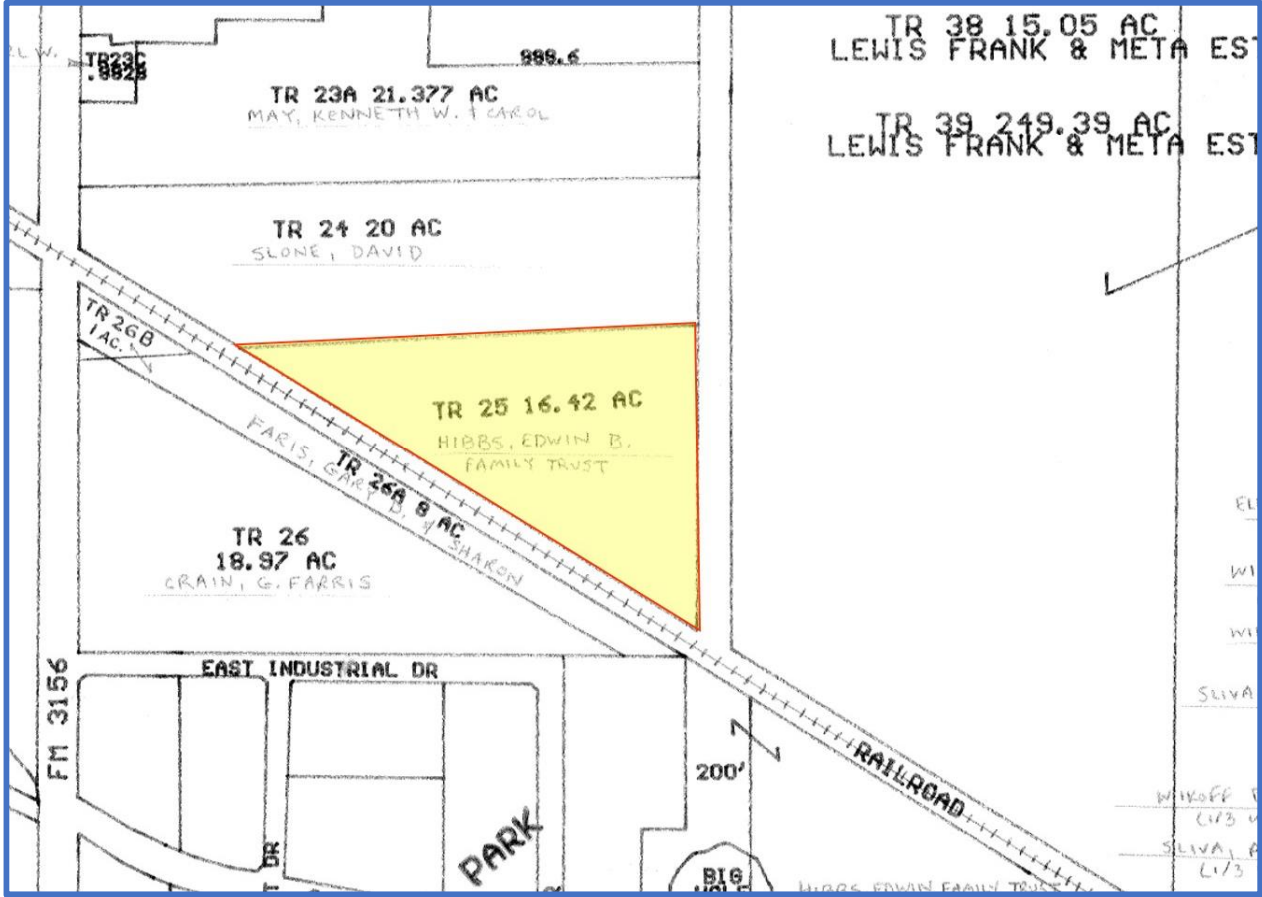
Financially Feasible Use. Without legal access, the financial feasibility of the use of this property is limited to the adjoining land owner, for which it would be financially feasible to use agriculturally as pastureland.

Maximally Productive Use. Since the property is currently vacant land with no known uses, several alternative productive uses are possible. The subject property is adjacent to properties used as pasture for livestock grazing. Other nearby land uses include residential and commercial (retail and industrial). The lack of road frontage, infrastructure and availability of utilities preclude residential, industrial and retail use. The generally open, level terrain and proximity to properties used as pasture for livestock grazing is likely maximally productive.

