AN APPRAISAL OF LAND
AND AN EXISTING SHOPPING CENTER
AT ------------------------,
ARLINGTON, TEXAS ----------

PREPARED FOR:

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AS OF:

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PREPARED BY -------------------------------
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Dear -----------------,

RE: ------------------------, Street, Arlington, Texas ---------
Existing 26,911SF shopping center on 2.982 acres of land

As requested, we have completed a summary narrative appraisal of the 2.982 acres of land at -------------------- in Arlington with an existing 26,911 square feet----------------retail shopping center, along with all site improvements, “In Its Present Condition”. The purpose of the appraisal is to estimate the market value of the subject for loan review, as in a Fee Simple Estate to the property as of -------------------.

The following report sets out the appraisal process. Based on an inspection of the subject site and the surrounding neighborhood, a discussion with the property owner, together with an analysis of the general real estate market, it is our opinion that the property herein described had a market value “In Its Present Condition” as of ------------------ of:

$ ( DOLLARS)

This appraisal and this appraisal report have been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). Our analysis and conclusion are subject to this report’s Contingencies and Limiting Conditions. This is a complete appraisal, summary report.

Respectfully submitted,

_________________________  ____________________________
**SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

<table>
<thead>
<tr>
<th>SUBJECT PROPERTY</th>
<th>------------------Street, Arlington, Texas------------------</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEGAL DESCRIPTION</td>
<td>A 2.982-acre portion of Lot 10R1A, Schooler Tract Addition, in the City of Arlington, Tarrant County, Texas</td>
</tr>
<tr>
<td>2000 CENSUS TRACT NUMBER</td>
<td>#48439111527 (1,115.270)</td>
</tr>
<tr>
<td>MAPSCO LOCATION</td>
<td>96F of the Fort Worth Mapsco</td>
</tr>
<tr>
<td>PROPERTY TAX IDENTIFICATION NUMBER</td>
<td>A portion of account #07654839 (Tarrant County)</td>
</tr>
<tr>
<td>PROPERTY OWNER</td>
<td>Cooper Street Market Inc. (deed dated 1/1/2000)</td>
</tr>
<tr>
<td>LAND AREA</td>
<td>2.982 acres (129,916 SF (per survey)</td>
</tr>
<tr>
<td>ZONING</td>
<td>“CS” Community Service</td>
</tr>
<tr>
<td>FLOODPLAIN MAP PANEL</td>
<td>485454-0442H dated August 2, 1995</td>
</tr>
<tr>
<td>FLOODPLAIN DESIGNATION</td>
<td>Zone “X” – outside flood prone area</td>
</tr>
<tr>
<td>IMPROVEMENTS</td>
<td>Existing 26,911 SF shopping center (per survey)</td>
</tr>
<tr>
<td>HIGHEST AND BEST USE</td>
<td>As improved with the existing shopping center for sale or lease to an end user or investor.</td>
</tr>
<tr>
<td>PROPERTY RIGHTS APPRAISED</td>
<td>Fee Simple</td>
</tr>
<tr>
<td>ESTIMATED EXPOSURE TIME</td>
<td>Less than one year</td>
</tr>
<tr>
<td>MARKETING PERIOD</td>
<td>Less than one year on building</td>
</tr>
<tr>
<td>EFFECTIVE DATE OF APPRAISAL</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>ESTIMATES OF VALUE</td>
<td>Sales Approach $----------------- ($--------/SF)</td>
</tr>
<tr>
<td>“In Its Present Condition”</td>
<td>Income Approach $----------------- ($--------/SF)</td>
</tr>
<tr>
<td></td>
<td>Cost Approach $----------------- ($--------/SF)</td>
</tr>
<tr>
<td></td>
<td>The Cost Approach to Value on the shopping center development includes an estimated value of $----------------- ($--------/SF) for the land and $----------------- for the improvements (rounded).</td>
</tr>
<tr>
<td>FINAL VALUE</td>
<td>$-----------------</td>
</tr>
<tr>
<td>“In Its Present Condition”</td>
<td></td>
</tr>
</tbody>
</table>

This report consists of numbered pages and addendums as stated in the Table of Contents and has been signed in BLUE INK by the appraiser(s). The appraiser(s) assume no responsibility for use of unauthorized copies of this report.
An appraisal is an estimate of value. As such, the opinions of value contained herein are only estimates with no guarantee, written or implied that the subject will sell for such an amount.

The legal description and size of the property is taken directly from a copy of the survey provided by the client or property owner and are assumed to be correct. The legal description was, however, used by Tarrant County and the City of Arlington to verify many of the salient facts noted in this appraisal. No responsibility for matters legal in character is assumed.

The client, as defined in the “Uniform Standards of Professional Appraisal Practice”, is the party that engaged the appraiser by a written engagement letter contract. This specific engagement contract is only for the party identified as our client, no other party.

A survey of the subject was provided to the appraisers. The value estimate is predicted on this survey, the legal description and a physical inspection of the property. No abstract of title was provided, however, the recent history of the subject has been reviewed as recorded by the Tarrant County Appraisal District files. The title is assumed good and merchantable. The property is appraised on the basis of Fee Simple Title conveyance to the purchaser(s) and full cash payment being received by the seller. It is recognized, however, that the purchaser(s) will likely take advantage of maximum financing, and the effects of such financing upon the probable selling price have been considered.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

It is assumed that the utilization of the land and any existing improvements is within the boundaries of the property described and that there is no encroachment or trespasses unless noted in the report.

It is assumed that the client or the client’s lender has complied with the Gramm, Leach, Bliley Act of 1999, which requires the lender to provide appropriate notice to all parties.

The Americans with Disabilities Act (“ADA”) became effective January 26, 1992. The appraisers have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. Since the appraisers have no direct evidence relating to this issue, the appraisers did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

This report is intended to be used only by the person(s) or entities named in the transmittal letter. THIS REPORT CONSISTS OF NUMBERED PAGES AND ADDENDUMS AS STATED IN THE TABLE OF CONTENTS AND HAS BEEN SIGNED IN BLUE INK BY THE APPRAISER(S). Should the contents of this report, in whole or in part, be transmitted in any way to a third party, the Appraiser(s) assume(s) no responsibility or liability for any detriment or loss incurred by said third party due to its reliance on the contents of this report in whole or in part unless specific arrangements have been made prior to any transmittal. Nor shall the appraiser(s), firm or professional organization of which the appraiser(s) is a member be identified without the written consent of the appraiser.

This appraisal report was obtained from Peyco Southwest Realty, Inc. and consists of trade secrets and commercial or financial information which is privileged and confidential and exempted from disclosure under 4 U.S.C. 552 (b) (4). Please notify Peyco Southwest Realty, Inc. of any request of reproduction of this appraisal.
The data contained in this report, and upon which this appraisal is based was gathered from responsible sources and is believed to be authentic, but no responsibility is assumed for the result of actions by anyone based on such information.

All information, comments and conclusions relative to the subject and other property are the opinion of the appraiser(s) after personal inspection of the property concerned was made.

The maps, plats and exhibits included herein are for illustration purposes and are not to be considered as surveys or relied upon for other purposes.

It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined, and considered in this report, and the appraiser reserves the right to alter any value opinions based on any subsequent environmental impact studies, research or investigation.

The appraiser(s) have personally inspected the subject land and any existing improvements and find no obvious evidence of structural deficiencies or damage except as stated in this report; however, no responsibility for hidden defects on the subject to specific governmental requirements, such as fire, safety, or occupancy codes can be assumed without provision of specific professional or governmental inspections.

The appraiser(s) is(are) not qualified to detect the existence of potentially hazardous materials used in the construction or maintenance of the existing improvements. The appraiser(s) advise(s) any interested parties to retain an expert in this field if so desired.

The appraisal report was delivered to the client, which constitutes the completion of the appraisal assignment. After completion of the appraisal assignment as noted above, any additional requests by the client must be requested in writing, and may be subject to additional billing to recover the costs associated with such requests.

**PURPOSE OF APPRAISAL**

The purpose of the appraisal is to estimate the market value of the subject “In Its Present Condition” for the 2.982-acre land site with its existing retail shopping center, as in a Fee Simple Estate to the property, as of November 29, 2005, for loan review purposes.

