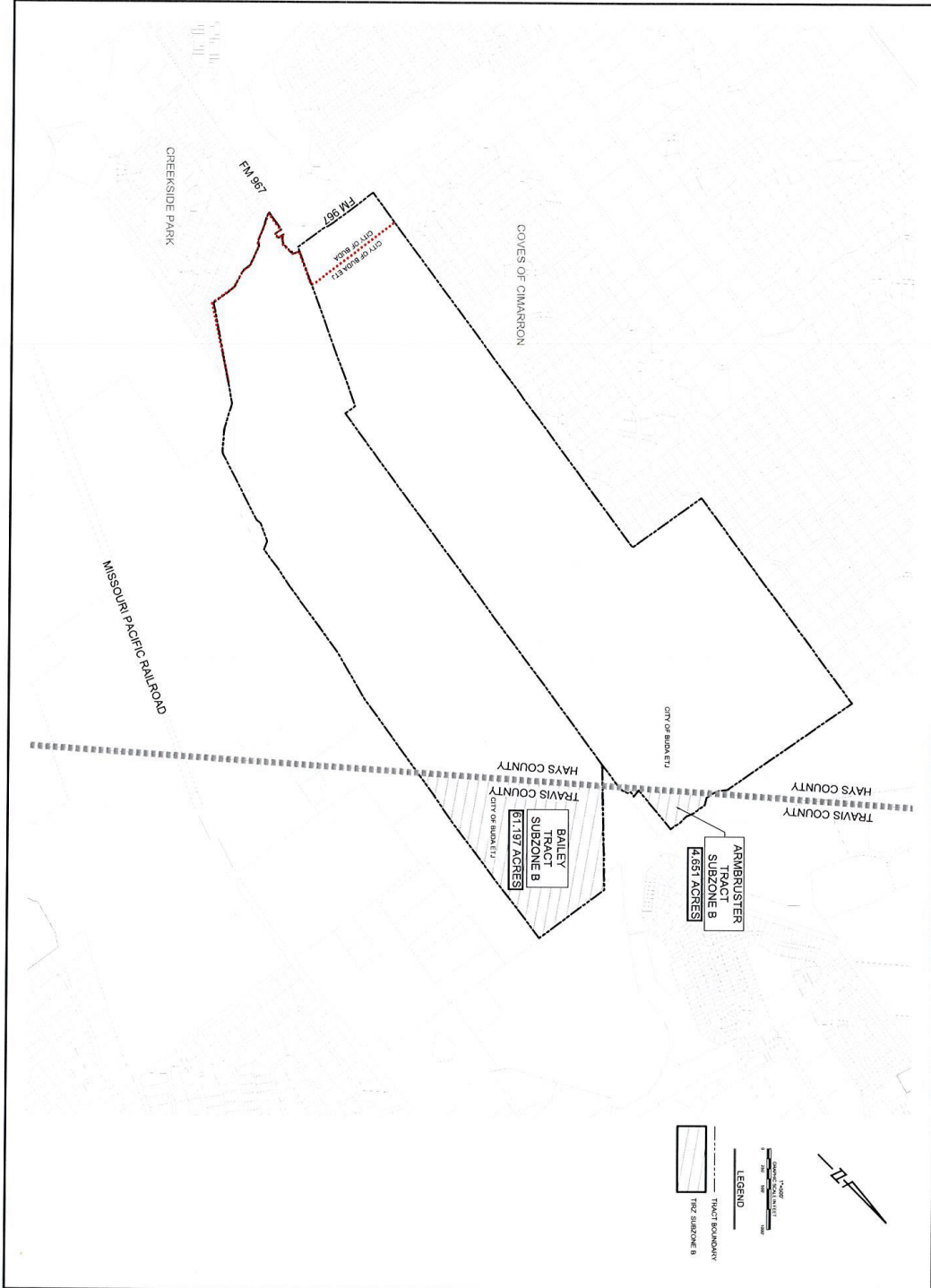


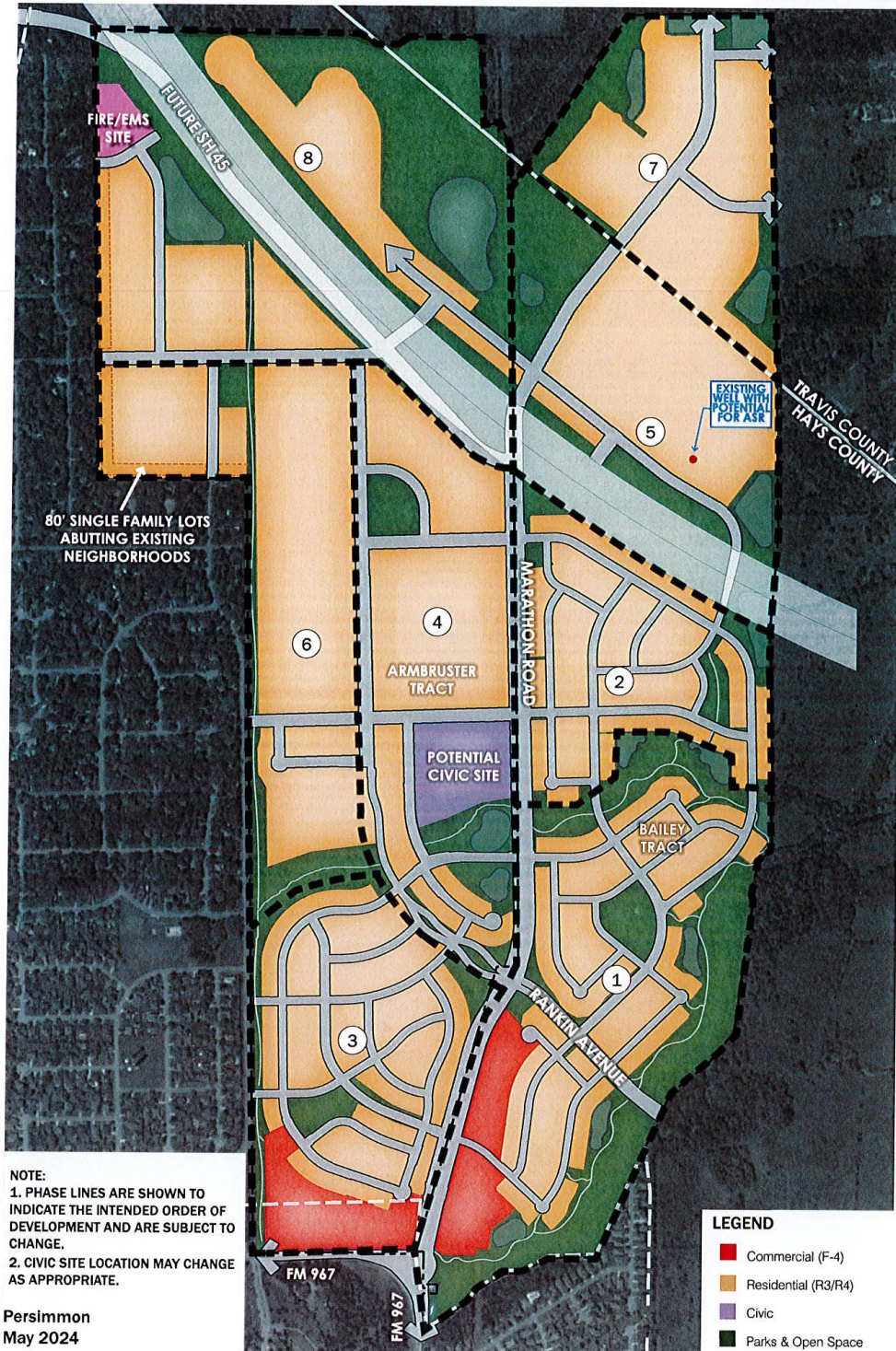
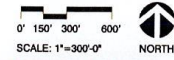
H:\PROJECTS\1616\KLEIN\1616 BAILEY IMPROVEMENT AREA\FID REPORT\CAD\BPTS\FID REPORT\FID\_ZONE B.DWG DATE 8/22/24 10:12:27 AM BY: WOLLY



SHEET 1 OF 1 TIRZ SUBZONE B PERSIMMON SUBDIVISION BUDA, TEXAS	NO. 1 BY WOLLY DATE 8/22/24 REVISION DESCRIPTION 1. INITIAL SET	8834 N. Capital of Texas Hwy, Suite 140 Austin, Texas 78759 (512)452-0371 FAX (512)454-0933 TBPELS FIRM #2946
	GRAY ENGINEERING	