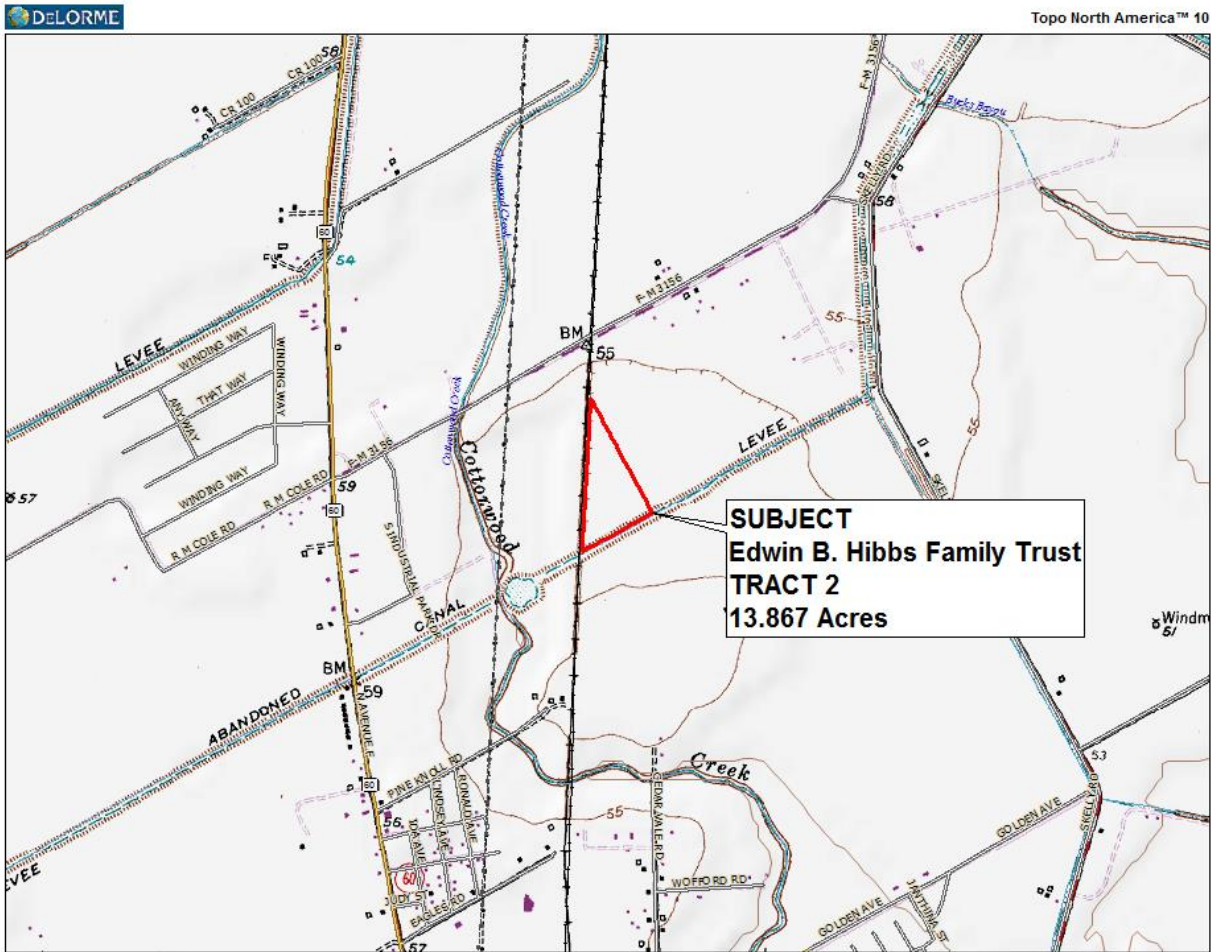
Highest and Best Use Conclusion

After considering the physically possible, legally permissible, financially feasible, and maximally productive uses of the property; it is my opinion that the highest and best use of the property is pasture for livestock grazing with a market that is most likely limited to the adjoining land owner.

Plat Map (Tract 2)

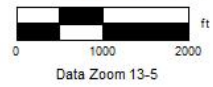


Topographical Map (Tract 2)