**DEFINITION OF MARKET VALUE**

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

a) buyer and seller are typically motivated;

b) both parties are well informed or well advised, and each acting in what he considers his own best interest;

c) a reasonable time is allowed for exposure in the open market;

d) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

e) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sales. (1)

DEFINITION OF FAIR MARKET VALUE

Fair market value is the cash price that might reasonably be anticipated in a current sale under all conditions requisite to a fair sale. A fair sale means that buyer and seller are each acting prudently, knowledgeably, and under no necessity to buy or sell – i.e. other than a forced or liquidation sale. The appraiser should estimate the cash price that might be received upon exposure to the open market for a reasonable time, considering the property type and local market conditions.

When a current sale is unlikely – i.e., when it is unlikely that the sale can be completed within 12 months the appraiser must discount all cash flows generated by the property to obtain the estimate of fair market value. These cash flows include, but are not limited to, those arising from ownership, development, operation, and sale of the property. The discount applied shall reflect the appraiser’s judgment of what a prudent, knowledgeable purchaser under no necessity to buy would be willing to pay to purchase the property in a current sale. (2)

DEFINITION OF FEE SIMPLE ESTATE

Fee Simple Estate conveys “absolute ownership of real property.” The “owner is entitled to the entire property with unconditional power of disposition to the owner’s designated heirs.” (3)

DEFINITION OF LEASED FEE ESTATE

Acting as a landlord, a property owner may permit a tenant to occupy and use the property over a given time in return for rental payments. The property owner retains the right to repossess the property at the termination of the lease. This creates a Leased Fee Estate, which may be sold or mortgaged, subject to the rights of the tenant. Leases made prior to the current period may be above or below the current market figure. If scheduled rent and market rent are the same, lease interest in the property is of zero value and the Leased Fee Estate is equal to the Fee Simple Estate.

ESTATE APPRAISED

The estate appraised is the Fee Simple Estate to the subject property, subject to all easements and right-of-ways of record. The appraisers are not aware of any deed restrictions that would prohibit the current use of the subject property. Also, the appraisers are not aware of any adverse utility easements that would affect their market value.

MARKETING PERIOD

The subject’s 2.982-acre site and its existing shopping center improvements is considered to have less than a one-year marketing time. No discounted cash flow analysis was necessary. This marketing time estimate is based on the sale comparables analyzed in this report (as well as other sales in the subject’s market area) and conversations with local brokers.

EFFECTIVE DATE OF APPRAISAL

The effective date of this appraisal is -----------------------.

PROPERTY INSPECTION

The appraiser(s) conducted a full site inspection of the subject on November 29, 2005 and no substantial changes in the condition of the property have occurred between the inspection date and the date of valuation.

PROPERTY HISTORY

The current owner of record is ----------- (as recorded January 1, 2000 in Tarrant County Deed Records) who purchased the property at an undisclosed price.

The subject’s improvements were built in 2001 as shell retail space in two adjoining buildings. The finish out of each space is completed to meet the tenant’s requirements as they are leased.

The subject is currently 51% leased with a 2,793 SF space and a 10,500 SF space available for lease. Per the leases in place and the leasing agent’s rent roll the subject has 27,000 SF of net leasable space for lease contract comparison.

<table>
<thead>
<tr>
<th>SUITE #</th>
<th>TENANT</th>
<th>AREA/SF</th>
<th>NET RENT $/SF/YR</th>
<th>NET FEES $/SF/YR</th>
<th>GROSS RENT $/SF/YR</th>
<th>LEASE TERMINATION DATE</th>
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</thead>
<tbody>
<tr>
<td>100</td>
<td>Movie Exchange</td>
<td>4,280</td>
<td>$ 23.94</td>
<td>$ 4.33</td>
<td>$ 28.27</td>
<td>9/30/2007</td>
</tr>
<tr>
<td>104</td>
<td>Café Hana</td>
<td>1,933</td>
<td>$ 16.84</td>
<td>$ 4.33</td>
<td>$ 21.17</td>
<td>10/31/2007</td>
</tr>
<tr>
<td>TBD</td>
<td>Demetrius Long</td>
<td>1,960</td>
<td>$ 14.40</td>
<td>$ 4.85</td>
<td>$ 19.25</td>
<td>10/31/2011</td>
</tr>
<tr>
<td>TBD</td>
<td>Vacant</td>
<td>2,793</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>#112</td>
<td>Dr. Pham, DDS</td>
<td>1,634</td>
<td>$ 11.78</td>
<td>$ 4.32</td>
<td>$ 16.10</td>
<td>4/30/2009</td>
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<tr>
<td>#116</td>
<td>Escape Salon &amp; Day Spa</td>
<td>2,250</td>
<td>$ 16.00</td>
<td>$ 4.85</td>
<td>$ 20.85</td>
<td>7/31/2008</td>
</tr>
<tr>
<td>TBD</td>
<td>Vacant</td>
<td>10,500</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>#126</td>
<td>E'lance Salon</td>
<td>1,650</td>
<td>$ 11.67</td>
<td>$ 4.85</td>
<td>$ 16.52</td>
<td>7/31/2008</td>
</tr>
</tbody>
</table>

27,000

The subject is currently under contract to John J. Dighera and Donald L. Heinbuch at a purchase price of $-- ----------- ($--------/SF).

TAXES

The subject property lies within the taxing jurisdiction of the City of Arlington, the Arlington Independent School District, the Tarrant County Hospital District, the Tarrant County College District and Tarrant County. The subject is a portion of a 13.38-acre tract in Account 07654839. This account’s assessed value for 2005 ad valorem property tax purposes was $4,329,998. Our subject’s pro-rata portion of this account equates to an assessed value of $3,276,104.

Per Tarrant County Collector/Assessor’s office records, the 2005 ad valorem property taxes have been paid and there are not outstanding balances from any prior year’s taxes liabilities.

LEGAL DESCRIPTION

The subject property may be legally described as a 2.982-acre portion of Lot 10R-1-A1, Schooler Tract Addition, in the City of Arlington, Tarrant County, Texas.
ZONING

The subject property is zoned “CS” Community Service by the City of Arlington. This zoning district allows all uses in the “O” Office and “NS” Neighborhood Services zoning category plus the “CS” Community Service district, which includes: car wash; bank; savings and loan; custom craft work; building, landscape materials and lumber sales; wholesale supply business; teen club; hospital; garment cleaners; garden shop; greenhouse or nursery; restaurant with drive-in/pick-up service with consumption of alcoholic beverages; theater; hotel or motel; indoor retail sales and inside recreation uses. A Specific Use Permit is required for nightclubs and scientific research labs.

The existing use, a retail shopping center, is in compliance with the City of Arlington’s “CS” zoning laws and regulations.

SCOPE OF THE APPRAISAL

This appraisal report is intended to be an “appraisal assignment” as defined in the Standards of Professional Practice of the Appraisal Institute, i.e. it is the intent that the appraisal service be performed in such a manner that the results of the analysis, opinion, or conclusion be that of a disinterested third party.

This is a complete appraisal, summary report. The intended use of this appraisal is to assist the lender/client named in the report in evaluating the subject property’s market value as collateral for mortgage lending or a financial decision only.

The client as defined in the Uniform Standards of Professional Appraisal Practice is the party or parties that engaged the appraiser by contract in this specific assignment as identified in this report, and no others.

Activities undertaken during the course of this appraisal are as follows:

Market data collection: Collected, verified and analyzed market data and any other pertinent information necessary to the valuation process.

Site description and analysis: Physically inspected the property and surrounding market area on November 29, 2005. A physical observation of the property was performed of the unobstructed, viewable surfaces of the exterior and interior areas. Exterior and interior photographs were taken for the appraiser’s work file. Not all photographs are included in the report. Reviewed city maps, tax plat maps, zoning maps, flood plain maps as they pertained to the subject.

No engineering study has been provided or has been performed regarding the integrity of the underlying site as it relates to support of the existing or future building development. No Environment Site Assessment (ESA) has been provided regarding the subject property. Peyco Southwest Realty, Inc. is not qualified to detect the existence of potentially hazardous materials on the tract of land. Peyco Southwest Realty, Inc. advises any interested parties to retain an expert in this field if so desired. It is an underlying assumption of this report that the soils which comprise the subject property is free of any man made or naturally occurring environmental toxins or contamination.