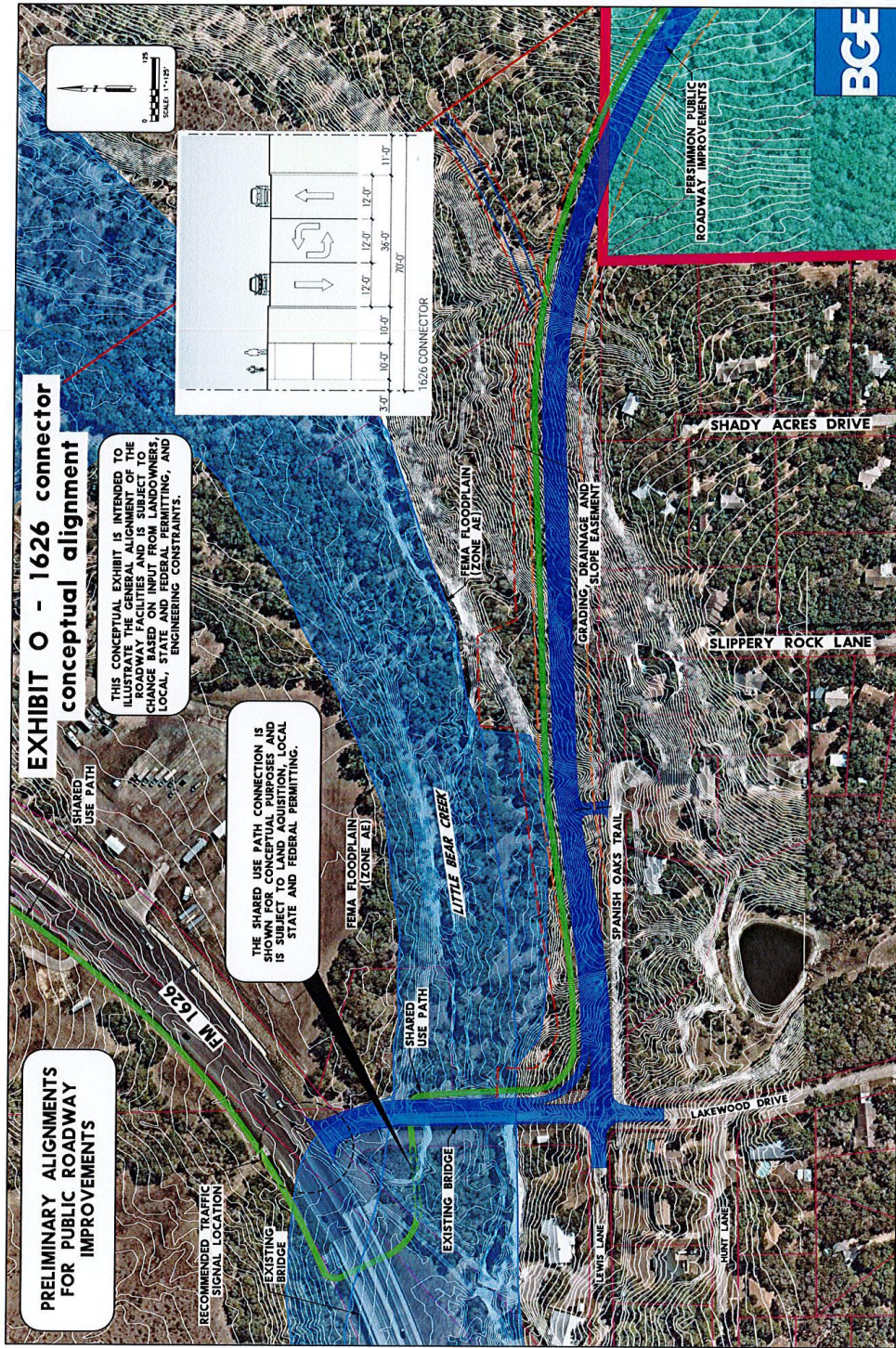
# PERSIMMON CONCEPTUAL PLAN

## EXHIBIT B - Conceptual Plan with PID Improvement Areas



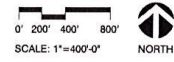


# PRELIMINARY ROADWAY IMPROVEMENTS





### EXHIBIT K - DEPICTION OF RIGHT-OF-WAY DEDICATIONS AND MARATHON ROAD SEGMENTS



NOTE:  
ROADWAY ALIGNMENT SUBJECT TO CHANGE  
BASED ON CONDITIONS IN THE FIELD

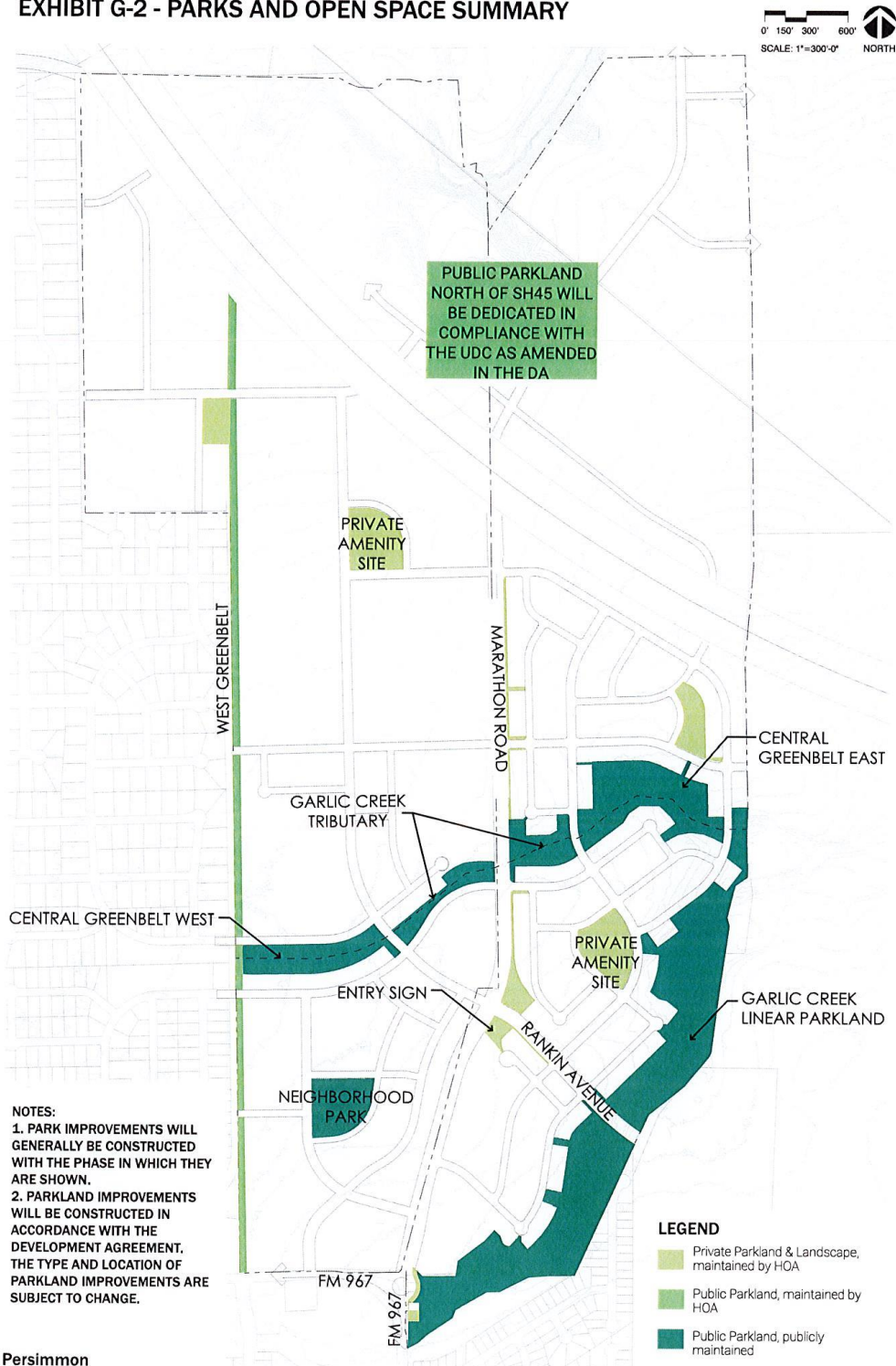


Persimmon  
May 2024



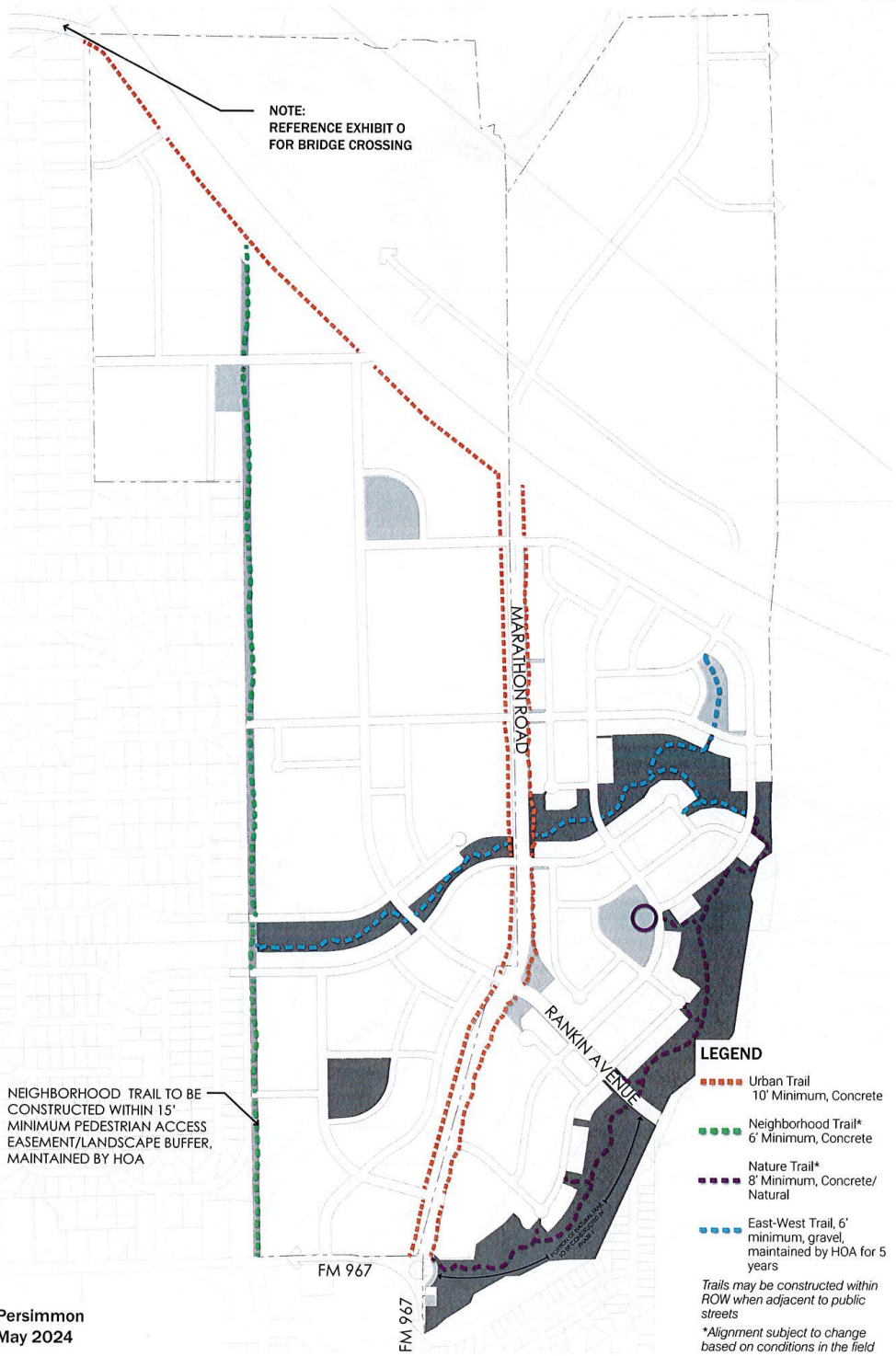
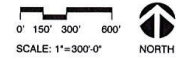
# PERSIMMON, PHASE 1 PARK PLAN

## EXHIBIT G-2 - PARKS AND OPEN SPACE SUMMARY



Persimmon  
 May 2024

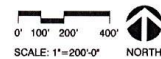
### EXHIBIT H - TRAILS PLAN



Persimmon  
May 2024



**EXHIBIT G-1 - PERSIMMON PHASE 1 (DETAIL PARK PLAN)**



PARK AREA SUMMARY TABLE						
Park	Dedicated Area Acres	Area +5% Slope Acres	Area +5% Slope Percent	100yr FP Acres	Annual Collector	Local Street
A	4.562	1.656	31.33%	3,092	467	
B	9.092	5.298	17.26%	7,044	504	178
C	14.45	8.052	17.87%	6,593	473	84
D	2.881	0.848	31.57%	1,187	420	74
E	8.772	4.124	18.47%	2,972		675
F	0.705	0.707	9.97%	932		125
Sub	38.462	20.472	18.70%	21,648	1,453	689
1	0.762	0.176	15.20%	0	318	88
2	3.519	0	0	0	640	898
3	2.240	0	0	0	378	445
Sub	6.520	0.176	15.20%	0	956	1,448
Total	44.982	20.648	21.78%	21,648	3,409	2,613

PARKS IMPROVEMENT TABLE		
Park	Proposed Parkland Improvements	Estimated Cost
A, B, C	Trailhead, nature trails, benches, pet waste stations and trash/recycle receptacles	\$910,000.00
D, E, F	Urban trail, East West Trail & neighborhood trail, nature playstructure, fitness station, drinking fountains, fencing, benches, tables, pet waste stations and trash/recycle receptacles	\$408,000.00
Total Cost		\$718,000.00

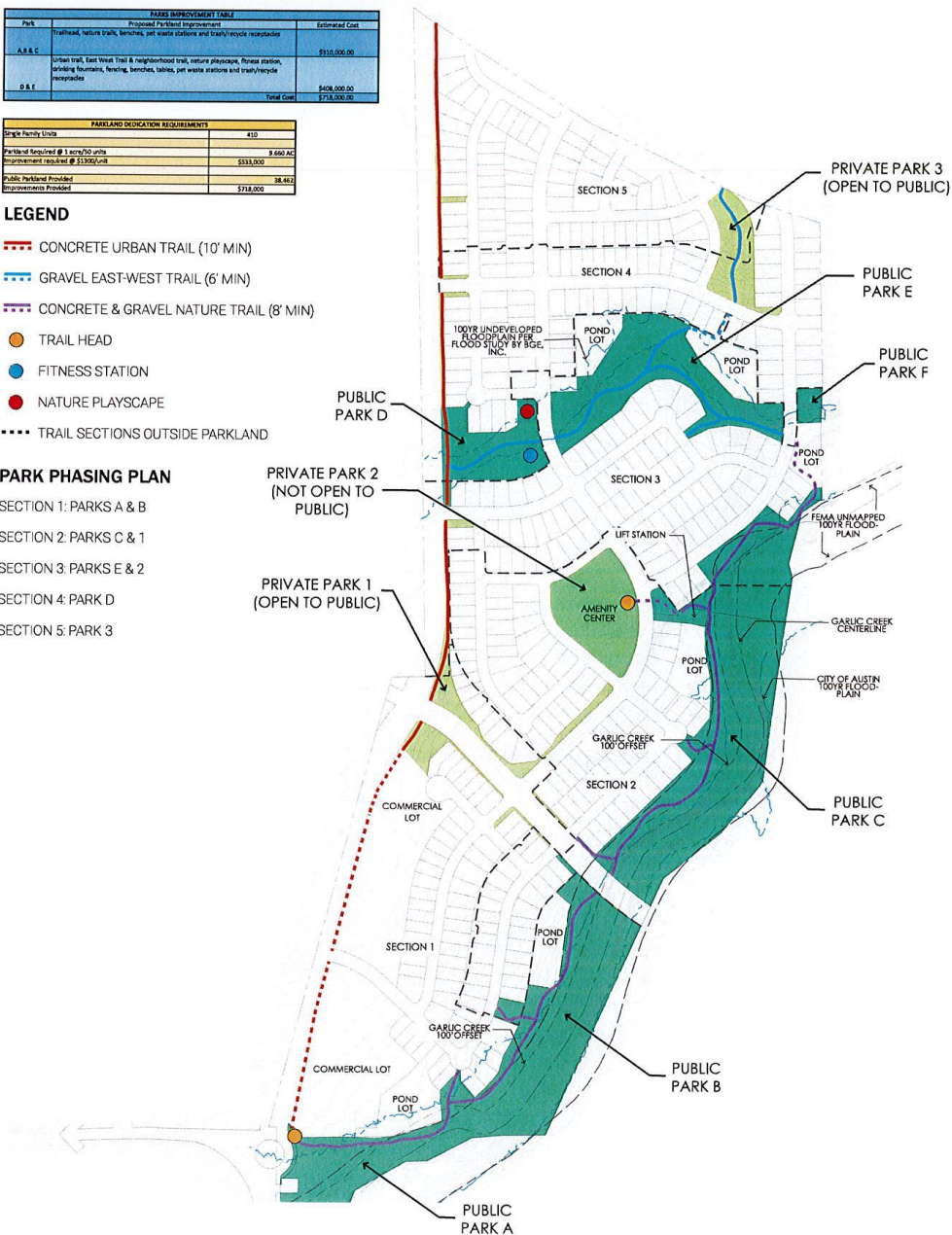
PARKLAND DEDICATION REQUIREMENTS	
Single Family Units	410
Parkland Required @ 1 acre/50 units	8.666 AC
Improvement Required @ \$1300/unit	\$533,000
Public Parkland Provided	38.462
Improvements Provided	\$718,000

**LEGEND**

- CONCRETE URBAN TRAIL (10' MIN)
- GRAVEL EAST-WEST TRAIL (6' MIN)
- CONCRETE & GRAVEL NATURE TRAIL (8' MIN)
- TRAIL HEAD
- FITNESS STATION
- NATURE PLAYSCAPE
- TRAIL SECTIONS OUTSIDE PARKLAND

**PARK PHASING PLAN**

- SECTION 1: PARKS A & B
- SECTION 2: PARKS C & 1
- SECTION 3: PARKS E & 2
- SECTION 4: PARK D
- SECTION 5: PARK 3



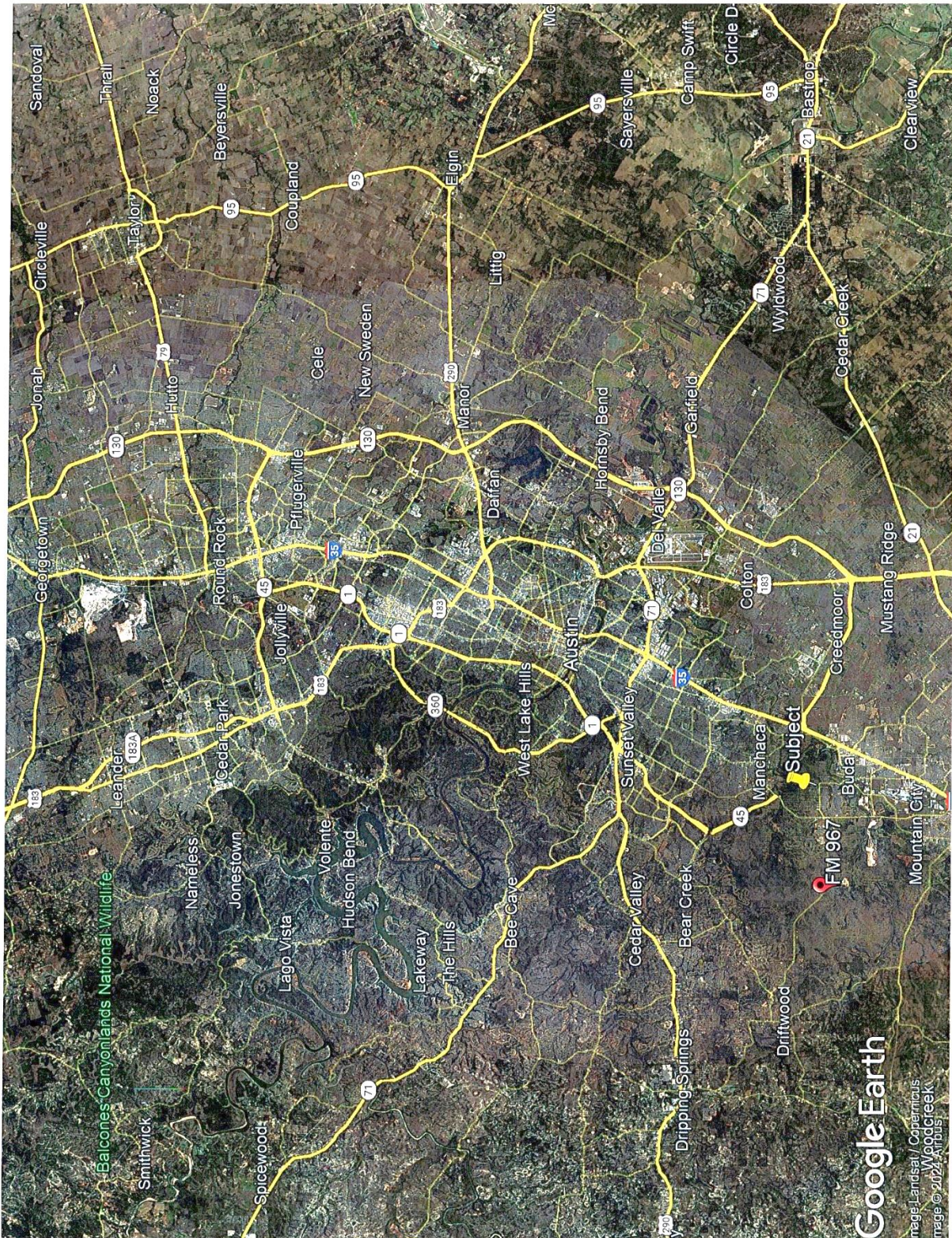
Persimmon  
May 2024

**GREATER AUSTIN AREA DATA**

(Please refer to the Addenda of this appraisal for an Austin MSA summary analysis.)



**AUSTIN REGIONAL AERIAL PHOTO**





### **MARKET AREA ANALYSIS**

**Market Area Defined:** According to The Dictionary of Real Estate Appraisal, Seventh Edition, by the Appraisal Institute, 2022, page 116, a **market area** is defined as: “The geographic region from which a majority demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area.”

**Boundaries:** In order to discuss a market area, the boundaries must be established in order to distinguish it from the rest of the community. The market area boundaries are generally delineated as follows:

The city limits of Buda, Texas and outlying periphery.

The City of Buda, which contains 9.72 square miles, is located 15 miles south of Austin, and 65 miles northeast of San Antonio, along IH 35, in the Austin-Round Rock-San Marcos metropolitan area, immediately north of the City of Kyle, in Hays County.

Buda is now one of the fastest growing cities in Texas. According to 2020 Census estimates, the population is 15,108, which is 107% greater than the 2010 Census estimate of 7,295. The city has experienced rapid growth due to the southerly expansion of Austin, as well as the northerly expansion of San Marcos and New Braunfels.

**Major Streets:** I.H. 35 extends northeast/southwest through Kyle, and is the primary commercial/retail corridor. I.H. 35 links Austin and San Antonio, and is heavily traveled. Major secondary thoroughfares include Main Street; Old San Antonio Road; Robert S. Lightfoot Boulevard, F.M. 1626; Jack C. Hays Trail; R.M. 967; F.M. 2001; and Hillside Terrace. Access to and through Buda is considered to be above average.

**Single-Family Market:** According to the Zonda Austin Metrostudy, 2nd Quarter 2024, the subject’s South Market Area is the third most active sector of the eight market areas comprising the Austin region. For the 12 months ending with the 2nd Quarter 2024, the South Market Area had 4,579 starts and 4,462 closings, for an undersupplied vacant



developed lot (VDL) inventory of 16.0 months, and a slightly elevated housing inventory of 8.6 months.

The subject Persimmon is within the South Market Area, and the Kyle/Buda Submarket. The Kyle/Buda Submarket accounted for 3,446 of those 4,579 starts (75.26%) and 3,217 of those 4,462 closings (72.10%), with a notably undersupplied vacant developed lot inventory of only 15.8 months, and an elevated housing inventory of 9.1 months. Typically, a 20 to 24-month lot supply is considered to be equilibrium; thus, the Kyle/Buda Submarket is notably undersupplied at 15.8 months, as is the South Market Area at 16.0 months.

Submarket/ Market Area		1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	Annual Rates/ Inventory Supply (Mos)
<b>Kyle/Buda Submarket</b>	Starts	393	857	740	864	956	886	3,466
	Closings	544	436	677	783	889	868	3,217
	Housing Inv.	1,782	2,203	2,266	2,347	2,414	2,432	9.1 Mos.
	VDL Inv.	4,899	5,786	5,940	5,272	4,834	4,527	15.8 Mos.
<b>South Market Area</b>	Starts	629	1,276	1,018	1,195	1,291	1,075	4,579
	Closings	801	819	854	1,152	1,215	1,241	4,462
	Housing Inv.	2,617	3,075	3,238	3,294	3,370	3,204	8.6 Mos.
	VDL Inv.	7,119	7,983	7,893	7,212	6,439	6,121	16.0 Mos.

Source: Zonda Austin Metrostudy, 2nd Quarter 2024

Within the South Market Area starts in the 2nd Quarter 2024 were up 6.60% over 2nd Quarter 2023, and closings were up 51.53% over the same time period. Within the Kyle/Buda Submarket starts in the 2nd Quarter 2024 were up 3.38% over the 2nd Quarter 2023, and closings were up 99.08% over the same time period. Prior to 2022, the Austin region experienced unprecedented growth. Inflation in June 2022 reached a record high level since 1982 of 9.1%, causing the Federal Reserve to rapidly increase interest rates from May 2022 into August 2023. The increase in interest rates has caused slower activity in new home sales for most market areas throughout the Austin region, and this trend will likely improve throughout the remainder of 2024, as rates are anticipated to recede in the 4<sup>th</sup> quarter of 2024.

The housing inventory for both the South Market and the Kyle/Buda Submarket are elevated, and is due, in part, to the dramatic increase in starts. Further, the VDL inventories in both the Kyle/Buda Submarket, and the South Market Area have continually remained at undersupplied levels over the past 8 quarters, and are still notably undersupplied.