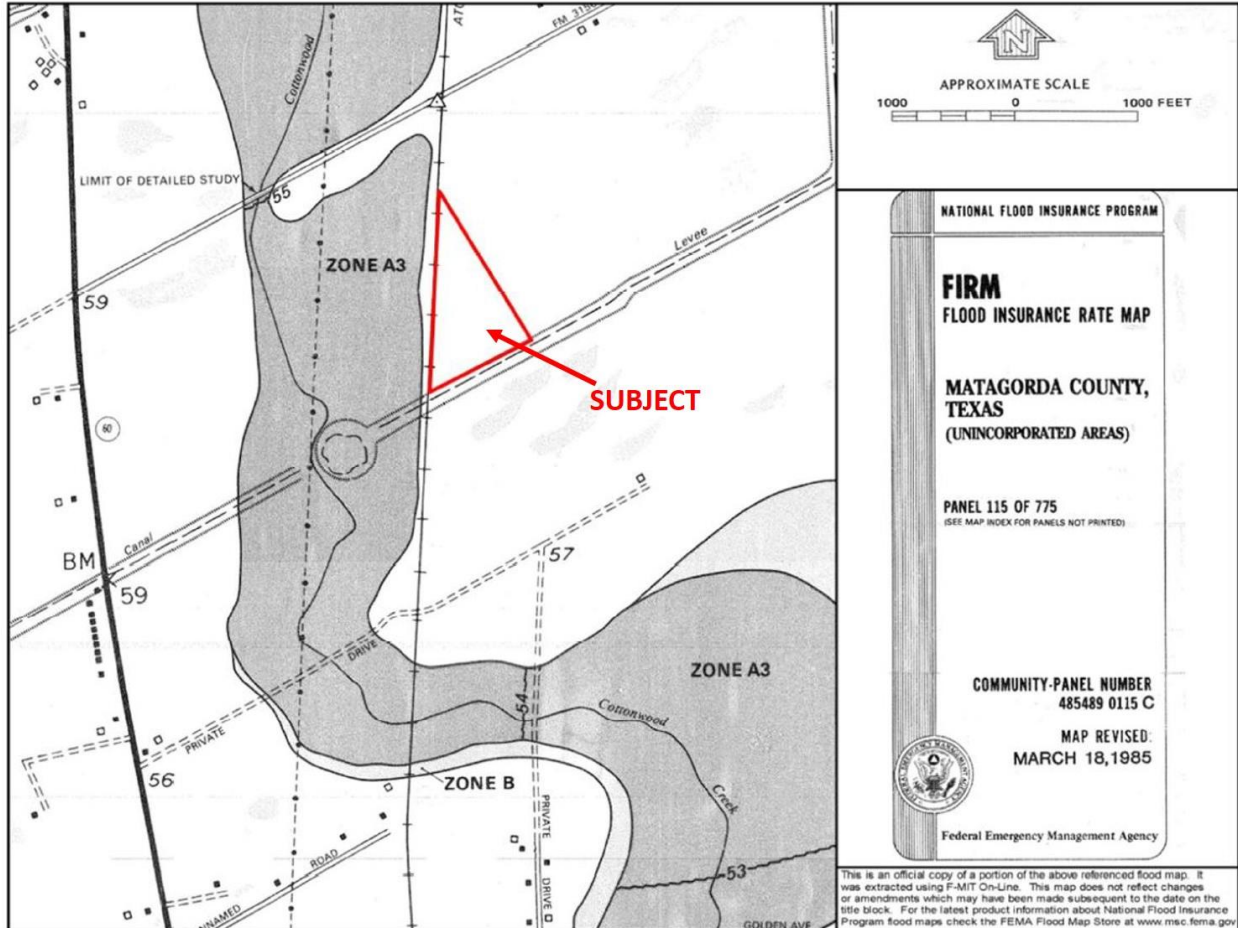


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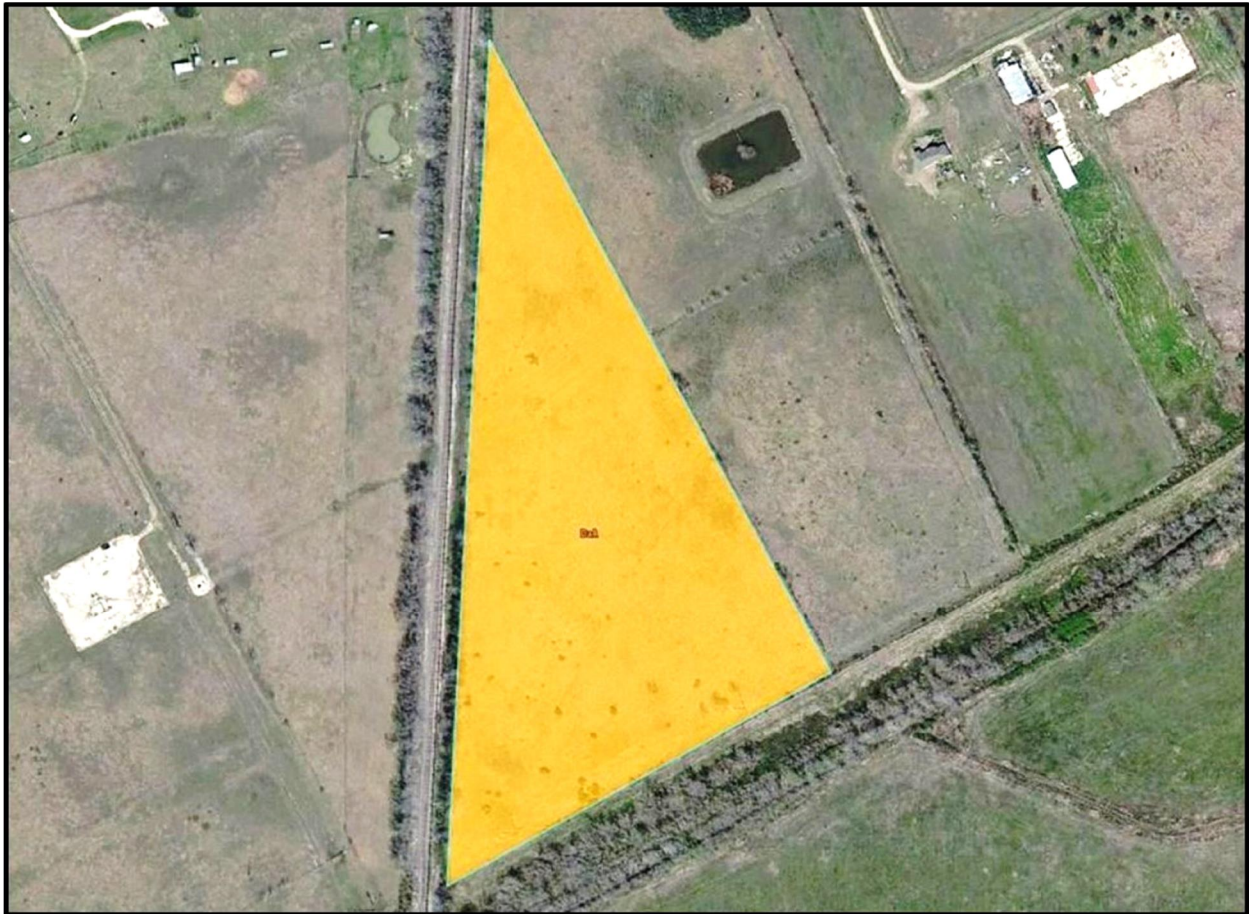
MN (2.8° E)



Flood Plain Map (Tract 2)