Area and market analysis: Interviews with area brokers, property owners, and investors indicated demand for improved properties in the area. Market research for sales of similarly vacant tracts indicated market demand for vacant properties with development potential. Reviewed all relevant available city data and information from other public sources.

Reconciliation: Compilation of the descriptions, reasoning and explanations, leading to final value conclusions within this report.
Completion: The appraisal report was delivered to the client, which constituted completion of the appraisal assignment. After completion of the appraisal assignment as noted above, any additional requests by the client must be requested in writing, and may be subject to additional billing to recover the costs associated with such requests.
Metropolitan area map
City map 1
Market map 1
CITY AND AREA ANALYSIS

The City of Arlington, located in east Tarrant County, is 12 miles east of Fort Worth, 20 miles west of Dallas and nine miles southwest of the Dallas/Fort Worth Airport. The City is bordered on the north by Hurst-Euless-Bedford, on the west by Fort Worth, on the south by Mansfield and on the east by Grand Prairie. Arlington is a progressive, pro-business community of over 344,590.

City of Arlington – Quick Facts:

| Land Area                                      | 457.7 square miles within Arlington’s city limits and extraterritorial jurisdiction with nearly 100 square miles devoted to business within 5 designated business parks. |
| Population (2004 est.)                        | 361,717                                                                 |
| Arlington ISD Schools                         | 68 public schools plus 26 private schools and 50 special/head start school |
| Colleges and Universities                     | University of Texas at Arlington, Tarrant County College-Southeast Campus Arlington Baptist College |
| Municipal Police                               | 507                                                                      |
| Paid Firemen                                   | 265                                                                      |
| Volunteer Firemen                              | 200                                                                      |
| Total Hospital Beds in City                    | 918                                                                      |
| Total Doctors (medical) in City                | Over 200                                                                |
| Parks                                          | 82                                                                       |
| Area Lakes                                     | 3                                                                        |
| Libraries                                      | 5                                                                        |
| Country Clubs                                  | 3                                                                        |
| Municipal Golf Courses                         | 5                                                                        |
| Health Centers                                 | 5                                                                        |
| Tennis Courts                                  | 16                                                                      |
| Average Annual Temperature                     | 65 degrees                                                              |
| Average Annual Rainfall                        | 36 inches                                                               |

Social Factors

Social factors are primarily exerted by population characteristics. The demographic composition of the population reveals the potential basic demand for real estate development. The City of Arlington recorded a record 63.46 percent gain in population between 1980 and 1990. Among cities with populations above 150,000, only one other city in the country boasted a greater growth rate. The estimated population of Arlington at the end of 2004 was 361,717. Arlington’s population is generally young and well educated, with the median age in Arlington of 30.9 years.

Economic Factors

An important factor contributing to Arlington’s strong economy is its location within the Dallas/Fort Worth metroplex. The City is located between these two major cities that provide excellent employment opportunities for residents as well as a central location for a variety of businesses that serve Dallas and Fort Worth and the mid-cities. Arlington is widely recognized as a major business and employment center. It is home to nearly 7,000 manufacturers, corporations, Fortune 500 companies and independently owned businesses.

Major employers in the area include such companies as:
<table>
<thead>
<tr>
<th>Employer</th>
<th>Product</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arlington Independent School District</td>
<td>Education</td>
<td>8,000</td>
</tr>
<tr>
<td>University of Texas at Arlington</td>
<td>Education</td>
<td>5,700</td>
</tr>
<tr>
<td>Six Flags Over Texas</td>
<td>Entertainment</td>
<td>3,200</td>
</tr>
<tr>
<td>General Motors</td>
<td>Manufacturing</td>
<td>3,000</td>
</tr>
<tr>
<td>The Parks at Arlington (mall)</td>
<td>Retail</td>
<td>3,000</td>
</tr>
<tr>
<td>Texas Rangers Baseball Club</td>
<td>Entertainment</td>
<td>1,800</td>
</tr>
<tr>
<td>City of Arlington</td>
<td>Municipal government</td>
<td>1,700</td>
</tr>
<tr>
<td>AmeriCredit</td>
<td>Finance</td>
<td>1,300</td>
</tr>
<tr>
<td>Arlington Memorial Hospital</td>
<td>Healthcare</td>
<td>1,300</td>
</tr>
<tr>
<td>Providian Financial</td>
<td>Call center/Financial</td>
<td>1,100</td>
</tr>
<tr>
<td>National Semiconductor</td>
<td>Manufacturing</td>
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<td>Doskocil Manufacturing</td>
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<tr>
<td>J.P. Morgan-Chase Customer Service Center</td>
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<tr>
<td>J.P. Morgan-Chase Bank of Texas N.A.</td>
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<td>Aetna US Healthcare</td>
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<td>Siemens ElectroCom LP</td>
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<td>Medical Center Arlington</td>
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<td>Tom Thumb</td>
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<td>Wal-Mart</td>
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<tr>
<td>Silverleaf Resorts Ltd.</td>
<td>Travel</td>
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</tbody>
</table>

The City of Arlington offers incentives to draw and retail businesses which include tax abatement programs, enterprise zones, reinvestment zones and three Freeport Exemption zones. Other development programs include Downtown Arlington Tax Increment Finance District, Center for Continuing Education and Workforce Development, Great Southwest Municipal Management District and Arlington Technology Incubator.

**Governmental Factors**

The government provides many necessary facilities and services that are important elements in land-use patterns. Police and fire protection, along with other public services are provided by the city.

Arlington operates under a home-rule charter. It is within the jurisdiction of Tarrant County, which is guided by the County Commissioners Court, a nonjudicial elected body of five members. Property taxes are based on 100% of the taxable item’s market value, as established by the Tarrant County Appraisal District. Tax rates are set and collected by the individual taxing entities. The 2005 tax rates are listed below:

<table>
<thead>
<tr>
<th>Taxing Entity</th>
<th>Tax Rate 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Arlington</td>
<td>$0.648000</td>
</tr>
<tr>
<td>Mansfield Independent School District</td>
<td>$1.772000</td>
</tr>
<tr>
<td>Tarrant County</td>
<td>$0.272500</td>
</tr>
<tr>
<td>Tarrant County Hospital District</td>
<td>$0.235397</td>
</tr>
<tr>
<td>Tarrant County College</td>
<td>$0.139380</td>
</tr>
<tr>
<td><strong>TOTAL 2005 TAX RATES</strong></td>
<td>$3.067277 per each $100 of assessed value</td>
</tr>
</tbody>
</table>
Environmental Factors

Arlington, located in the center of the Metroplex, has two major six-lane interstates connecting Fort Worth and Dallas: Interstates 20 and 30. These highways also have key commercial development sites located adjacent to them. Four interstates converge in the Metroplex: the east/west Interstates 20 and 30, and the north/south oriented Interstate 35W in Fort Worth and Interstates 35E and 45 in Dallas. Accordingly, Arlington has direct interstate transportation to all U.S. markets.

In addition to employment factors available to Arlington residents, area recreational activities are available to support the entertainment side of a comfortable living environment including: Arlington Convention Center, Arlington Museum of Art, Hurricane Harbor, Fielder Museum, Legends of the Game Museum, Johnny High’s Country Music Revue, Six Flags Over Texas, Texas Rangers Baseball, The Upstairs Gallery.

Conclusion

In addition to the stable employment, population and business base for the City of Arlington, two new major projects will greatly affect Arlington’s future economy. The Dallas Cowboys will get a $650-million stadium project in Arlington with surrounding small business development to support this newest addition to Arlington’s entertainment base. The Arlington City Council is also considering a 76-acre Arlington Heights retail development proposed to stretch along the north side of Interstate 20 between Matlock Road and the planned extension of South Center Street. This development will include upscale shops, restaurant and a movie theater with a stone and brick building design to resemble old Texas courthouse squares with wrought-iron and masonry fencing and enclosed landscaped areas. These projects will add to the employment opportunities and the sales tax revenues of the City of Arlington.

In conclusion, the Arlington area exhibits a dynamic housing market, business, office, retail and industrial growth with vacant land still available for continued development. The proximity of DFW Airport and Fort Worth Alliance Airport provides access to all parts of the globe for transportation of passengers and cargo. Arlington’s economy is closely tied to that of the overall Dallas/Fort Worth metroplex which remains a strong economic development area with many employment and business opportunities, as well as access to desirable residential amenities such as entertainment and recreational facilities, higher education institution and campuses, and some of the best medical facilities in the country.