Notable recent residential developments in proximity to the subject market area include 6 Creeks, Anthem, Blanco Vista, Casetta Ranch, Crosswinds, Cypress Forest, Paramount Park, Plum Creek, Sage Hollow, Sunfield, and Porter Country, as well as proposed master-planned communities of Infinity Square and Persimmon.

**Services/Utilities**: Police protection is provided by the City of Buda, and Hays Sheriff's Department, while fire and EMS services are provided by Hays County ESD #8, and Northeast Hays County ESD #2, respectively. Water and wastewater for the majority of the area is provided by the City of Buda, with sufficient capacity to sustain future growth. The areas outside of the city limits are served through either Special Utility Districts, MUDs, WCIDs, or private well and septic systems. Electricity to the area is provided by Pedernales Electric Co-op, and typically Verizon, Time Warner or Spectrum provides telephone and communication services. Natural gas is provided by Center Point Energy.

Buda is located entirely within the Hays Consolidated I.S.D., which operates 26 campuses, and serves in excess of 23,000 students, with a student - teacher ratio of approximately 16:1. San Marcos is home to Texas State University (formerly known as Southwest Texas State), which is the 5<sup>th</sup> largest university in Texas with enrollment in excess of 38,800 students, and is the largest employer in San Marcos with 2,780 employees. In 2014, the Hays Campus of Austin Community College opened, and is the only ACC campus to offer a First Responders Training Center, with a 50-yard tactical gun range, and a vehicle operations track.

Additional higher education in this region is provided by The University of Texas at Austin, Concordia University, Huston-Tillotson College and St. Edward's University in Austin, and Southwestern University in Georgetown.



**CONCLUSION:** The subject market area is best characterized as a suburban growth corridor in the direct path of Austin's southerly expansion. The market area has experienced rapid growth over the past 7 years, and is expected to continue as such into the foreseeable future, although at a slower pace due to the current prevailing economic trends and elevated market interest rate conditions.

The area has good access to employment, shopping and recreational facilities, and is now considered to be in a growth stage of its life cycle. The market area is increasing in terms of both population and households, being driven by consistent job growth, which is projected to continue into the foreseeable future.

No adverse or detrimental influences were noted, and no adverse zoning or other restrictions are present that would have a negative effect on area development. Public services and utilities are, for the most part, available in sufficient capacity to accommodate future growth, and I am unaware of any adverse conditions or environmental hazards that would prohibit future development. Factors affecting marketability, including retail growth, convenience of employment centers, utilities, property compatibility, protection from detrimental conditions, police and fire protection, general appearance and appeal, are all considered very good for this market area.

The overall economic outlook of the market area has improved from the effects of the Coronavirus pandemic with the economy continuing to open up, along with recovering \$75 - \$80+/- per barrel oil. New home sales activity is expected to continue at a slower pace in this market area, as well as the greater Austin MSA during 2024, due to higher mortgage interest rates.

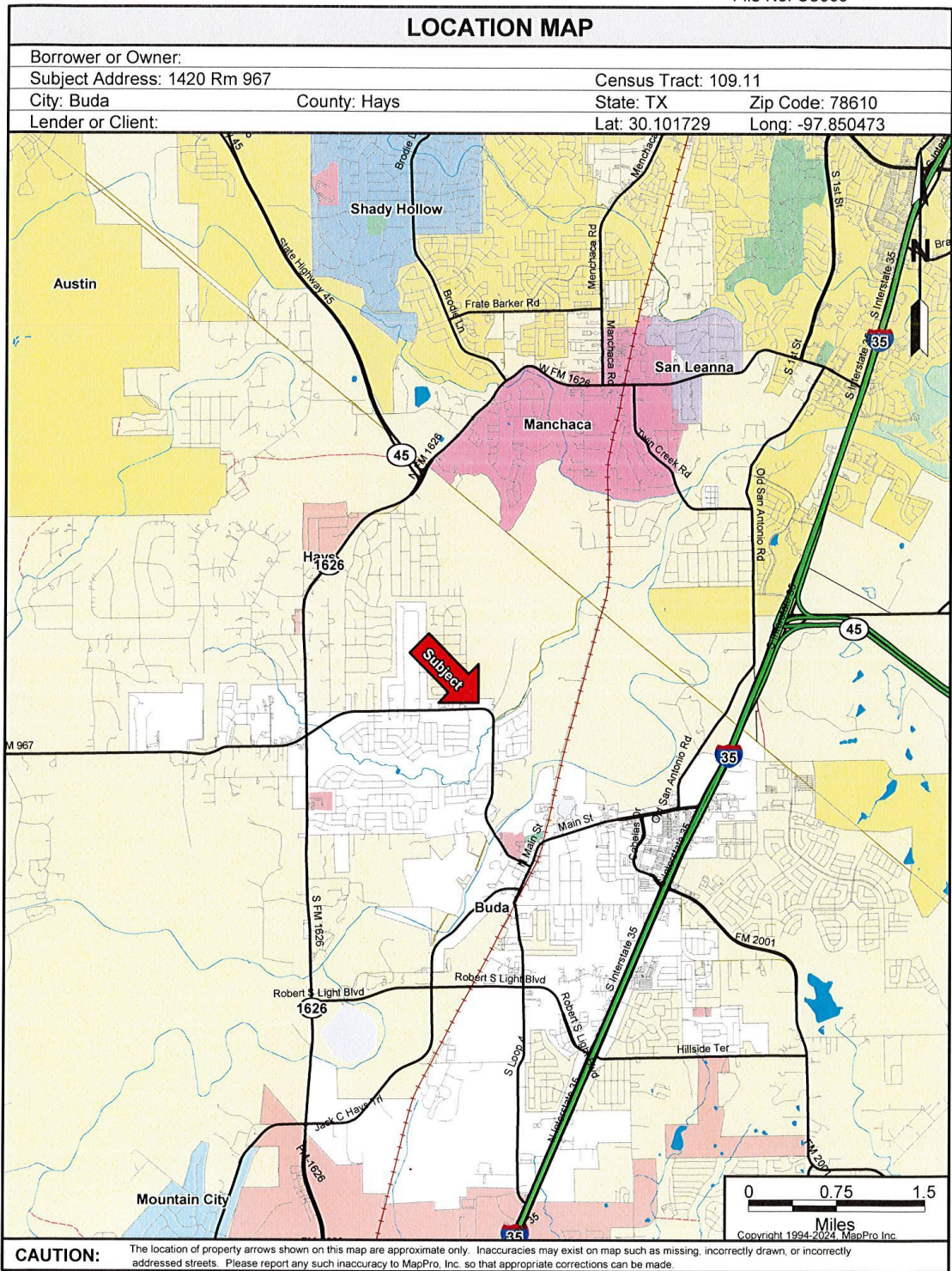
Inflation in June 2022 reached a record high level since 1982 of 9.1%, causing the Federal Reserve to rapidly increase interest rates from May 2022 into August 2023. The increase in interest rates has caused slower activity in new home sales for most market areas throughout the Austin region, and this trend will likely improve throughout the remainder of 2024, as rates are anticipated to recede in the 4<sup>th</sup> quarter of 2024. The overall attitude

and expectations of most market area participants is that of continued population growth over the foreseeable future.



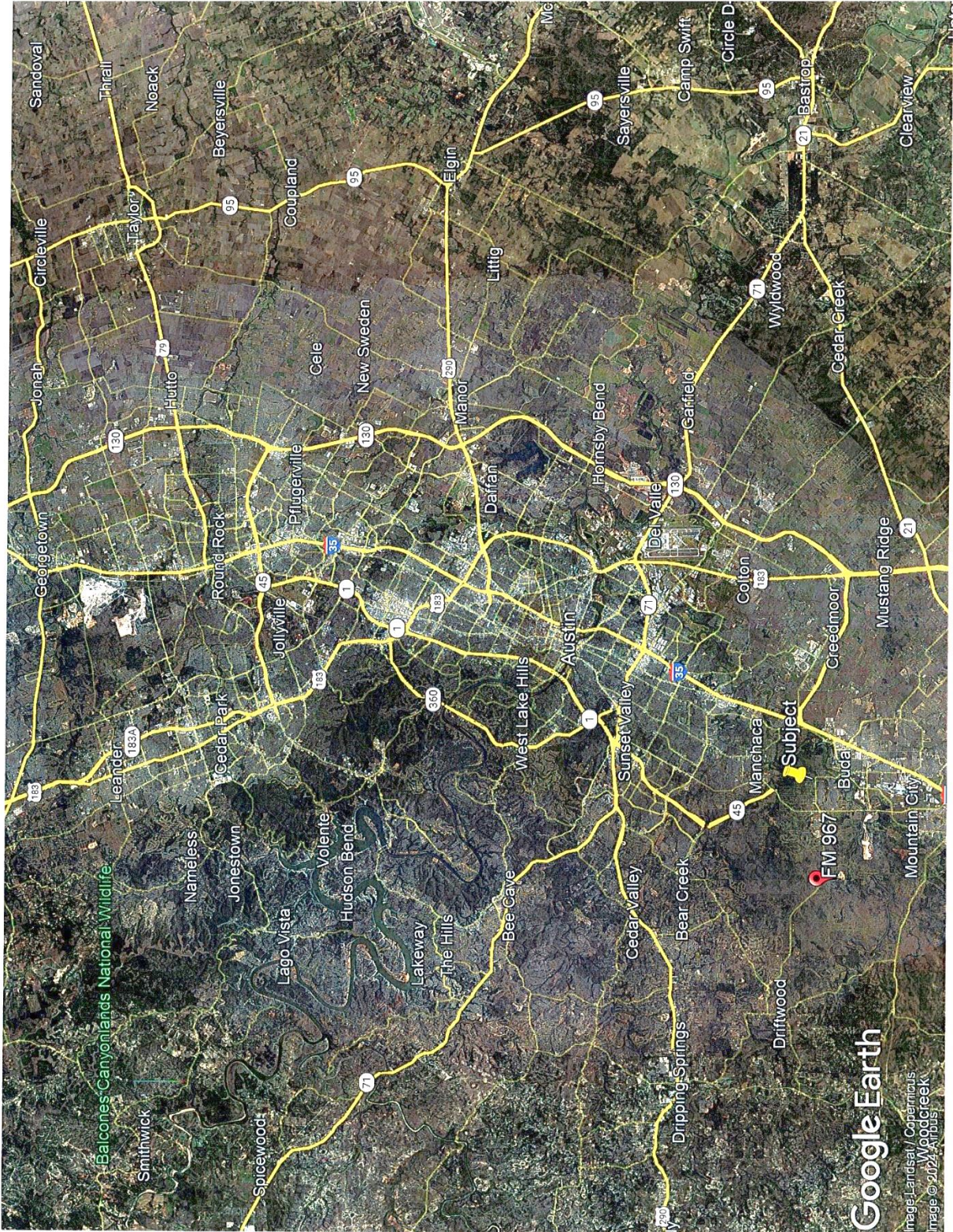
# LOCATION MAP

File No. C8955

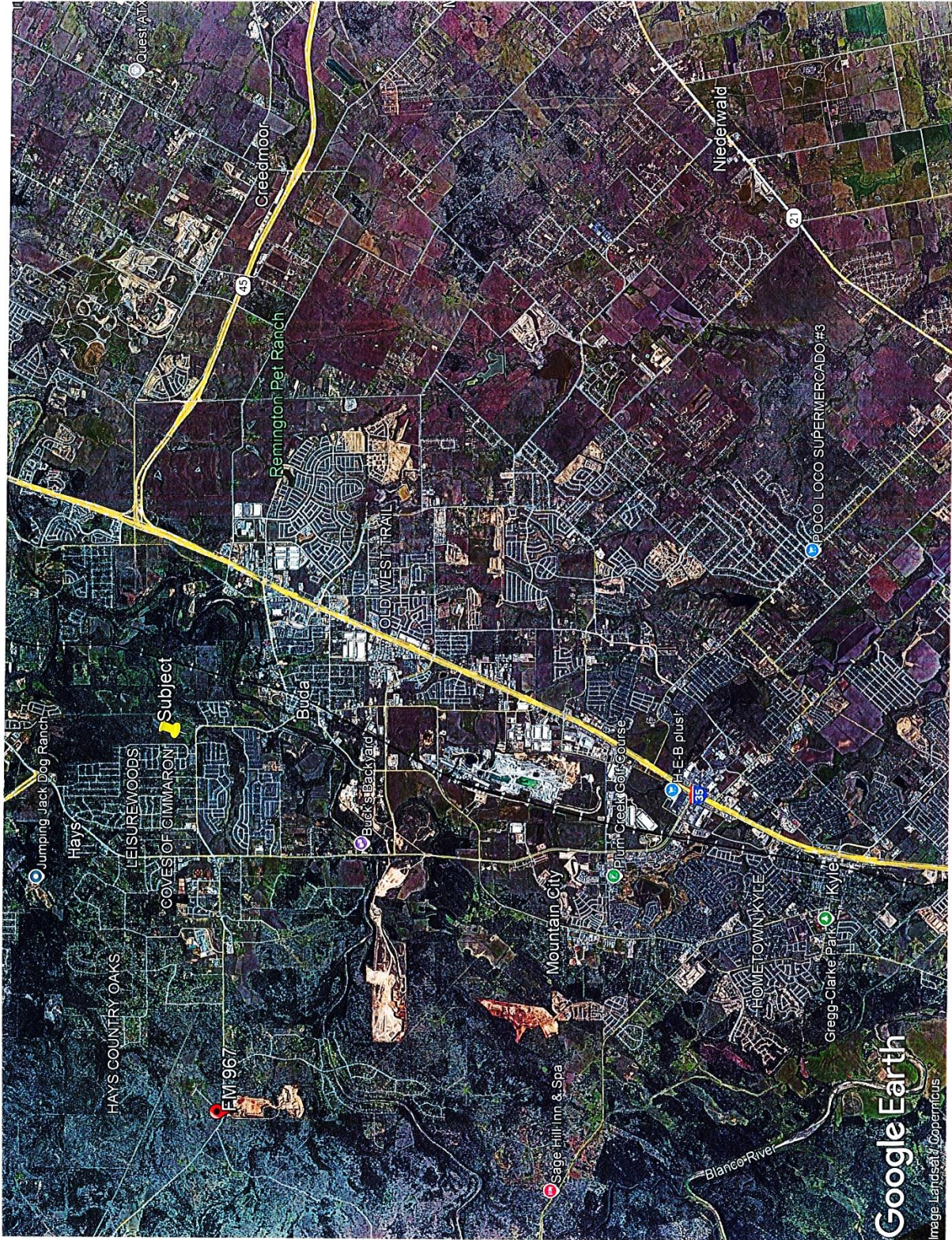




**AERIAL PHOTOGRAPH**







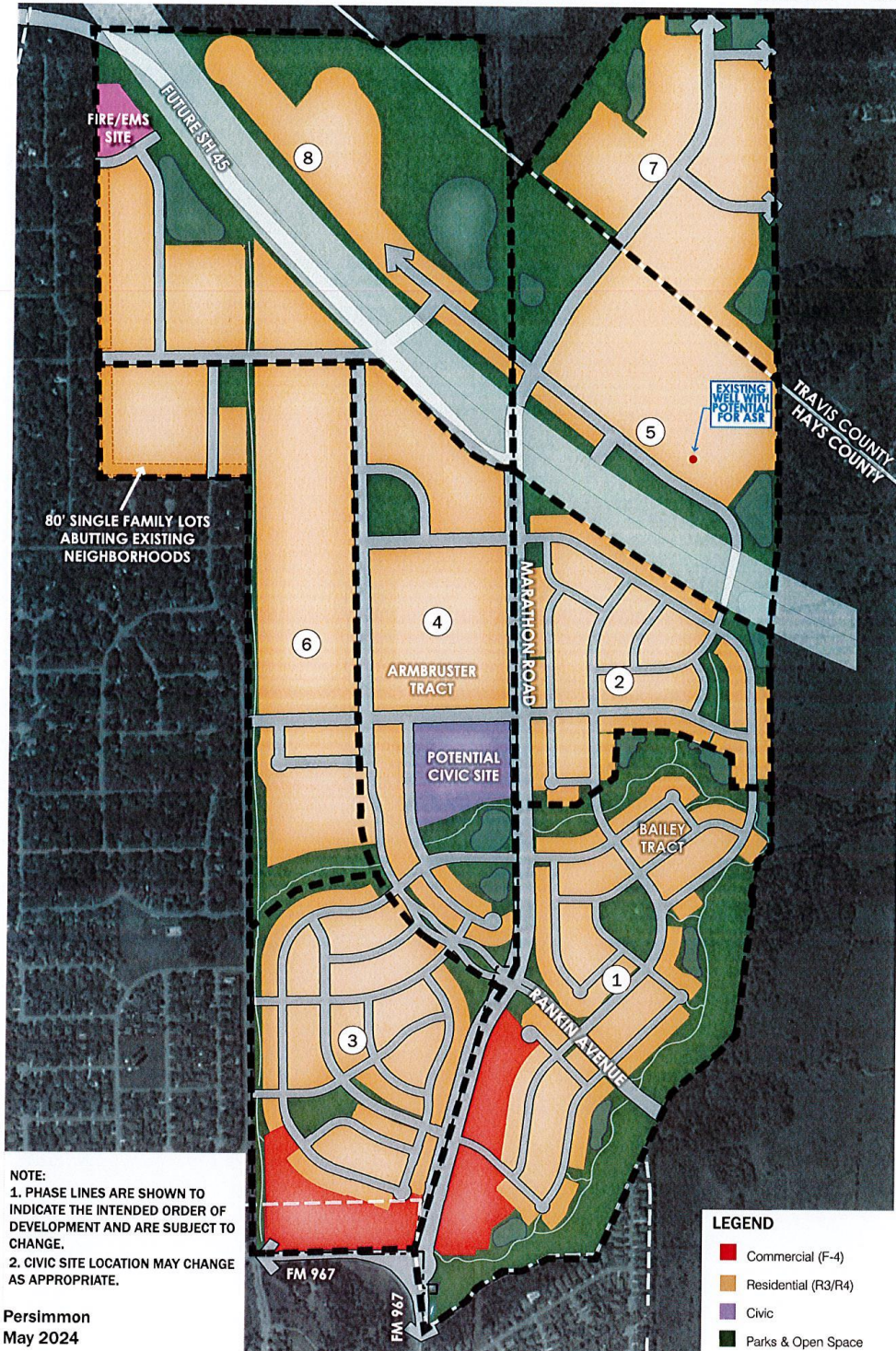
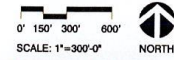






# PERSIMMON CONCEPTUAL PLAN

## EXHIBIT B - Conceptual Plan with PID Improvement Areas



**ANALYSIS OF PERSIMMON PID, AREA 1, PHASE 1**  
**248 PROPOSED RESIDENTIAL LOTS, AND 2 COMMERCIAL RESERVES, "UPON COMPLETION"**

The subject property consists of Persimmon Public Improvement District (PID), Area 1, being 248 proposed lots, on 104.832 net acres in Phase 1, along with a 6.39-acre commercial reserve, and a 6.28-acre commercial reserve, located along the north line of R.M. 967, east of Cimarron Park Loop, in Buda, Hays County, Texas 78610. Of the 248 proposed lots in Phase 1, 114 lots will have typical dimensions of 50' x 120', or 6,000 SF; 101 lots will have typical dimensions of 55' x 120', or 6,600 SF; and 33 lots will have typical dimensions of 65' x 120', or 7,800 SF. The majority of the subject lots are to be built-out by Milestone Community Builders, which is a related entity to the developer, and will have new home price points ranging from \$545,000 (50' lots), up to \$655,000 (65' lots).