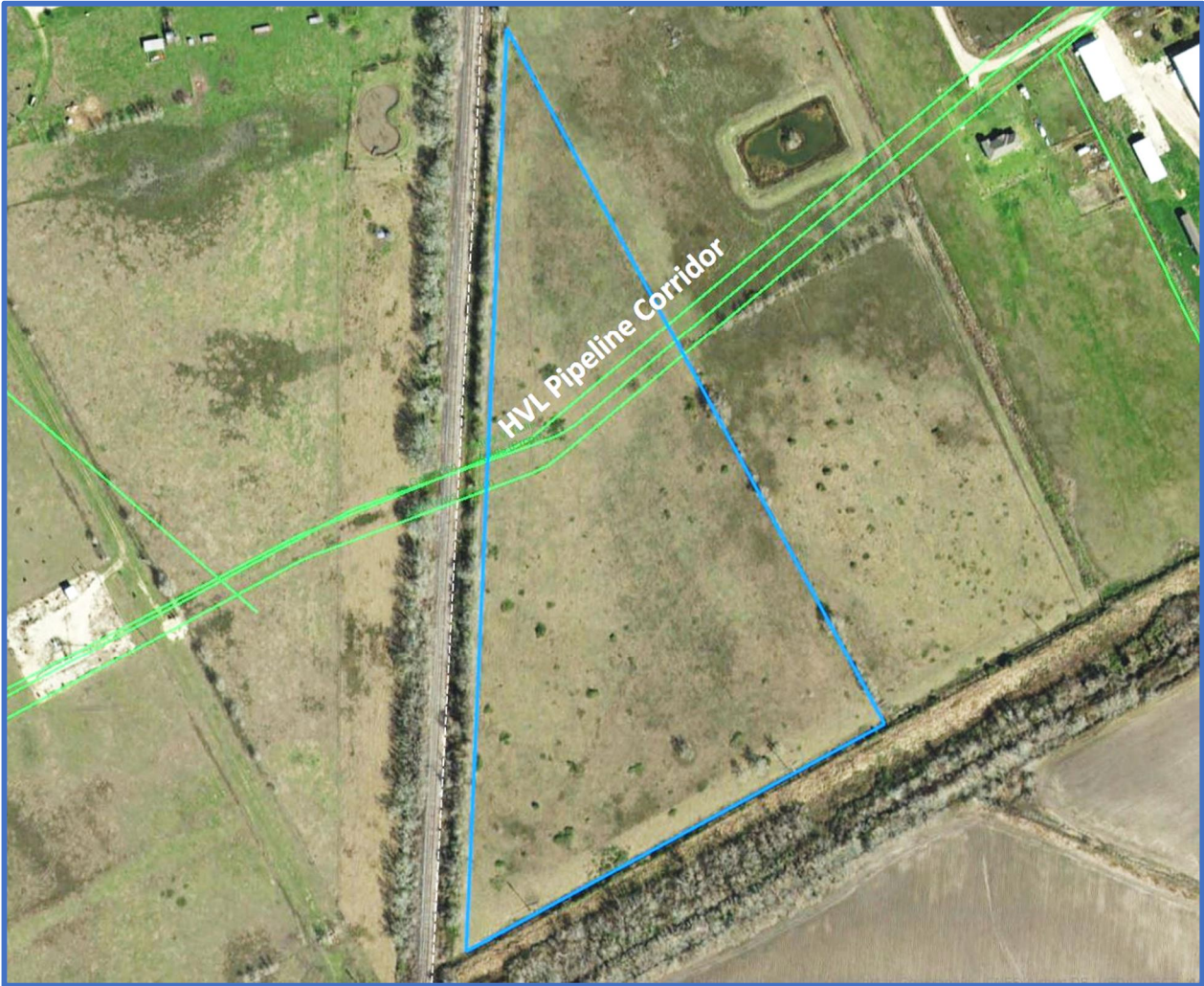


Soil Map (Tract 2)



Map Unit Symbol	Map Unit Name	Vegetative Productivity (lbs/acre, in thousands)	Percent of AOI	Weighted Rating
Matagorda County				
DaA	Dacosta sandy clay loam, 0 to 1 percent slopes	4.950	100.0%	4.950
Vegetative Productivity Rating			100%	4.950

Gas Pipeline and Oil/Gas Well Location Map
Texas Railroad Commission
(Tract 2)



Aerial Photo
(Source: Google Earth)
(Tract 2)





**Looking northeast along southern property line
with the subject on the left – photo take from the Railroad
ROW**



**Looking northeast across subject tract – photo taken from the
Railroad ROW**

Valuation Analysis

Appraisal methodology applied to any specific property or property type must emulate the thinking of the most probable class of purchaser. The basic tenet of the three classical approaches is the principle of substitution, which holds that a prudent purchaser has three alternative courses of action available:

1. To acquire an equally desirable existing property offering comparable utility (market approach);
2. To buy a vacant site and build a similar property (cost approach);
3. To acquire a substitute income stream of comparable quality and durability (income approach).

In all instances, the experience of the appraiser, coupled with objective and sound judgment, plays a major role in arriving at the conclusion of indicated value. The quantity and quality of available data and the applicability of each approach relative to the type of value sought are important factors in comparing the various indications and reconciling them into a final estimate of value.

In the Cost Approach, the value of the site as though vacant is estimated, to which is added the estimated cost of the improvements. The cost approach to value is most meaningful when two conditions are present: a) the improvements are new or suffer from little or no accrued depreciation, and b) the improvements represent the Highest and Best Use of the site. The cost approach can provide an indication of value if the improvements represent the Highest and Best Use of the site, but should more properly be viewed as a measure of investment cost in a cost/benefit analysis of the feasibility of the continued operation of a given property in its existing or proposed use pattern.

In the Market Data or Direct Sales Comparison Approach, sales of comparable improved properties are investigated and analyzed and units of comparison are developed, and the differences and similarities of the properties are compared to the subject property to reach an estimated value.

In the Income Approach, the anticipated net income imputable to the property is estimated and then processed into value, using the appropriate capitalization or discounting methods considered representative of the marketplace. The effect of the timing and magnitude of cash flows is best measured in the income approach to value.

In this instance, only the Direct Sales Comparison Approach to value was used, since the subject property is unimproved, vacant land.

The results of the appraiser's investigation and analysis follow.

Direct Sales Comparison Approach

Valuation of the subject land is accomplished by a comparison of the subject property with similar properties which have recently sold in the open market, together with comparable properties which are for sale. A thorough search was conducted of the county deed records in order to ascertain this information. Data is listed on the following pages concerning a number of sales which have been utilized in the formulation of our value estimate for the subject land.

Land Sales Grid (Tract 2)

Sale No.	1	2	3	4	5	6
Date of Sale	6/19/2016	5/24/2016	4/25/2016	12/20/2013	9/13/2013	1/11/2013
Size (Acres)	25.260	12.016	13.100	30.050	60.370	60.780
Price/Acre	\$3,563	\$2,595	\$1,145	\$2,500	\$2,000	\$1,645
Property Rights	0%	0%	0%	0%	0%	0%
Financing	0%	0%	0%	0%	0%	0%
Condition of Sale	0%	0%	0%	0%	0%	-10%
Time (Market Cond.)	3%	3%	3%	19%	20%	24%
Adjusted Price	\$3,670	\$2,673	\$1,179	\$2,969	\$2,400	\$1,832
Location	-5%	0%	0%	-5%	0%	0%
Access	-35%	-50%	0%	-35%	-50%	-35%
Size	13%	-3%	-1%	17%	32%	32%
Terrain	0%	0%	0%	0%	-10%	5%
Soil	-1%	12%	-11%	-9%	-5%	3%
Utilities	0%	-5%	0%	0%	0%	0%
Minerals	0%	0%	0%	0%	0%	0%
Flood Plain	4%	0%	5%	0%	5%	5%
Encumbrances	-1%	-3%	-3%	-1%	-3%	-3%
Improvements	0%	0%	0%	0%	0%	0%
Total Adjustments	-25%	-49%	-10%	-33%	-31%	7%
INDICATED VALUE	\$2,752	\$1,360	\$1,059	\$1,981	\$1,652	\$1,960