The forecasts for the Arlington area will continue to be stable to strong. Due to the diversified economic base of the City of Arlington and its growth rates regarding population and economic development, the appraisers support the economic stability and continued growth of the city as well as the support for the overall health and stability of the local real estate market in Arlington and the Dallas/Fort Worth metroplex.
A market area can be defined as an area of locality characterized by similar or compatible land uses and is often identified by a place name. Boundaries can be composed of major streets, natural barriers, or by a change in land use. Commercial market areas can be a major shopping center or business district.

The subject’s market area is the City of Arlington and the City of Mansfield (with its recent office and retail growth and planned hospital/medical corridor office developments). The further defined market area is bounded on the north by State Highway Spur 303 (Pioneer Parkway), on the south by Broad Street in Mansfield, on the east by State Highway 360 and on the west by Green Oaks Boulevard and State Highway 287 South.

Access to the micro-locale market area is considered good as Interstate Highway 20 (I-20) is the primary east-west ground transportation route through the north central portion of Tarrant County and Dallas County. North/south access through the market area is provided by Cooper Street (State Highway 157), Matlock Road, Collins Street, Center Street, State Highway 360 and State Highway 287 South. East/west access through the market area is provided by I-20, Green Oaks Boulevard, Sublett Road, Debbie Lane (Hwy. 1187) and Broad Street. These major transportation arteries are supported by an infrastructure of secondary and local roadways to allow easy access throughout the area. The subject site is located in a good geographic area with quick access to all major sites in the Arlington and Dallas/Fort Worth Metroplex area.

A range of land uses in the proximity of South Cooper Street (State Highway 157) in the subject’s micro-market area include retail, offices, restaurants (including table restaurants and fast food restaurants) and local neighborhood services such as pharmacy and dry cleaner services, as well as medical office, dental offices and professional offices. The retail, office, professional and business service uses within the geographically defined market area are supported by residential development within and adjacent to the market area.

Commercial growth in Arlington has been steady over the 2004 fiscal year with the largest number of new commercial construction permits issued in the 2nd Quarter, 2004 (30) and the largest dollar amount of new commercial construction permits issued in the 4th Quarter, 2004 ($17,997,517) as indicated below:

<table>
<thead>
<tr>
<th>1st Quarter, 2004 Commercial Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Construction Permit</td>
</tr>
<tr>
<td>New Construction</td>
</tr>
<tr>
<td>Additions/Remodels</td>
</tr>
<tr>
<td>Interior Finish</td>
</tr>
<tr>
<td>Other (fencing, signs, etc.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2nd Quarter, 2004 Commercial Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Construction Permit</td>
</tr>
<tr>
<td>New Construction</td>
</tr>
<tr>
<td>Additions/Remodels</td>
</tr>
<tr>
<td>Interior Finish</td>
</tr>
<tr>
<td>Other (fencing, signs, etc.)</td>
</tr>
</tbody>
</table>
### 3rd Quarter, 2004 Commercial Activity

<table>
<thead>
<tr>
<th>Type of Construction Permit</th>
<th>Number of Permits</th>
<th>Value of Permits</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>19</td>
<td>$4,416,110</td>
</tr>
<tr>
<td>Additions/Remodels</td>
<td>100</td>
<td>$8,684,799</td>
</tr>
<tr>
<td>Interior Finish</td>
<td>15</td>
<td>$1,215,000</td>
</tr>
<tr>
<td>Other (fencing, signs, etc.)</td>
<td>519</td>
<td>$1,434,490</td>
</tr>
</tbody>
</table>

### 4th Quarter, 2004 Commercial Activity

<table>
<thead>
<tr>
<th>Type of Construction Permit</th>
<th>Number of Permits</th>
<th>Value of Permits</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>13</td>
<td>$17,997,517</td>
</tr>
<tr>
<td>Additions/Remodels</td>
<td>93</td>
<td>$6,350,167</td>
</tr>
<tr>
<td>Interior Finish</td>
<td>22</td>
<td>$710,688</td>
</tr>
<tr>
<td>Other (fencing, signs, etc.)</td>
<td>340</td>
<td>$2,196,740</td>
</tr>
</tbody>
</table>

RealtyRates’ market survey reported the following operating data, average sales price and overall capitalization rates for neighborhood, community and strip retail centers:

**RealtyRates.com MARKET SURVEY - 1st Quarter 2005**

<table>
<thead>
<tr>
<th></th>
<th>4thQ04</th>
<th>3rdQ04</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Anch</td>
<td>Un-Anch</td>
<td>Anch</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asking Rent</td>
<td>$18.45</td>
<td>$17.99</td>
<td>$18.45</td>
</tr>
<tr>
<td>Effective Rent</td>
<td>$16.87</td>
<td>$16.45</td>
<td>$16.87</td>
</tr>
<tr>
<td>Other Income</td>
<td>$0.84</td>
<td>$0.82</td>
<td>$0.84</td>
</tr>
<tr>
<td>Total Income</td>
<td>$17.71</td>
<td>$17.27</td>
<td>$17.71</td>
</tr>
<tr>
<td>Vacancy Rate</td>
<td>7.5%</td>
<td>7.1%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Effective Gross Income (EGI)</td>
<td>$16.39</td>
<td>$16.04</td>
<td>$16.39</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$5.81</td>
<td>$5.55</td>
<td>$5.88</td>
</tr>
<tr>
<td>Expense Ratio</td>
<td>36.0%</td>
<td>34.57%</td>
<td>35.90%</td>
</tr>
<tr>
<td><strong>Net Operating Income (NOI)</strong></td>
<td>$10.47</td>
<td>$10.50</td>
<td>$10.50</td>
</tr>
<tr>
<td><strong>Investment Data</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Aug Sale Price</strong></td>
<td>$119</td>
<td>$111</td>
<td>$119</td>
</tr>
<tr>
<td><strong>Overall Cap. Rate (OAR)</strong></td>
<td>8.8%</td>
<td>9.4%</td>
<td>8.8%</td>
</tr>
<tr>
<td><strong>Gross Rent Multiplier (GRM)</strong></td>
<td>7.05</td>
<td>6.77</td>
<td>7.04</td>
</tr>
<tr>
<td><strong>Effective Gross Income Multiplier (EGIM)</strong></td>
<td>7.25</td>
<td>6.94</td>
<td>7.25</td>
</tr>
</tbody>
</table>

Marcus & Millichap’s Special Research Report “2005 Real Estate Investment Outlook” noted that demand has been strong for strip centers, as evidenced by a 12.5 percent increase in prices for this property type over the past year, to $139 per square foot. Properties sold in 2004 averaged slightly less than 20,000 square feet and had an average capitalization rate of 8.1%.

The Real Estate Center at Texas A&M University reported shopping center leasing in North Texas grew by more than 75 percent in 2004 with vacancy at its lowest level since 2000 with an overall vacancy of 9.5%. Reportedly, this is only the second time in 15 years that vacancy has been under 10 percent. Most shopping center leasing was in community or neighborhood retail centers.
Per the “2005 Shopping Center Survey and Forecast” published by The Weitzman Group, “The growth of occupied space in 2004 occurred because retailers leased existing space at a steady clip, and new projects were substantially pre-leased prior to the start of construction.” By center type, the survey reported the following 2004 occupancy rates:

<table>
<thead>
<tr>
<th>Center Type</th>
<th>2004 Occupancy Rate</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neighborhood Centers</td>
<td>89.0% (86.8% at year-end 2003)</td>
<td>Neighborhood centers have less than 100,000 square feet providing convenience goods and services for a given area.</td>
</tr>
<tr>
<td>Community Centers</td>
<td>90.1% (89.5% at year-end 2003)</td>
<td>Community centers have 100,000 to 300,000 square feet typically built around a junior anchor(s) and a grocery store.</td>
</tr>
<tr>
<td>Power Centers</td>
<td>93.0% (92.9% at year-end 2003)</td>
<td>Power centers have the great majority of their space devoted to “power” tenants in large-box formats.</td>
</tr>
<tr>
<td>Malls</td>
<td>91.0% (92.0% at year-end 2003)</td>
<td>Malls are regional and super-regional centers anchored by department stores, offering a wide variety of merchandise, services and entertainment facilities. Larger super-regional malls report higher occupancy rates than the smaller regional malls, a category where some older malls have lost anchor tenants in recent years.</td>
</tr>
</tbody>
</table>

This report also noted the top submarkets for occupancy in the Fort Worth area (in addition to the Fort Worth Central Business District) was Northeast Tarrant County with 95.1%; Arlington with 91.7%; Bedford/Euless with 91.3% and Southwest Fort Worth with 90.9% occupancy.