Bailey Land Investments, LP, has contracted with DFH Coventry, LLC to sell 75 of the 248 subject lots on a takedown basis of 25 lots per quarter, upon substantial completion. According to Mr. Garret Martin, with Bailey Land Investments, LP, several other builders have expressed interest in purchasing lots in Persimmon, Phase 1, including Perry Homes, Scott Felder Homes and Lennar Homes, but have yet to contract for lots.

The two commercial reserves will be located along the east line of proposed Marathon Road, which will be constructed as a regional thoroughfare to provide direct access from R.M. 967 to F.M. 1626, and eventually to proposed S.H. 45, as part of the Persimmon Area 1 PID and Major Improvement Area. The Area 1 completion of Marathon Road is as of December 1, 2025.

Persimmon is a proposed master-planned community on a total of approximately 775 acres, which will eventually yield approximately 2,020 residential lots, a recreational/amenity center, numerous trails, parks and green spaces, including along Garlic Creek, a Hays C.I.S.D. school site, a fire/EMS station, and several commercial reserves. The majority of the planned development is in Hays County; however, the far northern portion of the parent tract containing 294 future paper lots is within Travis County.



Type of Property: Persimmon Public Improvement District (PID), Area 1, being 248 proposed lots, on 104.832 net acres in Phase 1, along with a 6.39-acre commercial reserve, and a 6.28-acre commercial reserve, located along the north line of R.M. 967, east of Cimarron Park Loop, in Buda, Hays County, Texas 78610. Of the 248 proposed lots in Phase 1, 114 lots will have typical dimensions of 50' x 120', or 6,000 SF; 101 lots will have typical dimensions of 55' x 120', or 6,600 SF; and 33 lots will have typical dimensions of 65' x 120', or 7,800 SF.

Mapsco Reference: Hays County – 580 L & Q

Postal Address: 1420 R.M. 967  
Buda, Texas 78610

Location: Along the north line of R.M. 967, east of Cimarron Park Loop, in Buda, Hays County, Texas 78610.

### **Site Size**

Parent Tract: 117.502 acres  
Phase 1 Residential Tract Size: 104.832 net acres for 248 lots; 3.81 lots per acre.  
Commercial Reserve 1: 6.390 acres, or 278,348 SF  
Commercial Reserve 2: 6.280 acres, or 273,557 SF

### **Subject Lot Mix**

	<b><u>No.</u></b>	<b><u>Description</u></b>	<b><u>Typical Dimensions</u></b>	<b><u>Avg. Size</u></b>
Persimmon PID Area 1:	114	Proposed	50' x 120'	6,000 SF
	101	Proposed	55' x 120'	6,600 SF
	<u>33</u>	Proposed	65' x 120'	7,800 SF
	<b>248</b>	<b>Total/Avg</b>	<b>50' x 120'</b>	<b>6,484 SF</b>

### **Appraisal Dates**

- Date of Site Visit: October 1, 2024  
- Date of Report Transmittal: November 15, 2024  
- Prospective Date of Value: December 1, 2025

Purpose of the Appraisal: To provide an opinion of the "Upon Completion" Market Value in Bulk of the subject 248 Phase 1 proposed residential lots, and the "Upon Completion" Market Values of each of the two subject commercial reserves, in compliance with the FMSbonds, Inc.'s Appraisal Instructions; the Uniform Standards of Professional Appraisal Practice; and the Appraisal Institute's Code of Professional Ethics.

Rights Appraised: Fee Simple Estate

Floodplain: Zone "X," being outside of the 100-year and 500-year floodplains, according to FEMA Map Panel No. 48209C0280F, dated 9/2/2005.

Easements: A 75' wide Pedernales Electric Cooperative power easement extends north/south along the western portion of the subject site, towards the rear of the two commercial reserves.

### **Utilities/Services**

Water: City of Buda  
 Sanitary Sewer: City of Buda  
 Electricity: Pedernales Electric Co-Op  
 Natural Gas: Center Point Energy  
 Telephone/Cable Service: Time Warner/Spectrum/Verizon  
 Police Protection: City of Buda and Hays County Sheriff's Dept.  
 Fire Protection: Hays County Emergency Districts #2 & #8  
 School District: Hays Consolidated I.S.D.

### **Zoning**

Residential Site: Planned Development (PD), by the City of Buda for R-3 uses.

Commercial Reserves 1 & 2: Form F4, by the City of Buda, which allows for mixed-use developments that are compatible to surrounding or existing residential uses.

Restrictions: None adverse known.

Subject Builders: Milestone Community Builders, DFH Coventry Homes, and at least 1 other prominent production builder to be determined prior to substantial completion.

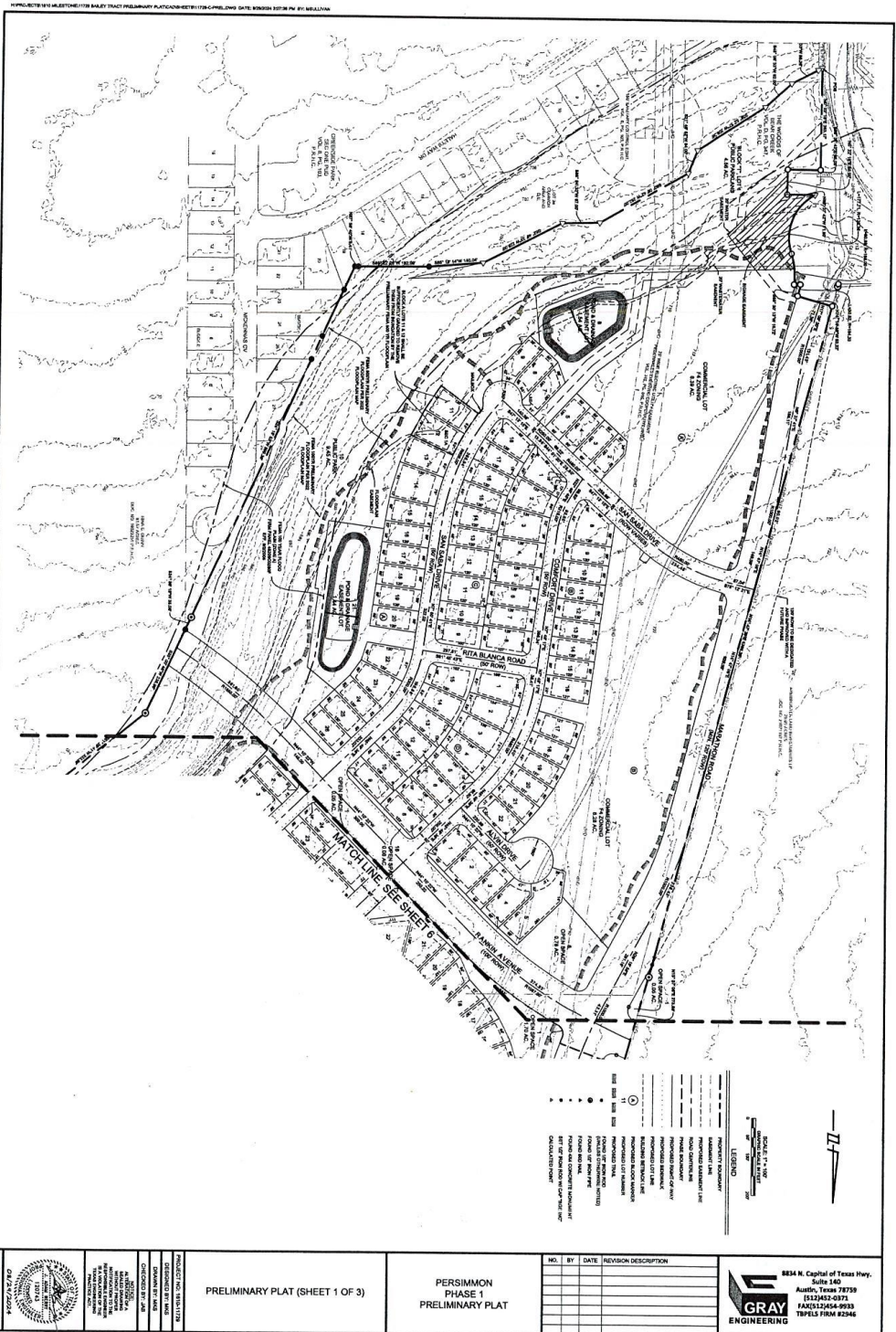
New Home Price Range: \$545,000 to \$655,000

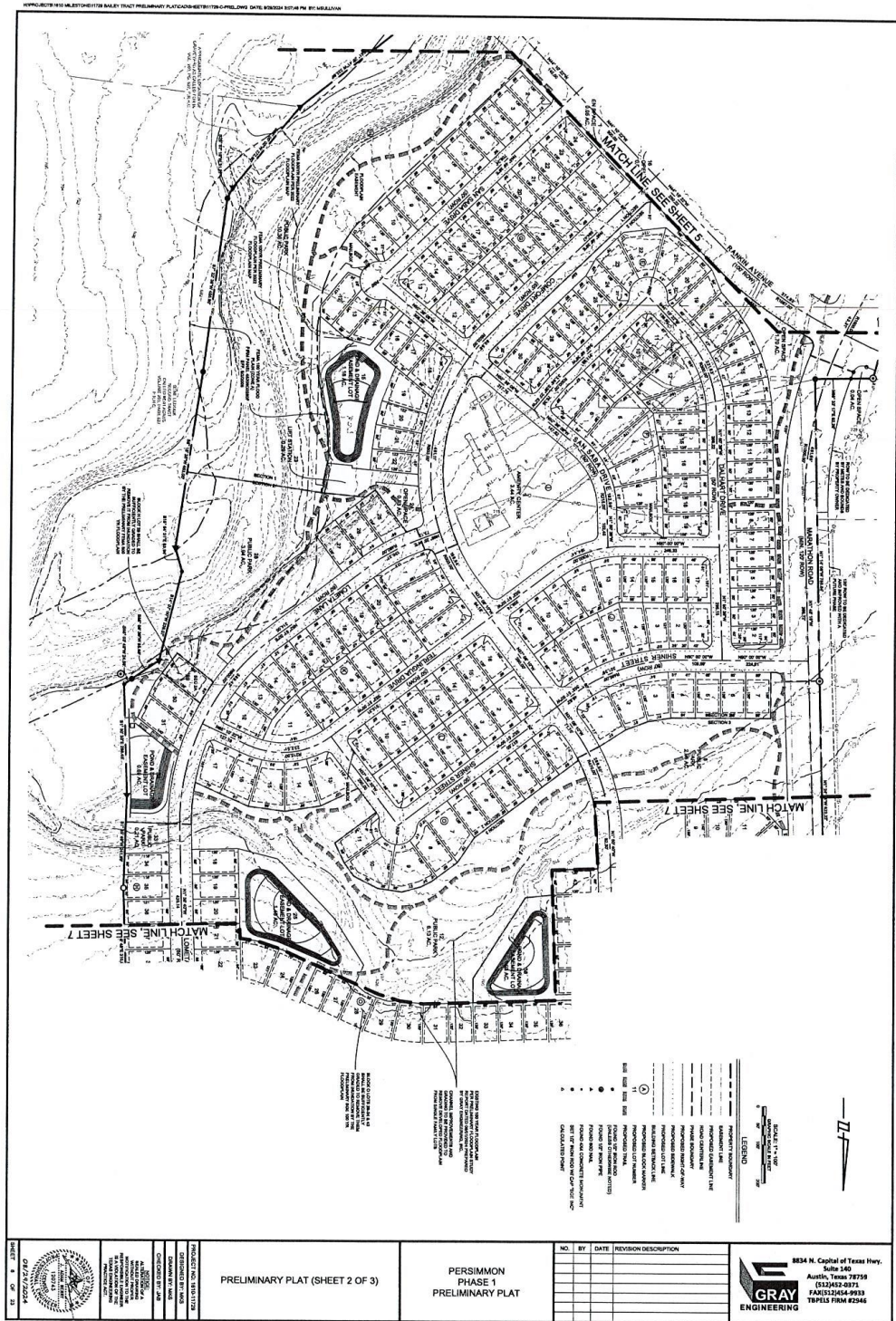
Highest & Best Use: Near term, phased residential lot development, as economic conditions and demand warrants.

**CONCLUSION:** The subject Persimmon PID has a suburban location in the rapidly growing Kyle/Buda Market Area of Austin. The subject subdivision will offer heavily wooded home sites with an average of 4 oak trees per lot, and a full compliment of master-planned amenities. All services and public utilities are available, and no detrimental zoning, encroachments, or restrictions were noted, which would represent an adverse influence to the subject lots for mid-priced production housing, as proposed.



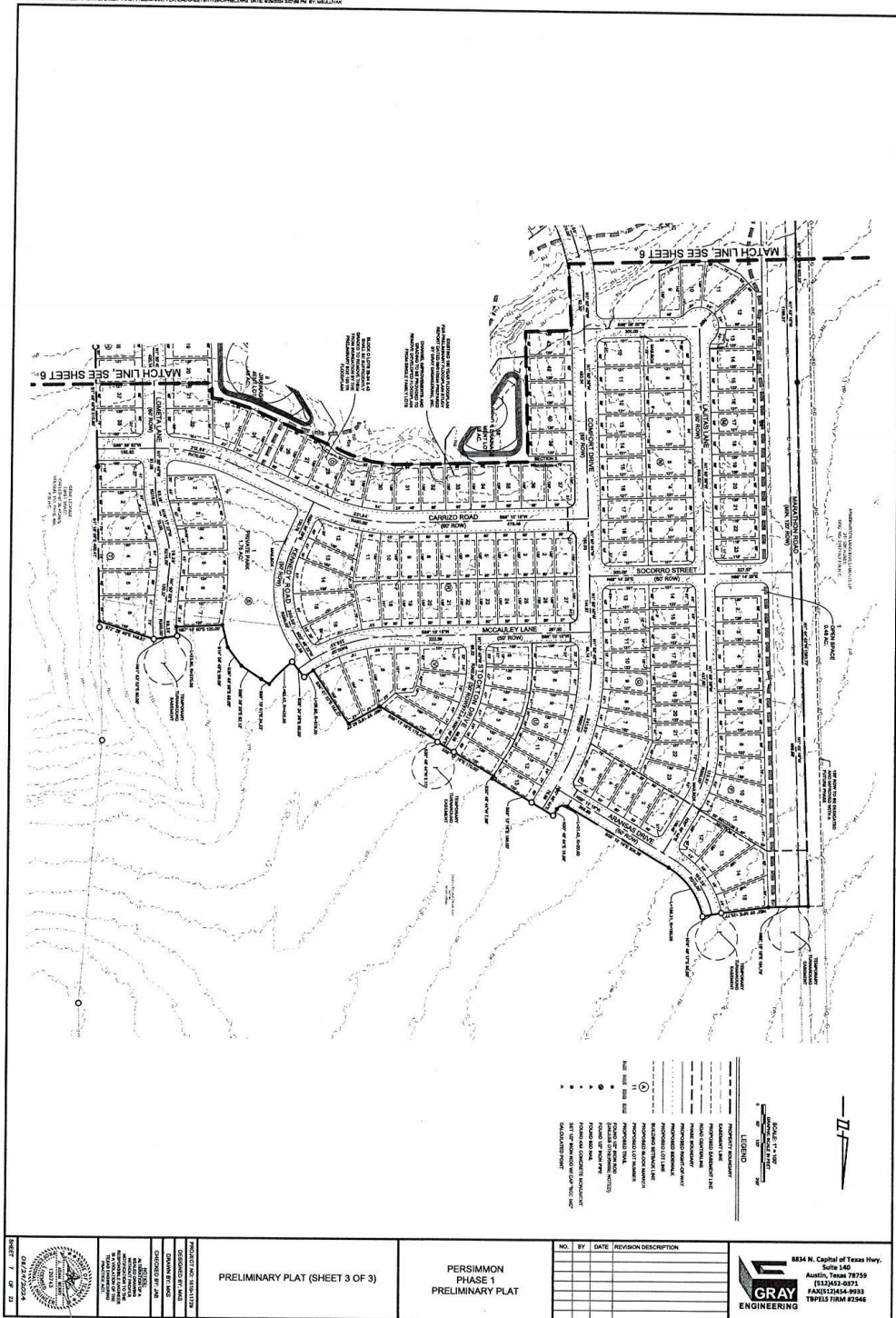








PROJECT: PERSIMMON PHASE 1 SUBDIVISION TRACT PRELIMINARY PLAT. DATE: 08/20/2014. DRAWN BY: M. L. WOOD



PRELIMINARY PLAT (SHEET 3 OF 3)

PERSIMMON  
PHASE 1  
PRELIMINARY PLAT



NO.	BY	DATE	REVISION DESCRIPTION

8834 N. Capital of Texas Hwy.  
 Suite 240  
 Austin, Texas 78759  
 (512)442-0971  
 FAX: (512)446-9938  
 TBPBLS FORM #23846

PERMITSUBJECT TO THE FOLLOWING CONDITIONS: 1. ALL LOTS SHALL BE CONVEYED TO THE BUYER BY DEED AND SHALL BE SUBJECT TO THE TERMS AND CONDITIONS OF THE DEED.