Comments on Sales Comparison Approach

(Tract 2)

The appraiser's investigations included research of public records both in person and through the use of commercial sources of data such as printed comparable data services and computerized databases. Search parameters such as dates of sales, leases, locations, sizes, types of properties, and distances from the subject were started with relatively narrow constraints and were expanded until the appraiser had either retrieved data sufficient (in the appraiser's opinion) to form an opinion of fair market value, or until the appraiser believed that he had reasonably exhausted the available pool of data. Researched sales data was viewed and efforts were made to verify the data with persons directly involved in the transactions such as buyers, seller, brokers, agents, or lenders. In addition, the appraiser considered any appropriate listings or properties found through observations during the data collection process. The appraiser has reported only the data deemed to be pertinent to the valuation problem. The appraiser investigated and analyzed any pertinent easements or restrictions, on the fee simple ownership of the subject property.

Conditions of Sale: The subject was considered under normal marketing conditions. Sale 6 was purchased by an adjoining landowner and was negatively adjusted 10%. The remaining sales were considered to be arms-length transactions with no conditions of sale making them similar to the subject in this respect.

Time (Market Conditions): The date of value of this report is October 17, 2017. A positive 5% adjustment per year was made to the sales for the appreciation of the market prices during this time frame to adjust them to the current market conditions.

Location: The subject property is situated about 750 feet south-southwest of the intersection of the Burlington Northern/Santa Fe (BNSF) Railroad and FM 3156 in Matagorda County, Texas. Sales 1 and 4 were located along river frontage and were negatively adjusted 5%. The remaining sales were considered to be similar to the subject in this respect.

Access: The western property line runs adjacent to the BNSF Railroad and the city limits of Bay City. It has about 1,780 feet of frontage along the BNSF Railroad. The property is currently landlocked, having no known legal access. All of the sales were considered to be similar to the subject in this respect. Sales 1, 4 and 6 were accessible via private easement and were negatively adjusted 35%. Sales 2 and 5 had public access and were negatively adjusted 50%. Sale 3 had no known legal access like the subject and was not adjusted.

Size: Generally, as property increases in size, the price per unit (per acre) decreases; however, the effect of size decreases diminishes as it increases. To account for this curvilinear, rather than straight-line adjustment, we have applied a 15% adjustment for each doubling in size respective to the size of the subject. Thus, for the sale comparables which were smaller than the subject, a negative adjustment is indicated, and for the sales larger than the subject, a positive adjustment is indicated.

Shape/Terrain: The subject property is triangular in shape. It exhibits open, level terrain with native prairie vegetation. Sale 5 consisted of open, level terrain used as native pasture and for hay production and was negatively adjusted 10%. Sale 6 was entirely wooded and was positively adjusted 5%. The remaining sales were considered to be similar to the subject in this respect.

Soil: The primary soil type is Dacosta sandy loam (100%) with an overall vegetative productivity rating of 4.950 (4,950 pounds of dry forage per acre per year, with average precipitation). The overall land capability ratings of the sales are shown in the chart below. A 5% adjustment factor was applied for differences when compared directly to the subject.

LAND CAPABILITY RATINGS							
Tract	Subject	1	2	3	4	5	6
Rating	4.950	5.100	2.600	7.200	6.683	5.881	4.332

Utilities: No utilities are available to the property. All of the sales were considered to be similar to the subject in this respect.

Minerals: No minerals are known to be conserved by the current owner. The mineral interest that was conveyed with each individual comparable sale was determined by reading the deed and viewing the reservations listed therein, limited researching of prior deeds for mineral reservations or talking with parties involved directly with the sale. The minerals were adjusted on a basis of \$200 per acre for a 100% mineral interest. The contribution value of the minerals on each tract was estimated and reduced to a value per acre as shown below. The price per acre adjustment was then converted to a percentage adjustment in the Land Sales Grid.

MINERAL INTEREST COMPARISON

Sale #	1	2	3	4	5	6
SUBJECT PROPERTY'S						
MINERAL INTEREST	0%	0%	0%	0%	0%	0%
SUBJECT PROPERTY'S						
MINERAL VALUE/ACRE	\$0	\$0	\$0	\$0	\$0	\$0
COMPARABLE SALE						
MINERAL INTEREST	0%	0%	0%	0%	0%	0%
COMPARABLE SALE						
MINERAL VALUE/ACRE	\$0	\$0	\$0	\$0	\$0	\$0
DIFFERENCE	\$0	\$0	\$0	\$0	\$0	\$0

Flood Plain: None of the subject property lies in the flood plain. The percentages of area in the 100-year flood plain of the sales is shown in the chart below. A 5% adjustment factor was applied for differences when compared directly to the subject.

FLOOD PLAIN PERCENTAGES

Tract	Subject	1	2	3	4	5	6
% Flood	0%	80%	0%	100%	0%	100%	100%

Encumbrances: The property is encumbered by a 50-foot-wide pipeline easement running east-west across the northern 1/2 of the property. This easement contains a gas transmission, gas gathering and highly volatile liquids (HVL) transmission pipeline. Sales 1 and 4 contained two pipeline easements and were negatively adjusted 1%. The remaining sales had no significant encumbrances and were negatively adjusted 3%.