The top absorption submarkets in the entire Dallas/Fort Worth market, based on square footage were reported as:

- Lewisville/Flower Mound 530,000 square feet absorbed
- Arlington 494,000 square feet absorbed
- McKinney 492,000 square feet absorbed.

These submarkets benefited from new construction and leasing of existing space.

Absorption by center type was reported as:

- Community Centers 2.5 million square feet absorbed
- Neighborhood Centers 1.5 million square feet absorbed
- Power Centers 600,000 square feet absorbed
- Malls Negative 85,000 square feet due in part to closed stores.

New retail construction added space in 2004:

- Community Centers 2,300,000 SF of new construction
- Neighborhood Centers 1,200,000 SF of new construction
- Power Centers 571,000 SF of new construction
- Malls 173,000 SF (expansions).

Average rental rates remained basically level in 2004 at approximately $14 per square foot per year. For new space, average rents ranged from $18 to $22 per square foot per year. Regional malls average $27 to $32 per square foot per year. Unanchored neighborhood centers exhibited the lowest rental rates at $3 to $5 per square foot per year.
The Retail Connection L.P. broke ground on its 910,000 SF “Arlington Highlands Shopping Center” on November 29, 2005. The first phase will be 630,000 SF combining a mix of shopping, dining and entertainment concepts. Described as a “unique Hybrid Center” this development will combine both a “Power Center” of big-box tenants and a “Lifestyle Center” of specialty retailers and restaurants. The complex will be located amidst a city park and pedestrian-oriented plaza built as a community of buildings with business offices with balconies and green spaces.

Once completed, “Arlington Highlands Shopping Center” will accommodate over 75 retailers. Retailers committed to the project include:

- Bed Bath & Beyond
- Cost Plus World Market
- Staples
- Golf Galaxy
- Sleep Experts
- Haltom’s Jewelers
- Coldwater Creek
- Mi Cocina
- Fish City Grill
- Jo-Ann Stores
- Borders
- PetsMart
- Shoe Pavilion
- Conn’s
- Ann Taylor Loft
- Jos. A. Bank Clothiers
- B.J.’s Brewery
- Coldstone Creamery
- Ethan Allen
- Ulta
- Studio Movie Grill
- Broyhill
- Kincaid’s
- Orvis
- Potbelly
- Gloria’s
- P.R. Chang’

The South Arlington retail market is also influenced by the growing population and development in Mansfield as an integral part of South Arlington’s retail demand. The City of Mansfield is currently experiencing growth at an 11% rate annually, with continued growth projected well into the future. Recent studies conducted by Freese & Nichols and MPRG project Mansfield’s population will exceed 41,000-50,000 by the year 2005; 58,000-70,000 by the year 2010 and 93,000-115,000 by the year 2020. Of Mansfield’s 38.8 square miles, only one-third of the land has been developed. This leaves thousands of acres available for commercial, industrial and residential development. Over 1,300 new home permits were issued in 2003. The average new single-family dwelling built during FY 2003 was valued at over $186,349 and the average annual family income is estimated to be $91,878.

In conclusion, the overall demand for vacant tracts of land with commercial development potential within the immediate market area of the subject property is found to be average to good. As vacant tracts are purchased and developed in the area and proposed facilities are renovated or demolished for more intensive development, the continued decline in supply of these tracts is considered to create appreciation in underlying land values into the future.
PROPERTY DESCRIPTION

The subject is a 2.982-acre land site with an existing 26,911 SF of retail multi-tenant building improvements. The subject is known as “The Shops on Cooper” and has a street address of 3610 South Cooper Street, Arlington, Texas, 76015.

The current owner of record is Cooper Street Market Inc. (as recorded January 1, 2000 in Tarrant County Deed Records), who purchased the property at an undisclosed price. The subject is currently under contract to John J. Dighera and Donald L. Heinbuch at a purchase price of $2,900,000 ($107.76/SF).

As it exists, the subject has direct access off the west side of South Cooper Street and cross access through the adjoining property at Spring Creek Barbeque and Rooms to Go.

The subject’s improvements were built in 2001 as shell retail space in two adjoining buildings. The finish out of each space is completed to meet the tenant’s requirements as they are leased.

The subject is currently 51% leased with a 2,793 SF space and a 10,500 SF space available for lease. Per the leases in place and the leasing agent’s rent roll the subject has 27,000 SF of net leasable space for lease contract comparison.

SUBJECT SITE:

Address: 3610 South Cooper Street, Arlington, Texas, 76015

Zoning: “CS” Community Service by the City of Arlington. The subject’s existing use, as multi-tenant retail spaces, is considered conforming to this zoning district’s requirements.

Floodplain: The subject site is near level and is located within a Zone “X”, “area determined to be outside the 500-year floodplain” (Map Panel 485454-0442H dated August 2, 1995).

Utilities: Utilities are available to the subject including:
   Electric service
   Telephone and communications services
   City of Arlington water service
   City of Arlington sanitary sewer service

Access: The subject’s existing retail shopping center site has one driveway entrance and one driveway exit off the west side of South Cooper Street (State Highway 157). Left turns from the west side of South Cooper Street into the north bound lanes are discouraged along this section of South Cooper Street and driveways are designed at angles to enforce this discouragement. The State of Texas Department of Transportation has proposed a median project for South Cooper Street with set median cuts at pre-determined intervals. This will be discussed more in the Highest and Best Use section of this report. This site also has access across from the adjacent property north (Spring Creek Barbeque and Rooms to Go).

SITE IMPROVEMENTS:

- Concrete drive entrance off the west side of South Cooper Street
- 179 parking spaces (includes 7 handicapped accessible spaces) on concrete surface
- Sidewalk along the South Cooper Street frontage
- Retaining wall along south boundary line
- Professional landscaping
BUILDING IMPROVEMENTS:

- Masonry and glass retail spaces in two adjoining buildings for a total of 26,911 SF (27,000 SF net leasable area per rent rolls)
- Individual tenant finish out in 51% of space included painted drywall; carpet, tile or painted concrete floors; drop ceiling tiles, recessed fluorescent lighting fixtures and some ceiling fans
- Constructed in 2001 as shell space with tenant finish out as spaces are leased
- Currently 51% finish out and occupied with 49% of the building improvements still vacant shell space

No environmental study or assessment of the site was provided to the appraiser. No environmental impact studies were made in conjunction with this report. Any interested parties are advised to retain an expert in this field if so desired.

The following photographs were taken at the time of the on-site inspection, November 29, 2005.
HIGHEST AND BEST USE

One definition of highest and best use is the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The location of the tract, market area characteristics and current market needs and demands set forth the site’s highest and best use. Several considerations must be weighed in the analysis that includes zoning ordinances, deed restrictions, topography, shape and size of tract.

In developing an opinion of the subject’s highest and best use four tests are applied:

1. Is the proposed use legally permissible and reasonably possible?
2. Is the proposed use physically possible on the site?
3. Is the proposed use economically and financially feasible based on market conditions?
4. Considering these three criteria, what is the highest and best use among these uses that will produce the highest return or the highest present worth?

These tests are applied to the subject property to arrive at an estimate of the highest and best use.

HIGHEST AND BEST USE OF SITE "AS VACANT"

Physically Possible. The subject consists of one 2.982-acre tract of land (129,916) per the survey submitted. The subject is near level and is not located within a flood plain or floodway. The copy of the survey of the subject submitted for review exhibits only standard utility easements that would not hinder development.