LOT	ACREAGE	AREA	PERMITSUBJECT TO THE FOLLOWING CONDITIONS: 1. ALL LOTS SHALL BE CONVEYED TO THE BUYER BY DEED AND SHALL BE SUBJECT TO THE TERMS AND CONDITIONS OF THE DEED.
MONSLOT1	0.00	0.00	0.00
MONSLOT2	0.00	0.00	0.00
MONSLOT3	0.00	0.00	0.00
MONSLOT4	0.00	0.00	0.00
MONSLOT5	0.00	0.00	0.00
MONSLOT6	0.00	0.00	0.00
MONSLOT7	0.00	0.00	0.00
MONSLOT8	0.00	0.00	0.00
MONSLOT9	0.00	0.00	0.00
MONSLOT10	0.00	0.00	0.00
MONSLOT11	0.00	0.00	0.00
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MONSLOT13	0.00	0.00	0.00
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MONSLOT72	0.00	0.00	0.00
MONSLOT73	0.00	0.00	0.00
MONSLOT74	0.00	0.00	0.00
MONSLOT75	0.00	0.00	0.00
MONSLOT76	0.00	0.00	0.00
MONSLOT77	0.00	0.00	0.00
MONSLOT78	0.00	0.00	0.00
MONSLOT79	0.00	0.00	0.00
MONSLOT80	0.00	0.00	0.00
MONSLOT81	0.00	0.00	0.00
MONSLOT82	0.00	0.00	0.00
MONSLOT83	0.00	0.00	0.00
MONSLOT84	0.00	0.00	0.00
MONSLOT85	0.00	0.00	0.00
MONSLOT86	0.00	0.00	0.00
MONSLOT87	0.00	0.00	0.00
MONSLOT88	0.00	0.00	0.00
MONSLOT89	0.00	0.00	0.00
MONSLOT90	0.00	0.00	0.00
MONSLOT91	0.00	0.00	0.00
MONSLOT92	0.00	0.00	0.00
MONSLOT93	0.00	0.00	0.00
MONSLOT94	0.00	0.00	0.00
MONSLOT95	0.00	0.00	0.00
MONSLOT96	0.00	0.00	0.00
MONSLOT97	0.00	0.00	0.00
MONSLOT98	0.00	0.00	0.00
MONSLOT99	0.00	0.00	0.00
MONSLOT100	0.00	0.00	0.00

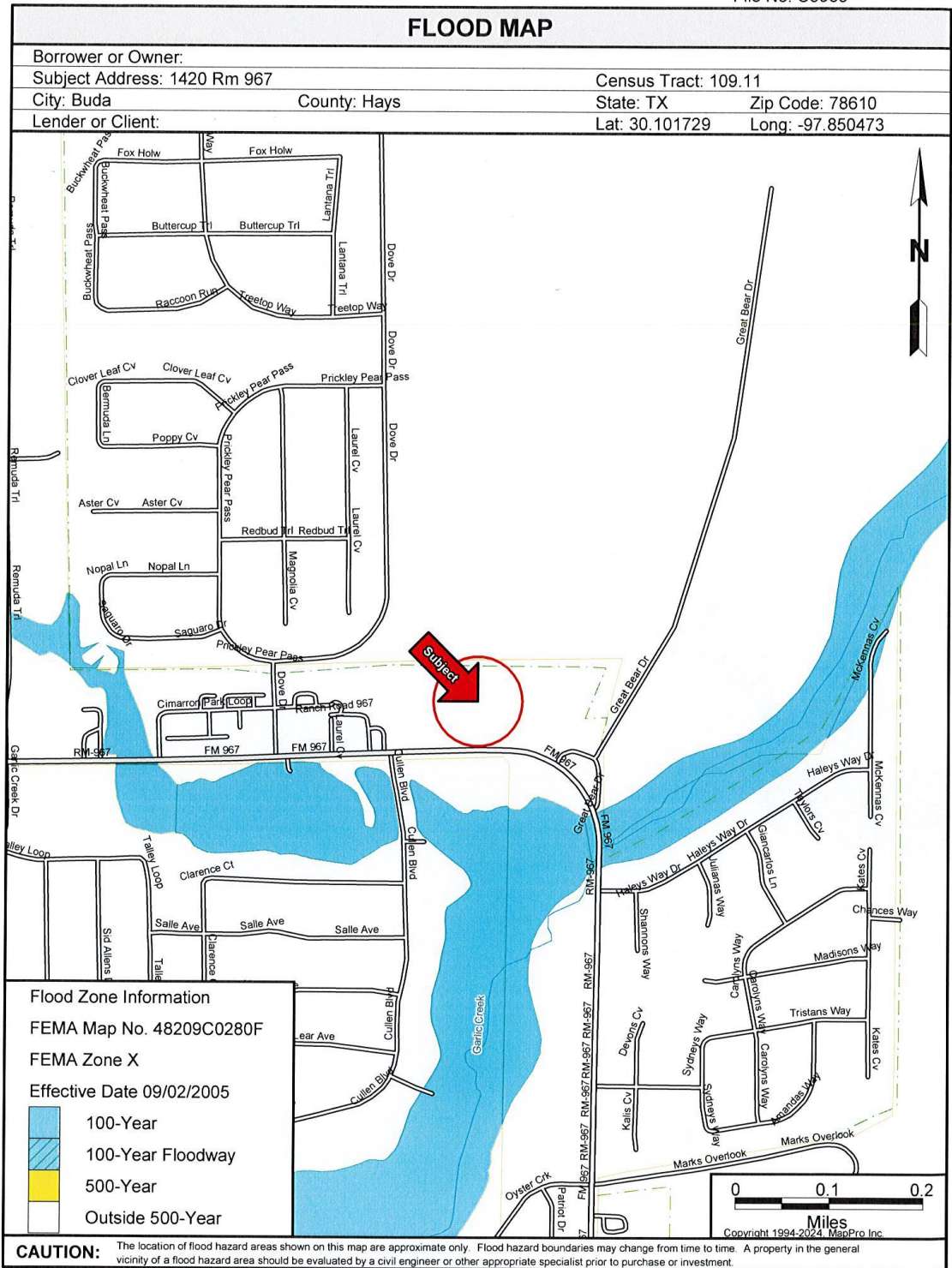
LOTS GREATER THAN OR EQUAL TO 55 FEET = 171408 (41.5% 25% REQUIRED)  
LOTS GREATER THAN OR EQUAL TO 65 FEET = 52408 (26.1% 20% REQUIRED)  
LOTS GREATER THAN OR EQUAL TO 80 FEET = 4408 (0.7% 5% REQUIRED)

	PRELIMINARY LOT TABLES	PERSIMMON PHASE 1 PRELIMINARY PLAT	NO.   BY   DATE   REVISION DESCRIPTION	 8534 N. Capital of Texas Hwy. Suite 140 Austin, Texas 78758 (512)472-0371 FAX: (512)472-0371 TBPBLS FIRM #2546
	PROJECT NO. 123456 CHECKED BY: JMD DATE: 12/15/2023			



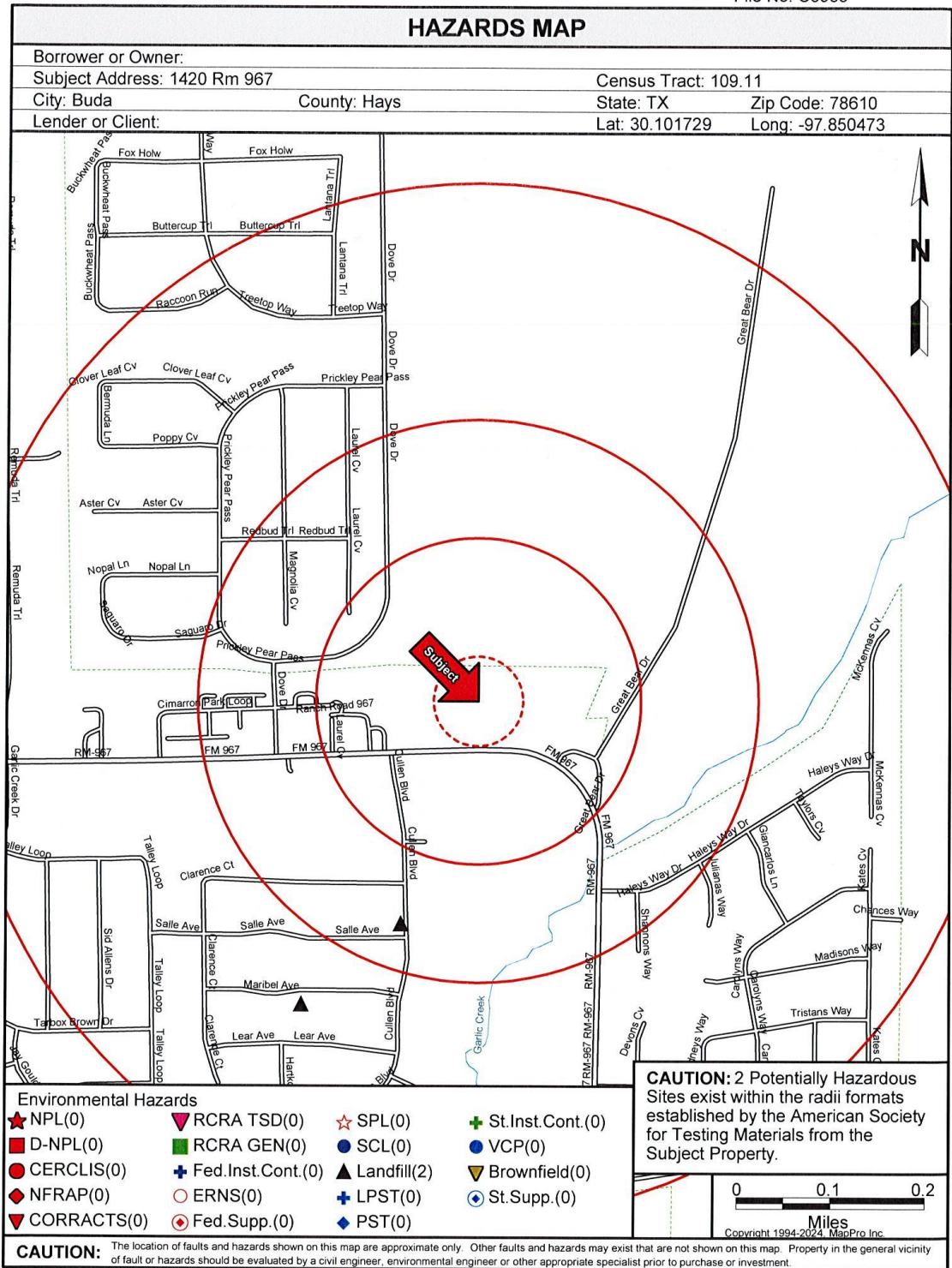
# FLOOD MAP

File No. C8955



# HAZARDS MAP

File No. C8955





**SUBJECT PROPERTY PHOTOGRAPHS**



An easterly view of R.M. 967



A westerly view of R.M. 967





Views of the subject from R.M. 967





Views of the subject site







Adjacent land uses



### HIGHEST AND BEST USE

The “**Highest and Best Use**” is defined and described as:

The reasonably probable use of property, that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (The Dictionary of Real Estate Appraisal, Seventh Edition, 2022, page 88, Appraisal Institute).

The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, 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.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition wealth maximization to individual property owners. Also implied is that the determination of the highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect highest and best use would be "most probable use." In the current context of investment value, an alternative term would be "most profitable use".

In order to reasonably determine the "highest and best use" of the subject, legally permissible uses, physically possible uses, financially feasible uses and the maximally productive use are considered.

#### LEGALLY PERMISSIBLE

**Zoning/Restrictions:** Zoning regulations, deed restrictions, adverse easements, historical districts, building codes, and environmental regulations often limit the potential uses of a property. Persimmon is zoned Planned Development (PD) by the City of Buda. Specifically, the two subject commercial reserves are zoned **Form F4**, which allows for mixed-use developments that are compatible to surrounding or existing residential uses.



The subject residential development tract is zoned **R-3, Residential**, which is a residential district for areas where denser development (six to eight dwelling units per acre) is appropriate, and where pedestrian-scale development shall occur. The district accommodates most housing needs by allowing for housing types and contextual development standards. The R-3 District provides a variety of housing that ensures effective community development, such as townhomes, patio homes, duplexes, and smaller apartments. Developments should provide pedestrian-friendly, suitable residential neighborhoods, protected from incompatible uses and with necessary facilities and services. The subject proposed lots and commercial reserves are assumed to conform to the PD Ordinance. It is also assumed subject lots and land will be deed restricted, but I am not aware of any adverse deed restrictions which would preclude development of the land and lots to their highest and best uses.

#### **PHYSICALLY POSSIBLE**

Site size, shape, topography, location, and the availability of utilities are generally held as the most important factors in determining uses by which land may be developed. Some small sites, because of their limited size, can only reach their optimum use as part of an assemblage with adjacent tracts. Conversely, larger sites are not restricted by size, allowing for a wider range of possible uses.

The subject property consists of Persimmon Public Improvement District (PID), Area 1, being 248 proposed lots, on 104.832 net acres in Phase 1, along with a 6.39-acre commercial reserve, and a 6.28-acre commercial reserve, located along the north line of R.M. 967, east of Cimarron Park Loop, in Buda, Hays County, Texas 78610. Of the 248 proposed lots in Phase 1, 114 lots will have typical dimensions of 50' x 120', or 6,000 SF; 101 lots will have typical dimensions of 55' x 120', or 6,600 SF; and 33 lots will have typical dimensions of 65' x 120', or 7,800 SF. The majority of the subject lots are to be built-out by Milestone Community Builders, which is a related entity to the developer, and will have new home price points ranging from \$545,000 (50' lots), up to \$655,000 (65' lots).

Bailey Land Investments, LP, has contracted with DFH Coventry, LLC to sell 75 of the 248 subject lots on a takedown basis of 25 lots per quarter, upon substantial completion. According to Mr. Garret Martin, with Bailey Land Investments, LP, several other builders have expressed interest in purchasing lots in Persimmon, Phase 1, including Perry Homes, Scott Felder Homes and Lennar Homes, but have yet to contract for lots.

The two commercial reserves will be located along the east line of proposed Marathon Road, which will be constructed as a regional thoroughfare to provide direct access from R.M. 967 to F.M. 1626, and eventually to proposed S.H. 45, as part of the Persimmon Area 1 PID and Major Improvement Area. The Area 1 completion of Marathon Road is as of December 1, 2025.

Persimmon is a proposed master-planned community on a total of approximately 775 acres, which will eventually yield approximately 2,020 residential lots, a recreational/amenity center, numerous trails, parks and green spaces, including along Garlic Creek, a Hays C.I.S.D. school site, a fire/EMS station, and several commercial reserves. The majority of the planned development is in Hays County; however, the far northern

### **FINANCIALLY FEASIBLE**

Any use, which produces a positive rate of return, is regarded as feasible from a financial point of view. The general character of the market area and adjacent land uses also provide indications of feasible use. This data along with other market data form the basis for analysis of various alternate investment returns.

According to the Zonda Austin Metrostudy, 2nd Quarter 2024, the subject's South Market Area is the third most active sector of the eight market areas comprising the Austin region. For the 12 months ending with the 2nd Quarter 2024, the South Market Area had 4,579 starts and 4,462 closings, for an undersupplied vacant developed lot (VDL) inventory of 16.0 months, and a slightly elevated housing inventory of 8.6 months.