Site Improvements:

In the cost approach, the land is considered as if vacant and the improvements are added back in the cost approach schedule; thus, when considering the subject as if vacant, the sales which had improvements were considered superior to the subject in this regard. The contribution value of the improvements on each tract was estimated and reduced to a value per Acre as shown below. The price per acre adjustment was then converted to a percentage adjustment in the Land Sales Grid.

IMPROVEMENT COMPARISON

Sale #	1	2	3	4	5	6
SUBJECT PROPERTY						
IMPROVEMENT'S VALUE	\$0	\$0	\$0	\$0	\$0	\$0
SUBJECT IMPROVEMENT'S						
VALUE/ACRE	\$0	\$0	\$0	\$0	\$0	\$0
COMPARABLE PROPERTY						
IMPROVEMENT'S VALUE	\$0	\$0	\$0	\$0	\$0	\$0
COMPARABLE PROPERTY'S						
IMPROVEMENT'S VALUE/ACRE	\$0	\$0	\$0	\$0	\$0	\$0
DIFFERENCE	\$0	\$0	\$0	\$0	\$0	\$0

Reconciliation of Land Unit Value (Tract 2)

In reconciling the value, the quality and quantity of data for each parcel were rated, as well as the applicability of each comparable sale to that subject property. In other words; the more comparable that a sale was to the subject parcel being appraised, the greater weight it was given and the least comparable sales used in each adjustment grid were given less weight in the determination of the value of the parcel.

SALE #	1	2	3	4	5	6
WEIGHT	21.0%	17.9%	29.8%	15.7%	6.9%	8.7%

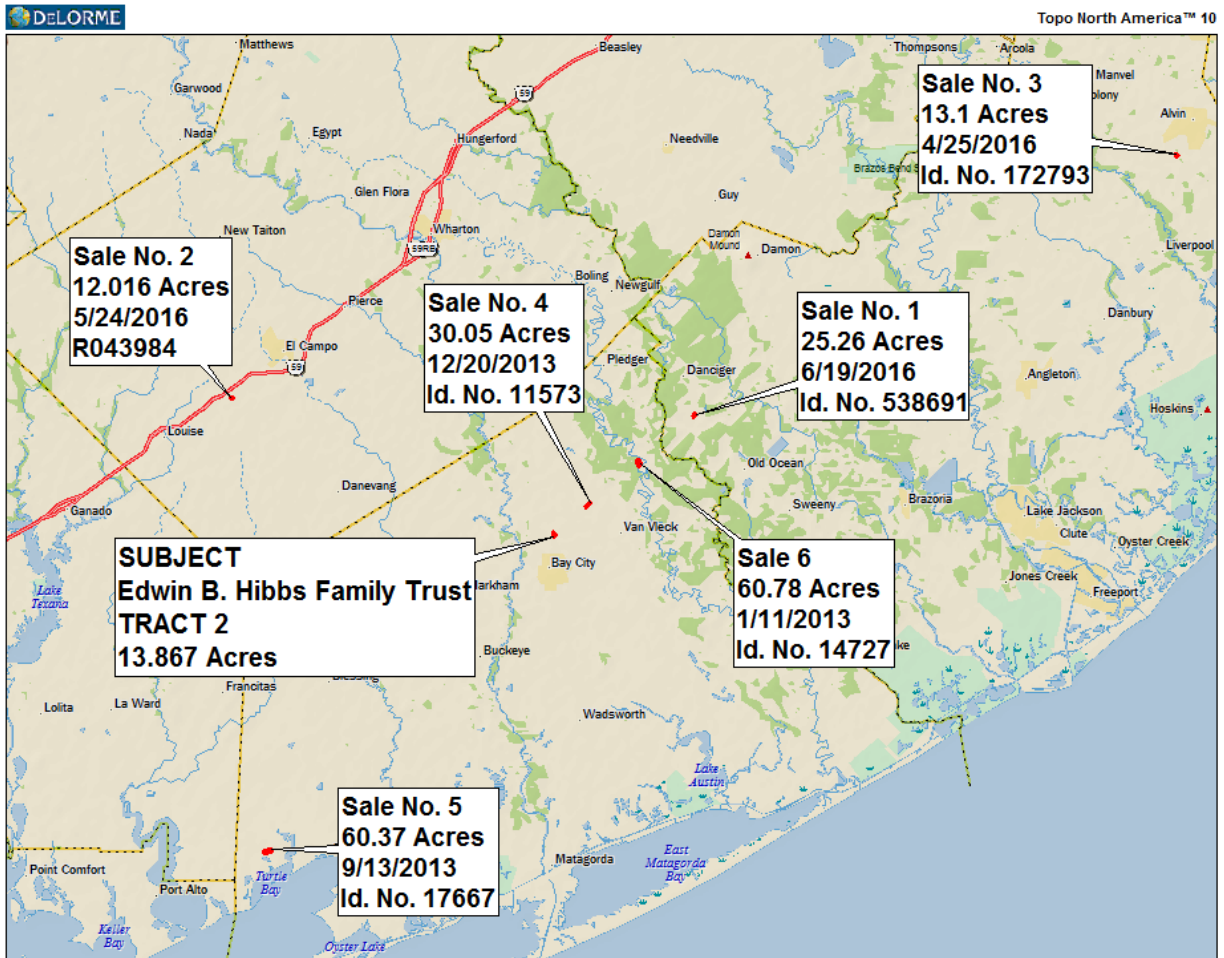
In this instance, Sales 1 and 3 were given the most weight, then Sales 2 and 4 a little less weight, and Sale 5 was given the least weight to indicate a reconciled unit value of:

RECONCILED VALUE	\$1,733 per acre
Rounded	\$1,730 per acre

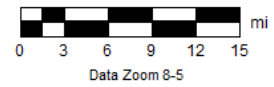
Value Conclusion

Indicated Value/Acre Mean	\$1,794 per acre
Indicated Weighted Value/Acre	\$1,730 per acre
Land Size	13.867 acres
FAIR MARKET VALUE	\$23,990
Rounded	\$24,000

Land Sales Map (Tract 2)