The subject is located on the west side of South Cooper Street (State Highway 157). As indicated on the site plan, the 2.982-acre site has access from the west side of South Cooper Street and from the adjacent property on the north. The subject is well located to service business and professional clientele with good visibility (to any street front development) and only average visibility to any development further to the back of the tract (without direct street frontage/street visibility). The subject is afforded heavy traffic counts along this section of South Cooper Street (State Highway 157), especially during rush-hour going-home traffic rush which will funnel traffic past the subject in the south bound lanes of South Cooper Street. However, only the front developed structures will have actual Cooper Street/Highway 157 visibility.

Due to lack of street front visibility, the back portion of the subject would offer amenities for development of “appointment based” businesses such as professional offices or medical offices (including chiropractic and eye doctors/eye glass retail offices).

Therefore, with good to fair visibility, good access, and no substantial negative development factors, the physical characteristics have only minor limiting factors in regard to the subject property’s highest and best use.

Legally Permissible. The subject property is zoned “CS” Community Service by the City of Arlington. This zoning district allows all uses in the “O” Office and “NS” Neighborhood Services zoning category plus the “CS” Community Service district, which includes: car wash; bank; savings and loan; custom craft work; building, landscape materials and lumber sales; wholesale supply business; teen club; hospital; garment cleaners; garden shop; greenhouse or nursery; restaurant with drive-in/pick-up service with consumption of alcoholic beverages; theater; hotel or motel; indoor retail sales and inside recreation uses. A Specific Use Permit is required for nightclubs and scientific research labs.

Therefore, the existing zoning does not have any limiting factors in regard to the subject’s highest and best use.
Economically Feasible. Given the location of the site and the current market rental rates as exhibited in the Income Approach section of this report, the subject, if vacant, could be reasonably expected to be purchased by an end user or investor for development purposes. The feasible land uses surrounding the subject property’s micro-locale include primarily those uses indicated in the market area analysis which consists mainly of professional offices, commercial and retail businesses and community services industries.

Given these parameters and based on the surrounding land uses of the subject property and the economic factors found within the current market study, it is our opinion that the highest and best use of the subject property “AS VACANT” is for marketing to an end user or investor for retail/commercial development (including professional offices or medical offices).

HIGHEST AND BEST USE “AS IMPROVED”

Physically Possible. The subject’s land site contains a total of 129,916 SF of land (2.982 acres). The subject’s existing improvements and associated parking amenities considered in this analysis consist of a one-story multi-tenant shopping center with 27,000 square feet of net leasable area available. The City of Arlington provides water and sanitary sewer service. Telephone and electric services are available to the subject site.

Given the position of the subject’s existing building improvements as exhibited on the site plan, visibility is considered good to fair for office/retail/general services development; and access is considered average to good. As such, the subject site is in a good location to service the business clients in its immediate micro-locale market area and is accessible to the entire City of Arlington and surrounding market.

The land-to-building ratio for the subject’s existing shopping center is 9.96:1 and reflects current market expectations for similar retail/commercial facilities, providing adequate parking for business work force and customers.

Therefore, the 2.982-acre tract, as existing, does not have excess land available for other potential building expansion or development as the undeveloped portion of the land must support the parking requirements for the subject’s retail/commercial development.

Legally Permissible. The existing use, as a shopping center, is considered conforming to the existing zoning codes according to the City of Arlington. Therefore, the zoning is not considered a limiting factor upon the subject’s highest and best use as improved. The existing improvements are considered average to good for their proposed use.

Economically Feasible. The feasibility of the subject property as improved consists of a multi-tenant shopping center facility that is not restricted in its existing condition by zoning ordinances. The site is of average size for this type facility and has many physical possibilities of use. The subject’s existing improvements are on the average end for development costs.

The rental rates and occupancy ratios exhibited in the Income Section of this report substantiate a need for income producing office/retail/and general service facilities. As the housing growth in the subject’s market area continues to expand on a consistent basis the need for community services, retail and professional offices will continue to grow.

Therefore, “As Improved”, the subject’s highest and best use would be for use as a multi-tenant neighborhood services/retail facility, available for use as income producing property or a sale to an end user or investor.
THE APPRAISAL PROCESS

The estimation of a real property's market value involves a systematic process in which the problem is defined; the work necessary to solve the problem is planned; and the data required is acquired, classified, analyzed and interpreted into an estimate of value. In this process, the appraiser uses three basic approaches, when applicable: the Sales Comparison Approach, the Income Approach, and the Cost Approach. When one or more of these approaches is not applicable in the appraisal process full justification must be presented. A brief explanation of each follows:

The Sales Comparison Approach involves the comparison of similar improved properties that have recently sold or similar properties that are currently offered for sale. These properties are compared to the subject with regard to differences or similarities in property rights conveyed, financing terms, condition of sale (motivation), and market conditions (time) to arrive at the “Time Adjusted Normal Sales Price (TANSP).” Comparisons to the subject are then made with regard to differences in location/access (site), building age/condition at sale, building area (size), and land-to-building ratio. The notable differences in the comparable properties are then adjusted to arrive at a “Net Adjustment After TANSP” value range for the property being appraised. When sufficient sales data is available, these adjustments are best determined by the action of typical buyers and sellers in the subject’s market. This value range, as indicated by the adjusted comparable properties, is then correlated into a final indicated value for the subject property by this approach.

The Income Approach is a process in which the anticipated cash flow of future benefits (actual dollar income or amenities) is discounted to a present worth figure through the capitalization process. The appraiser is primarily concerned with the future benefits resulting from the income. Net income is the remainder cash flow after deduction of expenses of operation from effective gross income. The steps in this approach include estimating potential gross income by comparison with competing improved properties and estimating expenses (derived from historical and/or market experience) to determine a projected net income stream. The income stream is then capitalized into an indication of value by using capitalization rates extracted from competitive properties in the market or by using other techniques when applicable.

The formula for the capitalization technique is

\[
\text{Value (V)} = \frac{\text{Annual Net Operating Income (NOI)}}{\text{Capitalization Rate (R)}}
\]

In the Cost Approach, the appraiser must first estimate the value of the subject land site by comparing it to similar land sites that have recently sold or are currently offered for sale. The reproduction cost new of the improvements, as determined by comparison to similarly constructed properties is then estimated. Depreciation from all sources is determined and subtracted from the reproduction cost new of the improvements, to arrive at their present worth. The Cost Approach adds the present worth of all improvements to the estimated site value with the result being the indicated value.

The value estimates, as indicated by the three approaches, are then correlated into a final estimate of the property’s improved worth. In the final reconciliation, the appraiser must weigh the relative significance, defensibility and applicability of each approach as it pertains to the type of property being appraised.

All three approaches to value have been carefully considered and used in the valuation of the site and the proposed improvements to be constructed at ------------------------, Arlington, Texas 76001.
SALES COMPARISON APPROACH

This approach to value, also termed the Market Approach, requires the appraiser to compare similar “as-built” competitive properties that have recently sold to the subject property. In this market area, the most typically used unit of comparison is the Sale Price per Square Foot (SP/SF).

The Sales Comparison Approach involves the comparison of similar improved properties that have recently sold or similar properties that are currently offered for sale. These properties are compared to the subject with regard to differences or similarities in property rights conveyed, financing terms, condition of sale (motivation), and market conditions (time) to arrive at the “Time Adjusted Normal Sales Price (TANSP).” Comparisons to the subject are then made with regard to differences in location/access (site), building age/condition at sale, building area (size), and land-to-building ratio. The notable differences in the comparable properties are then adjusted to arrive at a “Net Adjustment After TANSP” value range for the property being appraised. When sufficient sales data is available, these adjustments are best determined by the action of typical buyers and sellers in the subject’s market. This value range, as indicated by the adjusted comparable properties, is then correlated into a final indicated value for the subject property by this approach.

Comparable sales’ closing dates are the time of the recording of the deeds. Seller concessions and contract dates are not always public record. Parties involved in the comparable sales did not indicate any sales or financing concessions for the comparables utilized unless noted in the report. Financing of the comparables was typical of the market and does not appear to affect value; any atypical financing is also noted in the report. Analysis of the condition and amenities of comparables is based on information obtain from parties involved in the transactions, county records and exterior photographs taken from the street view.