The subject Persimmon is within the South Market Area, and the Kyle/Buda Submarket. The Kyle/Buda Submarket accounted for 3,446 of those 4,579 starts (75.26%) and 3,217 of those 4,462 closings (72.10%), with a notably undersupplied vacant developed lot inventory of only 15.8 months, and an elevated housing inventory of 9.1 months. Typically, a 20 to 24-month lot supply is considered to be equilibrium; thus, the Kyle/Buda Submarket is notably undersupplied at 15.8 months, as is the South Market Area at 16.0 months.

Submarket/ Market Area		1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	Annual Rates/ Inventory Supply (Mos)
<b>Kyle/Buda Submarket</b>	Starts	393	857	740	864	956	886	3,466
	Closings	544	436	677	783	889	868	3,217
	Housing Inv.	1,782	2,203	2,266	2,347	2,414	2,432	9.1 Mos.
	VDL Inv.	4,899	5,786	5,940	5,272	4,834	4,527	15.8 Mos.
<b>South Market Area</b>	Starts	629	1,276	1,018	1,195	1,291	1,075	4,579
	Closings	801	819	854	1,152	1,215	1,241	4,462
	Housing Inv.	2,617	3,075	3,238	3,294	3,370	3,204	8.6 Mos.
	VDL Inv.	7,119	7,983	7,893	7,212	6,439	6,121	16.0 Mos.

Source: Zonda Austin Metrostudy, 2nd Quarter 2024

Within the South Market Area starts in the 2nd Quarter 2024 were up 6.60% over 2nd Quarter 2023, and closings were up 51.53% over the same time period. Within the Kyle/Buda Submarket starts in the 2nd Quarter 2024 were up 3.38% over the 2nd Quarter 2023, and closings were up 99.08% over the same time period. Prior to 2022, the Austin region experienced unprecedented growth. Inflation in June 2022 reached a record high level since 1982 of 9.1%, causing the Federal Reserve to rapidly increase interest rates from May 2022 into August 2023. The increase in interest rates has caused slower activity in new home sales for most market areas throughout the Austin region, and this trend will likely improve throughout the remainder of 2024, as rates are anticipated to recede in the 4<sup>th</sup> quarter of 2024.

The housing inventory for both the South Market and the Kyle/Buda Submarket are elevated, and is due, in part, to the dramatic increase in starts. Further, the VDL inventories in both the Kyle/Buda Submarket, and the South Market Area have continually

remained at undersupplied levels over the past 8 quarters, and are still notably undersupplied.

Notable recent residential developments in proximity to the subject market area include 6 Creeks, Anthem, Blanco Vista, Casetta Ranch, Crosswinds, Cypress Forest, Paramount Park, Plum Creek, Sage Hollow, Sunfield, and Porter Country, as well as proposed master-planned communities of Infinity Square and Persimmon..

#### **MAXIMALLY PRODUCTIVE HIGHEST & BEST USE CONCLUSION**

The usage that produces the highest value is the maximally productive use, which is the highest and best use for the subject site. Based on the physically possible and legally permissible use of the subject development tract strongly supports a residential use. Thus, the maximally productive use of the subject 248 proposed Phase 1 lots is for near-term residential lot development, as proposed, and as economic conditions and demand warrant.

The physically possible and legally permissible uses of the subject commercial reserves strongly support a mid-density, commercial or retail residential use, or a combination thereof, once residential development is underway in Persimmon, Phase 1. Thus, the maximally productive use of the two subject commercial reserves is for eventual commercial or retail development, as economic conditions and demand warrant.



**SALES COMPARISON APPROACH**  
**COMMERCIAL RESERVES, "UPON COMPLETION"**

The Sales Comparison Approach is "The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison." (The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, 2022, p. 170).

The rationale for this approach, based on the principle of substitution, is that a probable purchaser would not be justified in paying more for a property than the cost of acquiring a substitute property with similar utility and characteristics, as the subject tract.

Knowledgeable individuals active in the area, which include real estate brokers, landowners, developers, and investors, were consulted for information that would aid in the investigation. All of the data presented was confirmed for accuracy, and is believed to be reliable. On the following pages are details concerning the comparable land sales, all of which have been used for the establishment of the Market Value conclusion for the subject multifamily tract and the commercial/retail tract, based on similar highest and best use land for commercial and/or retail developments.

**COMMERCIAL LAND SALE NUMBER ONE**

Consideration: \$1,120,000 or \$5.52 PSF

Financing: Cash to Seller

Cash Equivalent Price: \$1,120,000 or \$5.52 PSF

Sales Date: April 15, 2024

Grantor: Dacy Lane, LLC

Grantee: Dacy Bebee Investments, LLC

Confirmation: File #24013712.

Map Reference: 660 Z

Address: 1000 Bebee Road  
Kyle, Texas 78640

Location: The south line of Bebee Road, just west of Darcy Lane, in Kyle, Hays County, Texas 78640.

Size: 4.66 acres, or 202,990 SF.

Shape: Slightly irregular, but functional

Utilities: All available

Zoning/Restrictions: RS-Retail Service, by City of Kyle/None adverse known.

Floodplain: None.

Comments: This site was acquired for the location of a retail strip center, and has 299 FF on Bebee Road.



**COMMERCIAL LAND SALE NUMBER TWO**

Consideration:	\$2,350,000 or \$5.92 PSF
Financing:	Cash to Seller
Cash Equivalent Price:	\$2,350,000 or \$5.92 PSF
Sales Date:	March 23, 2023
Grantor:	L W Parker Family Trust
Grantee:	Swah Drishti, LLC
Confirmation:	File #23037119.
Map Reference:	700 J
Address:	1481 Burleson Road Kyle, Texas 78640
Location:	The west line of Burleson Road, just west of I-35, in Kyle, Hays County, Texas 78640.
Size:	9.12 acres, or 397,267 SF.
Shape:	Slightly irregular, but functional
Utilities:	All available
Zoning/Restrictions:	RS-Retail Service, by City of Kyle/None adverse known.
Floodplain:	None.

Comments: This site was acquired for a mixed-use development, and has an additional 641 FF on James Adkins Drive.

**COMMERCIAL LAND SALE NUMBER THREE**

Consideration:	\$2,126,805, or \$5.00 PSF
Financing:	Cash to Seller
Cash Equivalent Price:	\$2,126,805, or \$5.00 PSF
Sales Date:	April 29, 2024
Grantor:	West Bastrop Village, Ltd.
Grantee:	Bastrop I.S.D.
Confirmation:	Seller's Statement via Independence Title Company, GF #2404936.
Map Reference:	591 M
Address:	TBD Adelton Boulevard Bastrop, Texas 78602
Location:	The termination of Adelton Boulevard, within Adelton Subdivision, in Bastrop, Bastrop County, Texas 78602.
Size:	9.765 acres, or 425,363 SF.
Shape:	Nearly rectangular
Utilities:	All available
Zoning/Restrictions:	West Bastrop Village PDA by the City of Bastrop/ None adverse known.
Floodplain:	None.

Comments: This site is located directly across the street from Adelton, Phase 1, Section 2, and was acquired for the location of a new Bastrop I.S.D. elementary school.



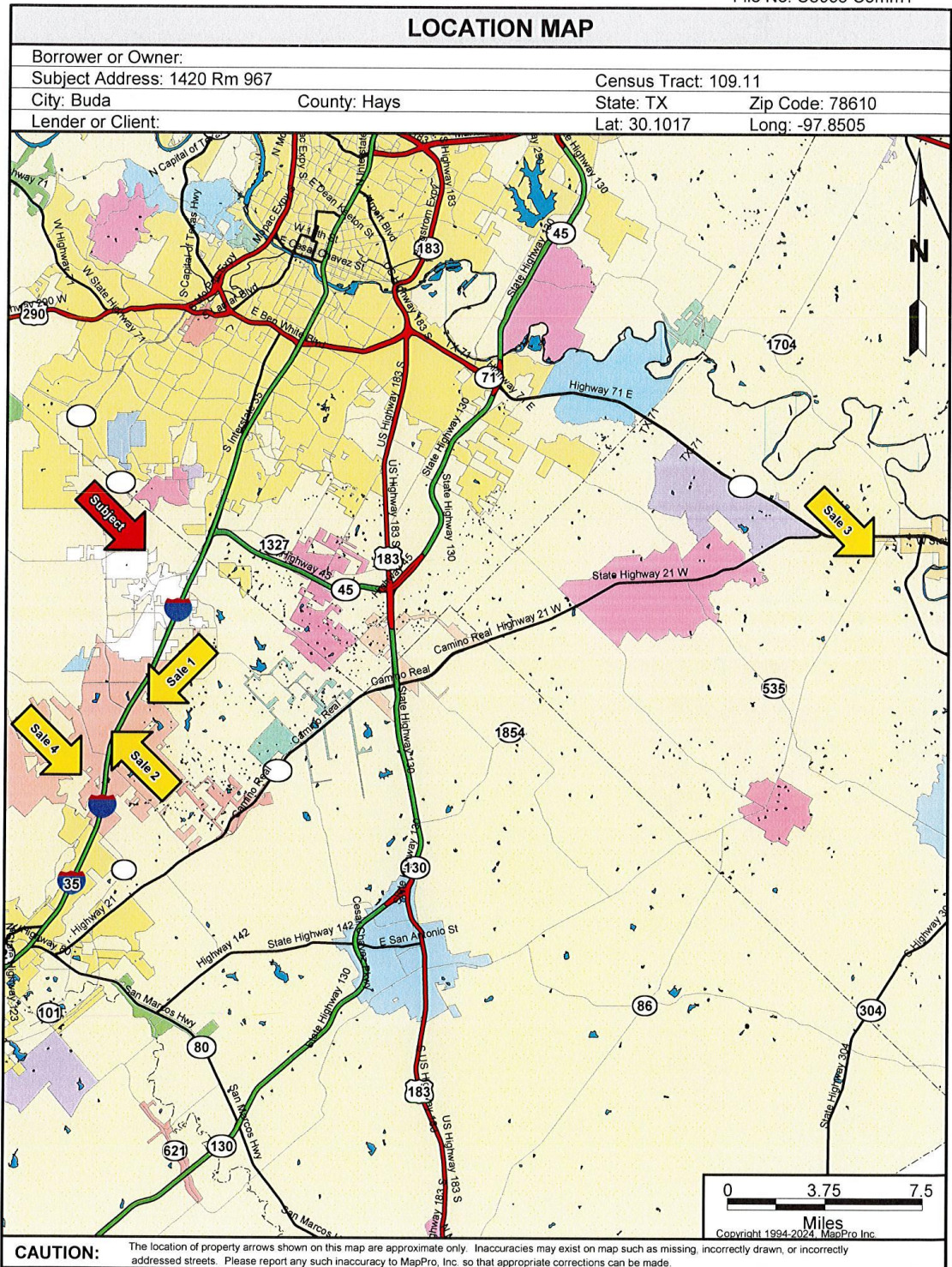
**COMMERCIAL LAND PENDING SALE NUMBER FOUR**

Consideration:	+/- \$3,000,000, or +/- \$6.22 PSF; See Comment
Financing:	Cash to Seller
Cash Equivalent Price:	+/- \$3,000,000, or +/- \$6.22 PSF; See Comment
Sales Date:	Pending
Grantor:	LD Enterprises, LLC
Grantee:	Not disclosed
Map Reference:	699 Y & Z
Address:	601 Scott Street Kyle, Texas 78640
Location:	Wraps the east corner of Scott Street and Park Place, with additional frontage on S. Sledge Street, in Kyle, Hays County, Texas 78640.
Size:	11.07 acres, or 482,209 SF.
Shape:	Slightly irregular, but functional
Utilities:	All available
Zoning/Restrictions:	R-1, Residential by City of Kyle (See Comments)/None adverse known.
Floodplain:	None.

Comments: This site is located directly across the street from Stagecoach Crossing, which is being developed by KB Homes. The site is zoned for residential use, but the City of Kyle has preliminarily approved the site for a mixed-use development, including a combination of multifamily, SFR, retail and commercial uses. The site was listed for \$3,500,000, and reportedly is selling in the range of \$6.25 PSF. The indicated consideration was estimated by the appraiser.

### COMPARABLE COMMERCIAL LAND SALES MAP

File No. C8955 Comm'i



### LAND SALES ANALYSES AND CONCLUSION - "UPON COMPLETION"

All of the preceding land sales have been thoroughly analyzed, documented, confirmed and compared to the subject property. These comparable sales provide a good indication of market prices and market activity for the subject area. The market data was first analyzed to establish representative and realistic measures for adjustment factors. The following are comments and analyses of the corresponding adjustments to be applied to the comparable land sales.

#### CUMULATIVE ADJUSTMENTS

**Property Rights Conveyed:** The comparability of property interests must first be considered when utilizing sales for adjustment analysis. The real property rights conveyed of the sales were all found to feature fee simple estates. Therefore, **no adjustment is necessary for this category**, as it is considered that each sale adequately represents market activity in the subject area for fee simple estates.

**Financing/Cash Equivalent Considerations:** Prior to adjusting for various categories applicable in the adjustment grid, each sale was reviewed with respect to financing terms and supplemental acquisition costs. If a sale had favorable financing, it would be adjusted to reflect the cash equivalent price in terms of U.S. dollars that the seller actually received. Generally, cash equivalency is arrived at by applying present value factors to the stream of income generated by the seller offering favorable financing. All monies are brought back to the present value if the seller were to sell for cash or cash equivalency. Each of the sales sold for all cash to the seller, thus, **no adjustments for cash equivalency was necessary.**

**Market Conditions:** Market conditions or time adjustments for the date of sale for residential land are important, because they compensate for any value change that may have been experienced in relation to the effective date of the appraisal. Within the subject market area, commercial land values have been mostly stable to slightly increasing. **Land Sales 1, 2 and 3 are each adjusted at a rate of approximately 6.0% per year, or 1.50% per quarter. Land Sale 4 is pending, and is adjusted a nominal+5%.**



**Conditions of Sale:** This category, as well as the previous two categories, is related to motivation of the parties in the transaction to agree on the sales price at the date of sale. The conditions and reasons for a sale are factors, which can have a direct impact on the sales price. Buyer's and seller's motivation for acquisition or disposition of a property can cause large differences in the actual sales price versus market value. Extraction of an appropriate adjustment for special sales conditions is generally difficult to ascertain. Pairing of sales is typically the best method in establishing an adjustment. However, when sales are scarce and/or significant differences in the properties are evident, additional considerations must be reviewed. Such considerations typically relate to additional information provided by the buyer or seller, which may be difficult to measure, but must be considered, analyzed, and reasonably adjusted. Upon review of the market transactions presented on the previous pages, it was judged that all of the land sales presented involved no extraordinary conditions of sale and **adjustments do not appear to be warranted in this category.**

#### **ADDITIVE ADJUSTMENTS**

**Location:** The subject sites will have a town-center location along Marathon Road, within a high-growth corridor in Buda. Marathon Road will eventually provide access to F.M. 1626, which is a high-traffic corridor for Buda and south Austin. **Land Sales 2 and 4 are considered to be generally similar to the subject, and are not adjusted. Land Sale is located west of I-35 in Kyle, and is considered to be slightly inferior to the subject, warranting a +10% adjustment. Land Sale 3 is located on the entry street into Adelson, and lacks the exposure inherent to the subject tracts, warranting a +15% adjustment for its inferior location.**

**Size:** Typically, larger tracts sell for lesser unit prices than otherwise equally desirable smaller tracts. The primary reason for this is that the purchase of larger tracts entails a larger capital outlay, a factor that restricts the number of possible buyers, as compared to the relatively larger market for a similar smaller size site.

The subject Commercial Reserves contain 6.39 acres and 6.28 acres, respectively. Land Sale 1 is considered to be generally similar in size, warranting no adjustment. **Land Sales**

**2 and 3 are adjusted +5% for their slightly larger, inferior sizes, while Land Sale 4 is adjusted +10% for its significantly larger site size.**

**Utilities:** The availability of public utilities is an extremely important factor. Sales with utilities available tend to bring higher prices than those with partial or no utilities. As mentioned previously, the subject site has all public utilities available, similar to **Land Sales 1, 2, 3 and 4**, and **adjustments are not warranted.**

**Other Physical Characteristics:** Other factors having an influence on value include the shape, topography, floodplain and drainage. The shape and configuration of a site may have an effect on development costs. Topography and drainage may also have an effect on development costs. All of these items comprise general physical characteristics, which may be one of the most subjective adjustment categories but can, and generally do, affect a site's marketability, and subsequently, its value.

**Land Sales 2, 3 and 4** are considered to be generally similar to the subject in terms of physical characteristics. **However, tracts with corner influences are considered to command a premium, warranting an adjustment of +10% to Land Sale 1 for its interior site location.**

**Floodplain:** Properties located within the 100-year floodplain may require additional site preparation costs to raise the site or improvements out of the floodplain. Like the subject, **Land Sales 1, 2, 3 and 4** are located outside of the floodplain, and **no adjustments are warranted for this category.**

### **LAND SALES ADJUSTMENT GRID**

Please refer to the following Land Sales Adjustment Grid, which illustrates these adjustments.