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Land Sale No. 1

Map: Brazoria County
CAD ID: Id. No. 538691

Date: June 19, 2016

Recording: 2016062312

Grantor: George D. Gordon and Darla J. Gordon
228 Stonewall Jackson Dr., Conroe, TX 77302

Grantee: Dr. Richard C. Fugler and Melanie Fugler, c/o Fugler Trust
36 Lake Rd., Lake Jackson, TX 77566

Size: 25.260 Acres, more or less

Legal Description: Will and Susie Pearson Estate, Daniel McNeel League, Abst. 88, Tract 47B
Brazoria County, Texas

Sales Price: \$90,000 **Per Acre:** \$3,563

Financing: Cash

Comments:

The property is located about 850 feet southeast of the southernmost corner of Cedar Brake Loop (CR 448), and about 5 miles northwest of the town of Old Ocean, in Brazoria County, Texas. It is accessed via an 850-foot private road easement off Cedar Brake Loop.

It is rectangular in shape. About 2/3 of the property is densely wooded, with the remaining 1/3 composed of native prairie with tall brush. Dance Bayou clips the northeast corner of the property.

The primary soil type is Pledger clay (5.100 - 100%) for a vegetative productivity rating of 5.100.

Utilities are not presently available to the property, although there is an electrical service line along Cedar Brakes Loop.

Surface Only. No mineral interests were conveyed in the sale.

About 80% of the property lies within the boundaries of the 100-year flood plain.

A gas gathering pipeline and a highly-volatile liquids (HVL) pipeline pass under the center of the property, each with about a 50-foot-wide easement.

There were no improvements of significant value at the time of sale.

Conditions of Sale: The sale was an arms-length transaction.

History of the Property: There were no market conveyances of the property in the three-year period prior to the sale.

Confirmation: Raymond Harrison via Lands of Texas

Land Sale No. 2

Map: Wharton County
CAD ID: R043984

Date: May 24, 2016
Recording: 1023/858
Grantor: Sharon Beck Perry
6201 Mercedes Bend, Austin, TX 78759
Grantee: Robert Schoppe and Laura Schoppe
1127 Adams St., Missouri City, TX 77489
Size: 12.016 Acres, more or less
Legal Description: Isabel Woods Survey No. 2, Abst. No. 694
Wharton County, Texas
Sales Price: \$31,184 **Per Acre:** \$2,595
Financing: Cash

Comments:

The property is situated along the west line of CR 309, about 1.2 miles east of the community of Hilje and 3,120 feet south of U.S. 59, in Wharton County, Texas. It has about 450 feet of frontage along CR 309. It lies adjacent to a 14-bin grain storage facility and elevator.

It is rectangular in shape. The terrain is generally level with scattered trees, however, there is a small 2-acre hayfield and a disturbed area that was previously mined for sand in the western half of the property.

The primary soil type is Kuy sand (2.600 - 100%) for a vegetative productivity rating of 2.600.

Electricity and telephone are available to the property.

Surface Only. No mineral interests were conveyed in the sale.

The property lies outside the 100-year flood plain.

An HVL pipeline corridor clips the northeast corner of the property (minimal encumbrance).

There were no improvements of significant value at the time of sale.

Conditions of Sale: The sale was an arms-length transaction.

History of the Property: There were no market conveyances of the property in the three-year period prior to the sale.

Confirmation: Charles Muegge, HAR MLS #10233428

Land Sale No. 3

Map: Brazoria County
CAD ID: Id. No. 172793

Date: April 25, 2016

Recording: 2016019170

Grantor: Gail R. Scott
539 Silverado Dr., Tiboron, CA 94920

Grantee: Brazoria County Conservation and Reclamation District #3
1318 Old Rosharon Rd., Alvin, TX 77511

Size: 13.100 Acres, more or less

Legal Description: Newson and Swickle Subdivision, Lot 1
Brazoria County, Texas

Sales Price: \$15,000 **Per Acre:** \$1,145

Financing: Cash

Comments:

The property is located in between CR 172 and SH 35, about 2.65 miles south-southwest of the city of Alvin, in Brazoria County, Texas. It is situated along a ditch/levee about 2,070 feet south-southeast of CR 172. The property is landlocked, having no known legal access.

It is rectangular in shape. It contains heavily wooded terrain throughout.

The primary soil type is Lake Charles clay (7.200 - 100%) for a productivity rating of 7.200.

No utilities are available to the property.

Surface Only. No mineral interests were conveyed in the sale.

The entire property (100%) lies within the boundaries of the 100-year flood plain.

A gas gathering pipeline clips the northeast corner of the property.

There were no improvements of significant value at the time of sale.

Conditions of Sale: The property was purchased by a public utilities corporation with the intent of development into wastewater reclamation land.

History of the Property: There were no market conveyances of the property in the three-year period prior to the sale.

Confirmation: Heidi Allbritton, Keller Williams Realty, via Lands of Texas

Land Sale No. 4

Map: Matagorda County
CAD ID: Id. No. 11573

Date: December 20, 2013

Recording: 2013-7057

Grantor: Laverne Thompson (Sonnenburg)
2603 8th St. N, Texas City, Galveston County

Grantee: Travis Power and Hannah Power
1908 Nancy Avenue, Bay City, TX 77414

Size: 30.050 Acres, more or less

Legal Description: MARIA CUMMINS AB 22 TR 4 30.05 AC
Matagorda County, Texas

Sales Price: \$75,125 **Per Acre:** \$2,500

Financing: Note of \$72,000 payable to Baycel Federal Credit Union

Comments:

This property is located at the end of a private road, approximately 2,800 feet southeast along said road from the intersection of FM 3156 and CR 110, in Matagorda County, Texas. Access via the private road is provided through a 60-foot wide easement.

This property is roughly rectangular in shape and is long and narrow. 70% of the property exhibits open, level terrain, while the remaining 30% is heavily wooded.

The primary soil types are Dacosta sandy clay loam (Class II - 23%) and Laewest clay (Class II - 77%) for an overall capability rating of 2.0.