Comparable retail shopping center sales were found in the Arlington/Mansfield market area. These sales dated between May, 2003 and April, 2005. The sales ranged in size from 6,505 SF to 12,000 SF. The un-adjusted price range was $105.41/SF to $209.39/SF. The sales are considered to be the most reliable and comparable to the subject and are presented on the following pages.
Sales map
IMPROVED SALE NO. 1

MAPSCO 109-A
Fort Worth Mapsco

Location : 4720 West Sublett Road, Arlington Texas 76017
Grantor : Central 15th, LP
Grantee : David A. Meskan Trust
Date of Sale : April 7, 2005
Recorded : Doc. D205097553, Tarrant County Deed Records
Consideration : $2,225,000
Unit Sales Price : $209.39/SF
Terms of Sale : Cash to Seller

Property Data
Legal Description : Lot 4R, Elliot Addition, Arlington, Tarrant County, Texas
Land to Building Ratio : 5.82:1
Land Area : 61,920 SF (1.422 AC)
Building Area : 10,626 SF

(Continued on next page)
Location: 4720 West Sublett Road, Arlington, Texas 76017

Improvements
Building Area: 10,626 SF
Construction: Concrete block, brick and glass multi-tenant retail strip center. YOC 2003.
Condition/Quality: Excellent/Good
Description: Multi-tenant retail strip center with 38 concrete parking spaces.

Income Data
Gross Income: $210,000
Gross Income Multiplier: 10.59
OAR: 8.52%
Net Income: $189,525

Comments: Actual lease rates reported at the time of the sale were $17.50/SF/YR NNN.
IMPROVED SALE NO.2

MAPSCO T-96-H
Fort Worth Mapsco

Location : 600 West Mayfield, Arlington, Texas 76014
Grantor : Marco Polo, Inc.
Grantee : Silvergate Investments, Inc.
Date of Sale : May 9, 2003
Recorded : Document # 203180952, Tarrant County Deed Records
Consideration : $1,260,000
Unit Sales Price : $193.70/SF of Gross Building Area
Terms of Sale : Cash to Seller
Confirmation : Listing Broker

Property Data
Legal Description : Lot 2R Blk 1 Arlington Township Addition, City of Arlington, Tarrant County, Texas
Land to Building Ratio : 6.24:1
Land Area : 40,582 SF (0.932 AC)
Building Area : 6,505 SF

(Continued on next page.)
**Location** : 600 West Mayfield, Arlington, Texas 76014

**Improvements**
- **Building Area** : 6,505 SF
- **Construction** : Single story concrete block, steel frame, stucco building YOC 1997
- **Condition/Quality** : Average/Average
- **Description** : The improvements have a flat roof system, concrete parking and 23 parking spaces.

**Income Data**
- **Gross Income** : N/A
- **Gross Income Multiplier** : N/A
- **OAR** : 9.36%
- **Net Income** : $117,935

**Comments** : The subject is a free standing Blockbuster Video store with 197’ frontage on West Mayfield Road with a average lease rate of $18.13/SF/YR NNN at time of sale. The subject was previously sold on January 13, 1998 for $1,098,000 or $168.92/SF at a cap rate of 9.13% at the time of the earlier sale.
IMPROVED SALE NO. 3

MAPSCO 124-K
Fort Worth Mapsco

Location : 900 N. Walnut Creek Drive, Mansfield, Texas 76063
Grantor : Mansfield-Walnut Creek Ltd.
Grantee : GDR Texas Investments Ltd.
Date of Sale : May 14, 2004
Recorded : Doc. D204152798, Tarrant County Deed Records
Consideration : $1,500,000
Unit Sales Price : $180.51/SF
Terms of Sale : Cash to Seller

Property Data
Legal Description : Lot 3, Block 1, Wal-Mart Addition, Mansfield, Tarrant County, Texas
Land to Building Ratio : 4.29:1
Land Area : 35,684 SF (0.819 AC)
Building Area : 8,310 SF

(Continued on next page)
### Location
900 N. Walnut Creek Drive, Mansfield, Texas 76063

### Improvements
<table>
<thead>
<tr>
<th>Building Area</th>
<th>8,310 SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>Masonry strip shopping center. YOC 1999.</td>
</tr>
<tr>
<td>Condition/Quality</td>
<td>Average/Average</td>
</tr>
<tr>
<td>Description</td>
<td>Multi-tenant strip shopping center with 36 parking spaces.</td>
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</table>

### Income Data
<table>
<thead>
<tr>
<th>Gross Income</th>
<th>$189,160</th>
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<td>Gross Income Multiplier</td>
<td>7.93</td>
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<td>OAR</td>
<td>8.46%</td>
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<tr>
<td>Net Income</td>
<td>$126,928</td>
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</tbody>
</table>

### Comments
Subject is adjacent to Wal-Mart.
IMPROVED SALE NO. 4

MAPSCO 83-B
Fort Worth Mapsco

Location : 922-934 N. Collins Street, Arlington, Texas 76011
Grantor : Collins Center, LLC
Grantee : David R. & Marianne A. Warwick
Date of Sale : October 12, 2004
Recorded : Doc. D204320481, Tarrant County Deed Records
Consideration : $1,855,000
Unit Sales Price : $154.58/SF
Terms of Sale : Cash to Seller

Property Data
Legal Description : Lots R1 & R3, North Side Addition, an addition to the City of Arlington, Tarrant County, Texas
Land to Building Ratio : 4.28:1
Land Area : 51,314 SF (1.178 AC)
Building Area : 12,000 SF

(Continued on next page)
IMPROVED SALE NO. 4 (continued)

Location: 922-924 North Collins Street, Arlington, Texas 76011

Improvements
Building Area: 12,000 SF
Construction: Retail strip center, YOC 1975
Condition/Quality: Average/Average
Description: Multi-tenant retail strip center.

Income Data
Gross Income: $234,775
Gross Income Multiplier: 7.9
OAR: 9.36%
Net Income: $173,654

Comments: Irregular shaped site with frontage on N. Collins Street and E. Randol Mill Road, wrapped around the southeast corner.
LOCATION: 640 West Debbie Lane, Mansfield, Texas 76063
Grantor: Mansfield 1187 (J.V.)
Grantee: Cheney Mathes (Ltd.)
Date of Sale: October 15, 2003
Recorded: Doc. D203389084, Tarrant County Deed Records
Consideration: $1,650,000
Unit Sales Price: $146.02/SF
Terms of Sale: Cash to Seller

Property Data
Legal Description: Lot 2R1, Block 3, Oakdale Addition, Mansfield, Tarrant County, Texas
Land to Building Ratio: 4.83:1
Land Area: 54,581 SF (1.253 AC)
Building Area: 11,300 SF

(Continued on next page)
Location : 640 West Debbie Lane, Mansfield, Texas 76063

Improvements
Building Area : 11,300 SF
Construction : Brick veneer over wood frame. YOC 2002
Condition/Quality : Average/Good
Description : Multi-tenant retail strip center with 83 parking spaces.

Income Data
Gross Income : N/Av
Gross Income Multiplier : N/Av
OAR : 10.25%
Net Income : N/Av

Comments : Seller reported that the property sold at a 10.25% cap rate based on income at the time of the sale. The center was 80% occupied at the time of the sale. This strip center is well located in a portion of Mansfield at the Hwy. 157 interchange with Highway 287. This is a rapidly growing corridor (as evidenced by the NCTCOG report of development activity within one mile of the subject which includes the 176-unit Cedar Point Apartments, the 175,000 SF Mansfield Towne Crossing retail and the 200,000 SF office complex called Highlands at Mansfield).
IMPROVED SALE NO. 6

MAPSCO 82-V
Fort Worth Mapsco

Location : 1810-1838 S. Cooper Street, Arlington, Texas 76013
Grantor : Cooper Street (J.V.)
Grantee : 1818 South Cooper of Arlington (LP)
Date of Sale : June 3, 2003
Recorded : Doc. #D203200933, Tarrant County Deed Records
Consideration : $925,000
Unit Sales Price : $105.41/SF of Gross Building Area
Terms of Sale : Cash to Seller

Property Data
Legal Description : Por. Of Lot 14R, Block 2, Oak Tree Estates, Arlington, Tarrant County, Texas
Land to Building Ratio : 3.1:1
Land Area : 27,295 SF (0.627 AC)
Building Area : 8,775 SF

(Continued on next page)
Location: 1810-1838 S. Cooper Street, Arlington, Texas

Improvements
Building Area: 8,775 SF
Construction: Strip shopping center. YOC 1983
Condition/Quality: Average/Average
Description: Brick veneer over wood frame shopping Center with concrete parking (40 spaces).