LAND SALES ADJUSTMENT GRID - +/- 6.39 ACRE COMMERCIAL TRACT "UPON COMPLETION"					
MARKET DATA	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
Sales Price/SF	-	\$5.52	\$5.92	\$5.00	\$6.22
Sales Date	12/2025	4/2024	3/2023	4/2024	Pending
Adjustment	-	+10.5%	+16.5%	+10.5%	+5%
Financing	-	CTS	CTS	CTS	CTS
Adjustment	-	0%	0%	0%	0%
Conditions of Sale	-	Typical	Typical	Typical	Typical
Adjustment	-	0%	0%	0%	0%
<b>Adjusted Price/SF</b>	<b>-</b>	<b>\$6.10</b>	<b>\$6.90</b>	<b>\$5.53</b>	<b>\$6.53</b>
Location	Marathon Road	Bebee Road	Burleson Road	Adelton Blvd.	Scott Street
Adjustment	-	+10%	0%	+15%	0%
Size (Acres)	+/- 6.39	4.66	9.12	9.765	11.07
Adjustment	-	0%	+5%	+5%	+10%
Public Utilities	All Available	All Available	All Available	All Available	All Available
Adjustment	-	0%	0%	0%	0%
Physical Characteristics	Corner	Interior	Equal	Equal	Equal
Adjustment	-	+10%	0%	0%	0%
Floodplain	None	None	None	None	None
Adjustment	-	0%	0%	0%	0%
<b>Net Adjustment</b>	<b>-</b>	<b>+20%</b>	<b>+5%</b>	<b>+20%</b>	<b>+10%</b>
<b>Adjusted Price/SF</b>	<b>-</b>	<b>\$7.32</b>	<b>\$7.24</b>	<b>\$6.63</b>	<b>\$7.18</b>
<b>Mean</b>	<b>\$7.09</b>				
<b>Median</b>	<b>\$7.21</b>				

**CONCLUSION OF "UPON COMPLETION" MARKET VALUE – 6.39 ACRES AND 6.28 ACRES**

The land sales used in this analysis, illustrated in the preceding adjustment grid, exhibit adjusted sales prices that range from \$6.63 PSF to \$7.32 PSF. The mean indicator is \$7.09 PSF, and the median is \$7.21 PSF. After considering the physical characteristics of the subject site, the supply and demand of land in the market area; it is my opinion that the **"Upon Completion" Market Value** of the subject 6.39-acre Commercial/Retail Tract, as of December 1, 2025, is **\$7.15 PSF**, computed as follows:



**COMMERCIAL RESERVE #1**  
**6.39 ACRES – “UPON COMPLETION”**

<u>Site SF</u>	x	<u>Value/SF</u>	=	<u>Total Value</u>
278,348		\$7.15		\$1,990,182
		<b>Rounded:</b>		<b>\$2,000,000</b>

It is also my opinion that the “**Upon Completion**” **Market Value** of the subject 6.28-acre Commercial/Retail Tract, as of December 1, 2025, is **\$7.15 PSF**, computed as follows:

**COMMERCIAL RESERVE #2**  
**6.28 ACRES – “UPON COMPLETION”**

<u>Site SF</u>	x	<u>Value/SF</u>	=	<u>Total Value</u>
273,557		\$7.15		\$1,955,933
		<b>Rounded:</b>		<b>\$1,950,000</b>

### **SALES COMPARISON APPROACH – BUILDER TAKEDOWN LOT SALES VALUATION**

The Sales Comparison Approach is “The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.” (The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, 2022, p. 170).

The rationale for this approach, based on the principle of substitution, is that a probable purchaser would not be justified in paying more for an individual retail lot than the cost of acquiring a substitute property of similar utility and characteristics, as that of the typical subject lot.

Again, knowledgeable individuals active in the area, which include real estate brokers, appraisers, developers, and builders, were consulted for information that would aid in the investigation. All of the data presented was confirmed for accuracy. On the following pages are details concerning the comparable takedown lot sales that have been used for the establishment of the subject's typical or base Builder Takedown Lot Value conclusion.

**BUILDER LOT SALE NUMBER ONE**

Subdivision: Quad Park, Phase 3B-3A (marketed as Balboa Park at Easton Park)

Mapsco Reference: 705-M

Location: Located along the east line of Apogge Boulevard at Skytex Street, in South Austin, Travis County, Texas 78744.

New Home Price Range: From the \$500,000s

## Lot Sales Data:

<u>No. Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Esc Lot Charge</u>	<u>Lot Price PFF</u>	<u>Sale Date</u>
12	45'	\$128,250	N/A	\$2,850	12/27/2023
<u>12</u>	60'	\$171,000	N/A	\$2,850	12/27/2023
24					

Developer/Seller: Carma Easton, LLC

Builder: Newmark Homes

Financing: Cash to seller

Utilities: All available

School District: Del Valle I.S.D.

Zoning: PUD by the City of Austin

Restrictions: Typical Deed Restrictions

Floodplain: None

Recording Information: Clerk's File #2023143584

Confirmation: Lot Purchase Contract & Builder

Comments: This is the purchase of 12, 45' and 12, 60' Quad lots. Additional fees of \$7,380 per 60' lot and \$6,780 per 45' lot, or an average of \$7,080 per lot, or approximately \$135 PFF.



**BUILDER LOT SALE NUMBER TWO**

Subdivision: Quad Park, Phase 3B-3A (marketed as Balboa Park at Easton Park)  
 Mapsco Reference: 705-M  
 Location: Located along the east line of Apogge Boulevard at Skytex Street, in South Austin, Travis County, Texas 78744.

New Home Price Range: From the \$500,000s

Lot Sales Data:

<u>No.</u> <u>Lots</u>	<u>Avg</u> <u>FF</u>	<u>Base Lot</u> <u>Price</u>	<u>Esc Lot</u> <u>Charge</u>	<u>Lot</u> <u>Price PFF</u>	<u>Sale</u> <u>Date</u>
10	45'	\$128,250	N/A	\$2,850	12/28/2023
11	60'	\$171,000	N/A	\$2,850	12/28/2023
21					

Developer/Seller: Carma Easton, LLC  
 Builder: Pacesetter Homes  
 Financing: Cash to seller  
 Utilities: All available  
 School District: Del Valle I.S.D.  
 Zoning: PUD by the City of Austin  
 Restrictions: Typical Deed Restrictions  
 Floodplain: None  
 Recording Information: Clerk's File #2023143998  
 Confirmation: Lot Purchase Contract & Builder

Comments: This is the purchase of 10, 45' and 11, 60' Quad lots. Additional fees of \$7,380 per 60' lot and \$6,780 per 45' lot, or an average of \$7,094 per lot, or approximately \$133 PFF.

**BUILDER LOT SALE NUMBER THREE**

Subdivision: Provence, Phase 1, Section 7  
 Mapsco: 578 C  
 Location: Located on the west corner of Lavonde Drive and Martinet Drive, in the Bee Cave Market Area of Travis County, Texas 78738.  
 Grantor: Masonwood HP, Ltd.  
 Grantee: Westin Homes and Properties, L.P.  
 SFR Price Range: \$925,000 to \$1,000,000+

## Lot Sales Data:

<u>Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Ec Lot Charge</u>	<u>Esc. Lot Price</u>	<u>Lot Per FF</u>	<u>Sale Date</u>
7	60'	\$192,000	N/A	N/A	\$3,200	4/17/2024

Financing: Cash to seller  
 Utilities: All available  
 School District: Lake Travis I.S.D.  
 Zoning: None  
 Restrictions: Typical Deed Restrictions  
 2Floodplain: None  
 Confirmation: Lot Purchase Contract  
 Recording Information: 2024041385

Comments: This is the initial takedown of 60' lots by Westin Homes. In addition to the base price, builder fees amount to a total of \$14,580 per lot in fees.

**BUILDER LOT SALE NUMBER FOUR**

Subdivision: Provence, Phase 1, Section 7  
 Mapsco: 578 C  
 Location: Located on the west corner of Lavonde Drive and Martinet Drive, in the Bee Cave Market Area of Travis County, Texas 78738.  
 Grantor: Masonwood HP, Ltd.  
 Grantee: Drees Custom Homes  
 SFR Price Range: \$925,000 to \$1,000,000+  
 Sales Data:

<u>Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Esc Lot Charge</u>	<u>Esc. Lot Price</u>	<u>Lot Per FF</u>	<u>Sale Date</u>
7	60'	\$192,000	N/A	N/A	\$3,200	7/9/2024

Financing: Cash to seller  
 Utilities: All available  
 School District: Lake Travis I.S.D.  
 Zoning: None  
 Restrictions: Typical Deed Restrictions  
 Floodplain: None  
 Confirmation: Lot Purchase Contract  
 Recording Information: 2024074958

Comments: This is the initial takedown of lots by Drees Custom Homes. In addition to the base price, builder fees amount to a total of \$14,580 per lot in fees.



**BUILDER LOT PENDING SALE NUMBER FIVE – SUBJECT PROPERTY**

Subdivision Name: Persimmon, Phase 1  
 Mapsco Reference: Hays County 580 L & Q  
 Location: Located along the north line of R.M. 967, east of Cimarron Park Loop, in Buda, Hays County, Texas 78610.

## Lot Sales Data:

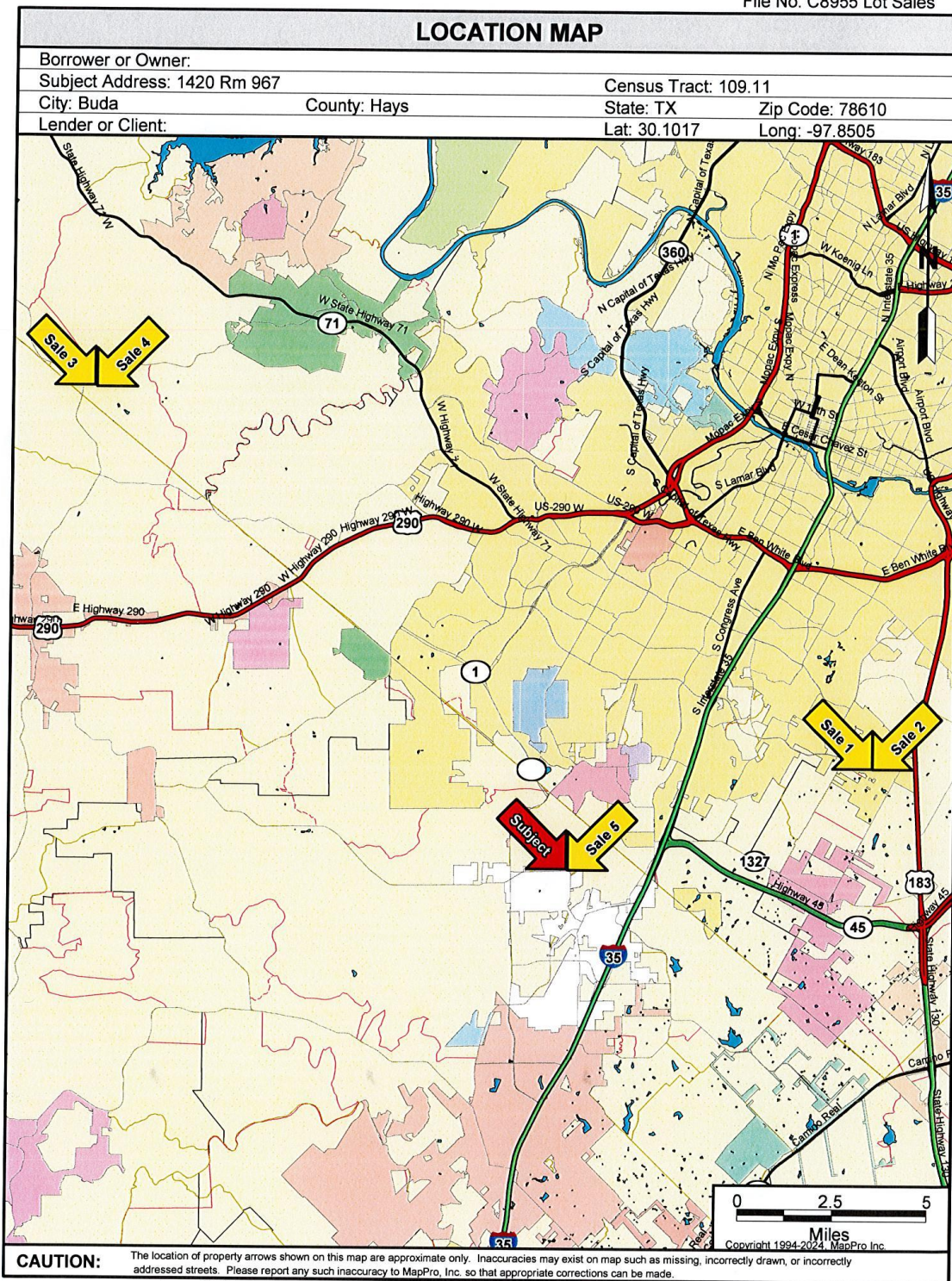
<u>Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Esc Lot Charge</u>	<u>Esc. Lot Price</u>	<u>Lot Per FF</u>	<u>Sale Date</u>
35	50'	\$165,000	N/A	N/A	\$3,300	Pending
26	55'	\$181,500	N/A	N/A	\$3,300	Pending
<u>14</u>	65'	\$214,500	N/A	N/A	\$3,300	Pending
75	Total/Avg.	\$180,007	N/A	N/A	\$3,300	Pending

Developer: Bailey Land Investments, L.P.  
 Builder: DFH Coventry  
 New Home Price Range: Unknown  
 Financing: Cash to seller  
 Utilities: All available  
 School District: Hays CISD  
 Zoning: PD, Planned Development, by the city of Buda  
 Restrictions: Typical Deed Restrictions  
 Floodplain: None  
 Confirmation: Developer/Lot Purchase contract

Comments: DFH Coventry Homes will purchase these 75 lots in 3 takedowns of 25 lots per take. Lots are subject to a 9.0% annual escalator. In addition to the base lot price, additional builder fees amounted to \$11,110 per lot, or an average of \$204 PFF. DFH Coventry will also purchase paper lots to be developed in Persimmon, Phase 1, and according to the developer, the builder is paying a slight premium for these 75 lots in order to achieve sales momentum for the future lots to be developed.

### LOT SALES MAP

File No. C8955 Lot Sales



### BUILDER LOT SALES ANALYSES

My analysis indicated several comparable builder bulk lot sales, as well as two pending builder lot takedowns in the subject market area. I have researched lot sales data from local home builders and lot developers, who are considered to be knowledgeable of the local residential lot market with respect to physical characteristics, overall appeal, and price range. These sales illustrated on the preceding pages are considered to be representative of the best available data for comparison to the subject lots, and are summarized on the following chart:

<b>BUILDER LOT SALES SUMMARY</b>							
<b>LOT SALE</b>	<b>SALE DATE</b>	<b>SUBDIVISION</b>	<b>SALE TYPE</b>	<b>NO. LOTS</b>	<b>LOT SIZE</b>	<b>LOT PRICE</b>	<b>LOT PRICE PFF</b>
1	4Q 2023	Quad Park, Phase 3B-3A	Takedown	12	45'	\$128,250	\$2,850
1	4Q 2023	Quad Park, Phase 3B-3A	Takedown	12	60'	\$171,250	\$2,850
2	4Q 2023	Quad Park, Phase 3B-3A	Takedown	10	45'	\$128,250	\$2,850
2	4Q 2023	Quad Park, Phase 3B-3A	Takedown	11	60'	\$171,250	\$2,850
3	2Q 2024	Provence, Phase 1, Section 7	Takedown	7	60'	\$192,000	\$3,200
4	2Q 2024	Provence, Phase 1, Section 7	Takedown	7	60'	\$192,000	\$3,200
5	Pending	Persimmon, Phase 1	Takedown	12	50'	\$165,000	\$3,300
5	Pending	Persimmon, Phase 1	Takedown	8	55'	\$181,500	\$3,300
5	Pending	Persimmon, Phase 1	Takedown	5	65'	\$214,500	\$3,300

The market data was first analyzed to determine the best unit of comparison, and the features inherent to a given property causing a property's sale price to vary relative to another property. Sales comparison was then used to estimate representative and reasonable measures for adjustment factors or differences between the comparable sales and subject lots. The best units of comparison for Builder Lot Sales are the total sales price per lot, or the price per front foot (PFF). Of these various units of comparison, it was determined that the price PFF was the most applicable. The categories found to be prevalent for adjustment analysis were cumulative adjustments such as Real Property Rights Conveyed, Financing (cash equivalent consideration), Conditions of Sale (motivation), and Time (sale date); and additive market related conditions adjustments such as Location, Size and Overall Property Characteristics (physical). Adjustments are made on a cumulative basis for the first four categories listed, and then on an additive basis on the remaining categories.



### **CUMULATIVE ADJUSTMENTS**

**Real Property Rights Conveyed:** The comparability of property interests must first be considered when utilizing sales for adjustment analysis. The real property rights conveyed of the sales were all found to feature fee simple interest. **Therefore, no adjustment is necessary for this category**, as it is considered that each sale adequately represents market prices and market activity in the subject area for fee simple estates.

**Date of Sale:** A time adjustment is required if changes occur in market conditions between the time of sale of a comparable property, and the effective date of the appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at the date of appraisal, and an adjustment is warranted to the cash equivalent sales price for the sale to be used as a comparable.