Utilities are not currently available to the property.

The grantors waived the surface rights and retained 50% of the minerals and no other mineral reservations were noted. Therefore, it appears that a 50% mineral interest was conveyed with the property.

None of this property lies in the 100-year flood plain.

The property has an easement adjacent to the northwestern property line containing a gas gathering pipeline and a highly volatile liquids pipeline.

There were no improvements on the property.

Conditions of Sale: This was an arms-length transaction.

History of the Property: There were no conveyances of this property in the three years prior to the sale. The property was later subdivided and sold off in separate, smaller tracts.

Confirmation: MLS listing #39184839

Land Sale No. 5

Map: Matagorda County
CAD ID: Id. No. 17667

Date: September 13, 2013

Recording: 2013-5102

Grantor: Estate of Monica Kelly, Deceased, Donald R. Kelly, Individually and as Independent Executor
411 Elizabeth Ave, Palacios, TX 77465

Grantee: Carlton Van Utesey, et ux, Rebecca Utesey
P.O. Box 1038, Edna, TX 77957

Size: 60.370 Acres, more or less

Legal Description: J. Duncan Koch S/D, Abstract 140, Tract 27-C, NE 1/4, Section 27
Matagorda County, Texas

Sales Price: \$120,740 **Per Acre:** \$2,000

Financing: Cash

Comments:

This property is accessed by a 40' private road off Jenson Point Road. It is situated about 2,700' West of Jenson Point Rd, 1.20 miles Southwest of the intersection of Jenson Point Road and Hwy 35 and about 4 miles West of the city of Palacios.

It is rectangular in shape and has about 90% open terrain with native grasses and light brush. About 10% of the property is low-lying, undulating terrain with from Buttermilk Slough. The tract is about 5' above sea level.

The primary soil types are Palacios loam (Class IV - 82%), Harris clay (Class VII - 17%) and Placedo silty clay (Class VII - 1%).

Electricity is at Jenson Point Road, but not extended back to the property.

Surface Only. No mineral interest was conveyed with the property.

It is located entirely within the boundaries of the 100-year flood plain.

There were no easements of record that would hinder the use of the property.

There were no improvements of significant value on the property at the time of sale.

Conditions of Sale: This was an arms-length transaction.

History of the Property: There were no other conveyances of this property during the 3-years prior to this sale

Confirmation: Matagorda County MLS listing #770394

Land Sale No. 6

Map: Matagorda County
CAD ID: Id. No. 14727 (Now combined with Id. No. 14698)

Date: January 11, 2013
Recording: 2012-7601
Grantor: Estate of Claude Mattingly, Jr., Deceased
C/O Margaret Hanks, Trustee, 10808 Sea Hero Ln, Austin, TX 78748
Grantee: William R. Pendergraft, et ux, Amy H. Pendergraft
683 Private Road 652, Sargent, TX 77414
Size: 60.780 Acres, more or less
Legal Description: Amos Rawls League, Abstract 81, W. A. Moore Subdivision, Block 72
Matagorda County, Texas
Sales Price: \$100,000 **Per Acre:** \$1,645
Financing: Cash

Comments:

This property has no public road frontage, and no recorded easement for access. It is situated 6/10th of a mile west of F.M. 1728, one mile due south of the F.M. 3156 and F.M. 1728 intersection and about 9-1/4 miles northeast of the city of Bay City.

It is irregular in shape and has heavily wooded generally level terrain used as pastureland. The elevation is about 50' above sea level. It is bordered on three sides by Caney Creek.

The primary soil type is Asa silty clay loam (Class I - 100%) for a capability rating of 1.0.

No utilities are available to the property.

Surface Only. No mineral interest was conveyed with the property.

It is located entirely within the boundaries of the 100-year flood plain.

There were no easements of record that would hinder the use of the property.

There were no improvements of significant value on the property at the time of sale.

Conditions of Sale: The property is subject to an old family cemetery on 1/2 acre that is excepted and the property was purchased by the adjoining landowner.

History of the Property: There were no other conveyances of this property during the 3-years prior to this sale.

Confirmation: Matagorda County MLS listing #768837

Reconciliation and Final Value Estimate

(Tract 2)

The subject property, consisting of of land has been appraised by considering the three (3) approaches to value based upon different assumptions and data abstracted from the market. The three (3) approaches to value considered were the cost approach, income approach, and the direct sales comparison approach; however, in this instance only the direct sales comparison approach was used.

The indications to value were:

Cost Approach	N/A
Income Approach	N/A
Direct Sales Approach	\$24,000

Summary of Analysis and Valuation

Sales Comparison Approach. The comparable sales utilized in this report are included in the "Tract Descriptions and Valuation Analysis" section of this report. These sales depict the thinking of the typical buyer who establishes value. The factors of value considered when comparing the sales to the subject property were property rights, financing, condition of sale, time (market conditions), location, size, and physical characteristics. Market information and investors in the market place were surveyed to determine the effect of the factors when comparing the sales to the subject property.

Cost Approach. The cost approach to value was not used since the subject is unimproved, vacant land.

Income Approach. Since this type of property is typically not traded on its rent income producing capabilities, the income approach to value was not utilized.

Reconciliation and Value Conclusion

In reconciling the value, the quality and quantity of data is rated, as well as the applicability of each approach to value. In this instance, the only approach to value used was the Direct Sales Comparison Approach; thus, the value determined by the Direct Sales Comparison Approach was concluded to be the value of the property.

After completing an analysis of the property, it is our opinion that the **Fee Simple Estate** of the subject property, as-is, as of October 17, 2017 has a fair market value of:

\$24,000

Marketing Time

The estimated marketing time (i.e., the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation is estimated to be six (6) months.

Exposure Time

The estimated exposure time (i.e. estimated length of time that the property interest being appraised would have been offered on the market prior to the **hypothetical consummation** of a sale at fair market value on the effective date of the appraisal.) is about six (6) months.