Income Data
Gross Income: $98,718
Gross Income Multiplier: 9.37
OAR: 9.63%
Net Income: $89,093

Comments: Gross Schedule Income reported at the time of the sale was $98,718 per year.
Sales adjustments
A unit value for the existing improvements has been calculated using the Sales Comparison Approach. All sales used were of similar multi-tenant retail shopping center/business center facilities. These properties are compared to the subject with regard to differences or similarities in property rights conveyed, financing terms, condition of sale (motivation), expenditures immediately after the sale, and market conditions (time) to arrive at the “Time Adjusted Normal Sales Price (TANSP).” Comparisons to the subject are then made with regard to differences in location/access (site), building age/condition at sale, construction type/design, building area (size), and land-to-building ratio. The notable differences in the comparable properties are then adjusted to arrive at a “Net Adjustment After TANSP” value range for the property being appraised. When sufficient sales data is available, these adjustments are best determined by the action of typical buyers and sellers in the subject’s market. This value range, as indicated by the adjusted comparable properties, is then correlated into a final indicated value for the subject property by this approach.

Upward adjustments were made to sales comparables, if necessary, for all comparables with inferior attributes or conditions as compared to our subject. Downward adjustments were made to sales comparables, if necessary, for all comparables with superior attributes or conditions as compared to our subject.

**Property Rights Conveyed** - When title passes between a buyer and seller the warranty deed or deed instrument may not grant complete, full rights to the property. If this is the case, an adjustment to the purchase price may be warranted. If sales were transferred by warranty deed with no undue, adverse exceptions noted at title transfer by grantees, grantors, or brokers who confirmed the sales, then no adjustments are necessary. This was the case in all of our sales, so no adjustments were necessary.

**Financing Terms** - The market will generally indicate that all cash transactions will command lower prices than those properties that are owner financed. All our sales were for cash or equivalent terms and no adjustments for financing terms were necessary to these sales.

**Condition of Sale** - The condition of sale of the improvements concerns adjustments based on motivation to sell, such as a motivated sale due to ownership by a bank or other financial institution through foreclosure and then ultimate sale to the end-user. The bank and other government owned real estate operators such as the Small Business Administration (S.B.A.), and the Federal Deposit Insurance Corp. (F.D.I.C.), not desiring to be in the real estate business, can and will sell property up to 10% (to sometimes 20%) less than appraised values. Other motivations affecting sales are long-term vacancies of improvements, long marketing periods or owner’s financial status/strains. Buyers, sellers, or brokers confirming these sales noted no undue motivations or pressures and no adjustments for conditions of sale (motivation) were necessary.

**Expenditures Immediately After the Sale** – In the case of deferred maintenance or in the circumstance of shell buildings being purchased for retrofit and renovation, the sale price may not reflect the total immediate cost of the improvements and their finish-out necessary to meet the buyer’s needs. No sales reported expenditures immediately after the sale and no adjustments were necessary for this factor.

**Market Conditions (Time)** - All sales were made in 2003 to mid-2005. All sales were considered to be in the current market cycle for shopping center/retail/service facilities and no adjustments were necessary for market conditions (time).

**Location/Access** - Location plays a significant role in the valuation process. Many developments rely heavily on local traffic and local economy to support their businesses and services. Location is the most important factor of this type of property. Corner influences, as they effect the development potential of the property is also a consideration, as well as ingress/egress to and from the site. All locational and access point attributes were considered for each sale.

Our subject’s improvements are a multi-tenant shopping center facility on 2.982 acres on west side of South Cooper Street (State Highway 157). This will give ready access for retail shopping with heavy south
bound rush-hour traffic as the shopping and business commuters travel home from work along South Cooper Street. However, only the front business tenant (currently the Movie Exchange) has good visibility from South Cooper Street.

Sale No. 1 was located on West Sublett Road, just east of Highway 287-S with good visibility and access to Hwy. 287’s exit and entrance ramps. This is a good location for neighborhood services. Therefore, Sale No. 1 was adjusted downward for its superior visibility and access.

Sale No. 2 was located on West Debbie Lane (State Highway FM 1187), just east of Matlock Road and about 2 miles east of South Cooper Street (State Highway 157) with good visibility and street frontage. Therefore, Sale No. 2 was adjusted downward for its superior visibility and access.

Sale No. 3 was located on North Walnut Creek in Mansfield, just south of State Highway 287 without the direct highway access afforded our subject, but with good visibility and exposure to the adjacent Walmart Supercenter. Therefore, Sale No. 3 was adjusted upward for its slightly inferior location without highway frontage but downward for its surrounding customer draw to the Walmart Supercenter. This resulted in an overall downward adjustment.

Sale No. 4 was located on North Collins Street and wrapped around the corner at East Randoll Mill Road, with a very irregular shaped site. This location has access from the west side of North Collins Street and from the south side of East Randol Mill Road. Sale No. 4 was given an upward adjustment for our subject’s superior South Cooper location and downward adjustment for its corner access and visibility. This resulted in an overall downward adjustment for location/access.

Sale No. 5 was located on West Debbie Lane (Highway 1187) just west of State Highway 157 in Mansfield, which has a high home-bound traffic flow but less so than our subject’s South Cooper street frontage. Therefore, Sale No. 5 received an upward adjustment for its slightly inferior location.

Sale No. 6 was located on South Cooper Street at the northwest corner of South Cooper and Inwood Drive, between Park Row Drive and Pioneer Parkway, south of Arlington High School. This older area of Central Arlington had received some renovation after a long period of high vacancy in the retail market. Thus, Sale No. 6 required an upward adjustment for its inferior location and a downward adjustment for its corner access and visibility, resulting in an overall downward adjustment for location/access.

**Building Age/Condition of Sale** - The comparable sales were constructed between 1975 to 2003 versus our subject’s 2001 shell construction and only 51% interior finish out at the time of the inspection. Sale No. 1 was adjusted downward for its superior 2003 construction date. Sales No. 2, No. 3, No. 4 and No. 6 were adjusted upward for their older construction dates. Sale No. 5 construction date of 2002 and actual condition was so close to our subject’s construction age that no adjustment was necessary for building age/condition of sale.

**Construction Type/Design** – The subject is a typical multi-tenant neighborhood shopping center (as opposed to a regional mall or high-end specialty center) with 51% finish out currently tenant occupied. Sale No. 5 was 80% finished out and received a lowest negative adjustment for its superior amount of finish out as compared to our subject only partial finish out status. All other sales were 100% finished out and received downward adjustments to reconcile to our subject current state of only 51% finish out.

**Building Area (Size)** - In general, the market indicates that larger square footage of buildings will typically command a lower unit sales price due to the “economy of scale” of such projects. The subject’s improvements are a 26,911 SF multi-tenant neighborhood shopping center. All our sales received downward adjustments for their smaller sizes commanding a higher cost per square foot than our subject’s 26,911 shopping center.
Land to Building Ratio (Parking) – Our subject displays a land to building ratio of 9.962:1 for the shopping center development. All our sales required upward adjustments for their smaller land sizes and lower, inferior amount of parking spaces available to customers and employees versus our subject.

In conclusion, the subject property has been analyzed based on the current sales of neighborhood shopping center facilities. After an inspection of the subject, it is our opinion that the subject will be considered average to those neighborhood shopping center facilities that are selling in the market. This indicates that the comparable sale prices will be at the average to slightly lower amounts of the value range due to our subject’s close proximity to Interstate 20 and to The Parks at Arlington regional mall.

The Sales Approach To Value estimate is based upon an overall average to the adjusted sales price comparison per square foot ($136.73/SF) as well as taking the high and low sales and removing them and then averaging ($143.02/SF), with additional emphasis for estimating on Sales No. 5 and No. 6 (with the smaller overall adjustment percentages) at an average for these two sales of $123.81/SF). It is our opinion that the subject’s proposed 26,911 SF shopping center improvements could command a unit price of $--------/SF.

Applying $--------/SF to the 26,911 SF of the proposed shopping center’s area indicates a value estimate of:

\[
26,911 \text{ SF} \times \frac{\text{--------}}{\text{SF}} = \frac{\text{--------}}{} 
\]