**As mentioned, the subject lots are expected to be substantially complete by December 1, 2025. Lot Sales 1, 2, 3 and 4 are each adjusted at a rate of 6.0%, or 1.50% per quarter. Lot Sale 5 is the pending sale of subject lots that are to be delivered in December 2025, and is not adjusted.**

**Conditions of Sale:** This category, as well as the previous two categories, is related to motivation of the parties in the transaction to agree on the sales price at the date of sale. The conditions and reasons for a sale are factors, which can have a direct impact on the sales price. Buyers and sellers motivation for acquisition or disposition of a property can cause large differences in the actual sales price versus market value. Extraction of an appropriate adjustment for special sales conditions is generally difficult to ascertain. Pairing of sales is typically the best method in establishing an adjustment. However, when sales are scarce and/or significant differences in the properties are evident, additional considerations must be reviewed. Such considerations typically relate to additional information provided by the buyer and/or seller, which may be difficult to measure, but must be considered, analyzed, and reasonably adjusted.

**Lot Sale 5 is adjusted -5% for a motivated buyer influences.** As previously mentioned, DFH Coventry will also purchase paper lots to be developed in Persimmon, Phase 1, and

according to the developer, the builder is paying a slight premium for the initial 75 lots in order to achieve sales momentum for the future lots to be developed.

### **ADDITIVE ADJUSTMENTS**

**Location:** Factors, which often have an effect on lot values, include proximity to schools, the specific school district, shopping, market area amenities, and employment centers. In addition to these elements, lots located in well-established subdivisions with higher priced homes tend to likewise command higher prices than otherwise equal lots in less desirable subdivisions. **Pending Lot Sale 5 is from within the proposed Persimmon, Phase 1, and is not adjusted. Lot Sales 1 and 2 are located in far south Austin, and are considered to be generally similar to the subject in terms of location, warranting no adjustments. Lot Sales 3 and 4 are located in the Bee Cave market area of Travis County. The new home price points are significantly greater in this locale, warranting adjustments of -10% to Lot Sales 3 and 4 for their superior locations.**

**Size:** Developers and home builders are now negotiating residential lot sales on a per-front-foot (PFF) basis, and the comparables clearly support this trend. The subject lots are 50', 55' and 60' lots, which are similar to **Lot Sales 1, 2, 3, 4 and 5, requiring no adjustments.**

**Physical Characteristics:** Other factors, which can have an effect on lot values include drainage, shape with respect to development potential, adverse easements, cul-de-sac location, corner lots, location with respect to flood hazard areas and especially in this market area is the hillside view consideration. All of the lot sales can be described as very similar in overall physical characteristics compared to the subject lots, **thus requiring no adjustment for this category.**

### **LOT SALES ADJUSTMENT GRID**

The following Lot Sales Adjustment Grid illustrates the adjustments that were extracted and applied in the analyses of the comparable lot sales to the typical subject 50', 55' and 60' lots, "Upon Completion."

<b>LOT TAKEDOWN ADJUSTMENT GRID</b>						
<b>PERSIMMON, PHASE 1, - 50', 55' &amp; 65' LOTS, "UPON COMPLETION"</b>						
<b>MARKET DATA</b>	<b>SUBJECT</b>	<b>SALE 1</b>	<b>SALE 2</b>	<b>SALE 3</b>	<b>SALE 4</b>	<b>SALE 5</b>
Sale Price PFF	-	\$2,850	\$2,850	\$3,200	\$3,200	\$3,300
Sales Date Adjustment	12/1/2025 -	4Q/2023 +12.0%	4Q/2023 +12.0%	2Q/2024 +9.0%	3Q/2024 +7.50%	Pending 0%
Adjusted Sale Price PFF	-	<b>\$3,192</b>	<b>\$3,192</b>	<b>\$3,488</b>	<b>\$3,440</b>	<b>\$3,300</b>
Builder Fees Adjustment	None -	\$7,080/Lot or \$135 PFF +\$135	\$7,080/Lot or \$133 PFF +\$133	\$14,580/Lot or \$242 PFF +\$242	\$14,580/Lot or \$242 PFF +\$242	\$11,110/Lot or \$204 PFF +\$204
Adjusted Sale Price PFF	-	<b>\$3,327</b>	<b>\$3,325</b>	<b>\$3,730</b>	<b>\$3,682</b>	<b>\$3,504</b>
Financing Adjustment	- -	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%
Conditions of Sale Adjustment	Typical Lot Takedown -	Takedown 24 Lots 0%	Takedown 24 Lots 0%	Takedown 7 Lots 0%	Takedown 7 Lots 0%	Motivated Buyer -5%
Adjusted Sale Price PFF	-	<b>\$3,327</b>	<b>\$3,325</b>	<b>\$3,733</b>	<b>\$3,682</b>	<b>\$3,329</b>
Location Adjustment	Persimmon, Phase 1 -	Quad Park, Ph. 3B-3A 0%	Quad Park, Ph. 3B-3A 0%	Provence, Ph. 1, Sec. 7 -10%	Provence, Ph. 1, Sec. 7 -10%	Persimmon, Phase 1 0%
Lot Size (FF) Adjustment	50', 55' & 66' -	45' & 60' 0%	45' & 60' 0%	60' 0%	60' 0%	50', 55' & 65' 0%
Physical Characteristics Adjustment	Typical -	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%
Net Adjustment	-	<b>0%</b>	<b>0%</b>	<b>-10</b>	<b>-10</b>	<b>0%</b>
Indicated Sale Price PFF	-	<b>\$3,327</b>	<b>\$3,325</b>	<b>\$3,360</b>	<b>\$3,314</b>	<b>\$3,329</b>
Indicated Mean Price PFF	<b>\$3,331</b>					
Indicated Median Price PFF	<b>\$3,327</b>					

**BUILDER LOT VALUE CONCLUSION, 50', 55' & 65' LOTS, "UPON COMPLETION"**: The lot sales used in this analysis exhibit an adjusted value range from \$3,314 PFF up to \$3,360 PFF, with a mean indication of \$3,331 PFF and a median of \$3,327 PFF. Lot Sale 5 is the pending sale of lots in Persimmon, Phase 1 to be delivered in December 2025 and is well



supported by the central tendency of the range. As mentioned previously, in September 2024 the Federal Reserve cut interest rates by 50 basis points, and rates are now anticipated to recede in late 2024 or early 2025, which will likely stimulate new home sales, and in turn will create more demand for residential lots. After considering the physical characteristics of the subject lots, as well as the supply and demand for these lots in the market area; it is my opinion that the Base Lot Retail Value of a typical **50' subject lot in Persimmon, Phase 1, as of December 1, 2025, is \$3,330 PFF, inclusive of any and all builder lot fees.** Thus, the “Upon Completion” Retail Lot Value of a typical 50' lot, is concluded as follows:

$$\begin{array}{rcccl} \text{Lot} & & \text{Retail Lot} & & \text{Indicated Retail} \\ \text{Width} & & \text{Revenue PFF} & & \text{Lot Value} \\ 50' & \times & \$3,330 & = & \$166,500 \end{array}$$

It is also my opinion that the Base Lot Retail Value of a typical **55' subject lot in Persimmon, Phase 1, as of December 1, 2025, is \$3,330 PFF, inclusive of any and all builder lot fees.** Thus, the “Upon Completion” Retail Lot Value of a typical 55' lot, is concluded as follows:

$$\begin{array}{rcccl} \text{Lot} & & \text{Retail Lot} & & \text{Indicated Retail} \\ \text{Width} & & \text{Revenue PFF} & & \text{Lot Value} \\ 55' & \times & \$3,330 & = & \$183,150 \end{array}$$

Lastly, it is my opinion that the Base Lot Retail Value of a typical **65' subject lot in Persimmon, Phase 1, as of December 1, 2025, is \$3,330 PFF, inclusive of any and all builder lot fees.** Thus, the “Upon Completion” Retail Lot Value of a typical 65' lot, is concluded as follows:

$$\begin{array}{rcccl} \text{Lot} & & \text{Retail Lot} & & \text{Indicated Retail} \\ \text{Width} & & \text{Revenue PFF} & & \text{Lot Value} \\ 65' & \times & \$3,330 & = & \$216,450 \end{array}$$

**SUM OF RETAIL REVENUE CONCLUSION, "UPON COMPLETION"**

The 248 proposed subject lots in Persimmon, Phase 1 have an "Upon Completion" sum of retail revenue computed as follows:

<b><u>No.</u></b>	<b><u>Description</u></b>	<b><u>Lot Size</u></b>	<b><u>Retail Lot Value</u></b>	<b><u>Sum of Retail Revenue</u></b>	<b><u>Effective Date</u></b>
114	Proposed	50' × 120' @	\$166,500/ Lot =	\$18,981,000	12/1/2025
101	Proposed	55' × 120' @	\$183,150/ Lot =	\$18,498,150	12/1/2025
<u>33</u>	Proposed	65' × 120' @	\$216,450/ Lot =	\$ 7,142,850	12/1/2025
<b>248</b>	<b>Total/Avg.</b>	<b>- @</b>	<b>\$179,927/ Lot =</b>	<b>\$44,622,000</b>	<b>12/1/2025</b>

### **INCOME APPROACH - DISCOUNTED BULK MARKET VALUE ANALYSIS**

The Bulk Market Value for the subject lots, or sold collectively to a single purchaser, is determined by discounting the net sales proceeds of the aggregate gross builder retail lot value arrived at previously. The discounting is necessary to reflect the absorption period, required yield, and related expenses incurred during the sell-out term. The following is a discussion of each of these categories and the assumptions applicable thereto:

#### **ABSORPTION**

Generally, in developments such as the subject, an absorption period is required in order to promote and eventually sell-out the subject lots on an individual lot basis. To determine the rates at which the subject single-family lots will be absorbed into the market, I have analyzed the recent absorption of lots in several single-builder subdivisions in the vicinity of the subject subdivision.

<b>Subdivision</b>	<b>Lot Size</b>	<b>No. Builders</b>	<b>Price Range (\$1,000's)</b>	<b>12-Month Closings</b>	<b>Closings Per Quarter</b>	<b>Closings Per Builder Per Quarter</b>
6 Creeks/Dove Creek	50' – 70'	6	\$439-\$826	150	37.75	6.25
Anthem	50' - 60'	7	\$329 - \$600	159	39.75	5.68
Crosswinds	40' – 60'	8	\$310 - \$730	258	64.50	8.06
Plum Creek/North	35' – 55'	1	\$253 - \$505	246	61.50	61.50
Big Sky Ranch	35' – 60'	1	\$378 - \$660	156	39.00	39.00
Heritage	40' - 50'	2	\$386 - \$650	104	26.00	13.00
Turner's Crossing	40' - 50'	3	\$320 - \$600	151	37.75	12.58

Source: Zonda Austin Metrostudy, 2<sup>nd</sup> Quarter 2022

These absorption comparables indicate annual absorption of 104 lots up to 258 lots, with an average of 174.86 lots per year, or 43.71 closings per quarter, and a median of 156 lots per year. On a per-builder basis, the absorption comparables indicate a range of 5.68 lots to 61.50 lots per quarter, with an average of 20.87 lot closings per quarter, per builder, and a median of 12.58 lots per quarter, per builder.



As mentioned previously, typically, a 20 to 24-month lot supply is considered to be equilibrium; thus, the Kyle/Buda Submarket is severely undersupplied at 15.8 months, as is the South Market Area at 16.0 months.

The developer, Bailey Land Investments, LP, has contracted with DFH Coventry, LLC to sell 75 of the 248 subject lots on a takedown basis of 25 lots per quarter, upon substantial completion. According to Mr. Garret Martin, with Bailey Land Investments, LP, several other builders have expressed interest in purchasing lots in Persimmon, Phase 1, including Perry Homes, Scott Felder Homes and Lennar Homes, but have yet to contract for lots. This appraisal assumes that at least three prominent home builders (DFH Coventry, Milestone Community Builders and one other) will be purchasing lots in Persimmon, Phase 1.

**Absorption Conclusion, Persimmon, Phase 1 “Upon Completion”**: Again, the subject Persimmon, Phase 1 is expected to be substantially complete by December 1, 2025, and pre-marketing will begin in the interim. Herein, I have projected lot absorption at an initial rate of 45 lots per quarter for the first 3 quarters, which reflects lot sales to DFH Coventry’s 25-lot per quarter contract, as well as Milestone Community Builders and at least one other prominent home builder. Beginning in Period 3, absorption is projected at a rate of 30 lots per quarter, or 10 lots per builder, per quarter, assuming at least 3 builders, summarized as follows:

<b><u>Persimmon, Phase 1</u></b>								
<b><u>“Upon Completion” – December 1, 2025</u></b>								
<b>Quarterly Period</b>	<b><u>0</u></b>	<b><u>1</u></b>	<b><u>2</u></b>	<b><u>3</u></b>	<b><u>4</u></b>	<b><u>5</u></b>	<b><u>6</u></b>	<b><u>Total</u></b>
<b>Lot Absorption</b>	45	45	45	30	30	30	23	<b>248</b>

The projected absorption amounts to 248 lots being absorbed over 6 quarterly periods, indicating actual **average absorption of 41.33 lots per quarter, or approximately 14 lots per builder, per quarter assuming 3 builders, which is considered to be well supported by the absorption comparables.**

### INTERNAL RATE OF RETURN (IRR)

I referenced the Developer's Survey conducted by RealtyRates.com for the 3rd Quarter 2024 (2nd quarter 2024 data).

RealtyRates.com DEVELOPER SURVEY - 3rd Quarter 2024*						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
<b>Site-Built Residential</b>	15.70%	34.04%	23.08%	15.07%	32.67%	22.15%
-100 Units	15.70%	29.34%	22.07%	15.07%	28.17%	21.19%
100-500 Units	16.09%	32.27%	23.22%	15.45%	30.98%	22.29%
500+ Units	16.48%	33.74%	23.61%	15.83%	32.39%	22.66%
Mixed Use	16.88%	34.04%	23.42%	16.20%	32.67%	22.48%
<b>Manufactured Housing</b>	16.18%	37.13%	24.73%	15.54%	35.64%	23.74%
-100 Units	16.18%	32.29%	23.75%	15.54%	31.00%	22.80%
100-500 Units	16.59%	35.52%	25.01%	15.92%	34.09%	24.01%
500+ Units	16.99%	37.13%	25.44%	16.31%	35.64%	24.42%
<b>Business Parks</b>	16.14%	34.56%	23.55%	15.50%	33.17%	22.61%
-100 Acres	16.14%	30.05%	22.63%	15.50%	28.85%	21.73%
100-500 Acres	16.55%	33.05%	23.81%	15.89%	31.73%	22.86%
500+ Acres	16.95%	34.56%	24.21%	16.27%	33.17%	23.24%
<b>Industrial Parks</b>	16.23%	30.01%	21.54%	15.58%	28.81%	20.68%
-100 Acres	16.23%	26.10%	20.74%	15.58%	25.05%	19.91%
100-500 Acres	16.64%	28.71%	21.76%	15.97%	27.56%	20.89%
500+ Acres	17.04%	30.01%	22.12%	16.36%	28.81%	21.23%

\*2nd Quarter 2024 Data

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As indicated within the RealtyRates.com survey, developers and builders reported modeling proforma internal rates of return ranging from 15.45% to 30.98%, with an average of 22.29 for site-built residential developments of 100 units to 500 units. These same developers and builders reported actual internal rates of return ranging from 16.09% to 32.27%, with an average of 23.22%.

Based on the availability of alternative investment yields, and considering the relative risk of the subject residential development investment in the Greater Austin region, it is the appraiser's opinion that an overall **IRR of 17.50%** is most appropriate for subject lot cash

flow, inclusive of profit, and given the lot quantity of 248 lots over an 8-quarter sell-out period.

On the following pages are the discounted cash flow (DCF) analyses builder retail sell-out of the subject lots, along with a discussion of the various absorption, carrying expenses, and yield assumptions to discount the cash flow builder retail sell-out of the subject 248, Phase 1 proposed lots, "Upon Completion."



### DISCOUNTED CASH FLOW ASSUMPTIONS

**Sum of Retail Revenue:** The 248 proposed subject lots in Persimmon, Phase 1 have an “Upon Completion” sum of retail revenue computed as follows:

<u>No.</u>	<u>Description</u>	<u>Lot Size</u>	<u>Retail Lot Value</u>	<u>Sum of Retail Revenue</u>	<u>Effective Date</u>
114	Proposed	50' × 120' @	\$166,500/ Lot =	\$18,981,000	12/1/2025
101	Proposed	55' × 120' @	\$183,150/ Lot =	\$18,498,150	12/1/2025
<u>33</u>	Proposed	65' × 120' @	\$216,450/ Lot =	<u>\$ 7,142,850</u>	12/1/2025
<b>248</b>	<b>Total/Avg.</b>	<b>-</b>	<b>@ \$179,927/ Lot =</b>	<b>\$44,622,000</b>	<b>12/1/2025</b>

**Absorption Period:** The absorption period projected for the subject lots' sell-out is based on the vacant lot inventory and absorption projections, as detailed in the prior section of this appraisal.

**Growths:** The retail lot values have been escalated over the projected sell-out at **1.50% per quarter, or 6.0% per year**, which is well supported by current trends in the Kyle/Buda market area, whereby builders have agreed to annual escalators ranging from 6.0% to 9.0%.

**Beginning Lot Inventory:** The Beginning Lot Inventory is the total number of lots in inventory on the first day of each quarterly period.

**Lot Sales Per Period:** The Lots Sales per Period is the total number of lots sold or absorbed during each quarterly period.

**Ending Lot Inventory:** The Ending Inventory is the total number of lots in inventory on the last day of each quarterly period.

**Average Lots Held Per Period:** The Average Lots Held per Period is the average of Beginning Lot Inventory and Ending Lot Inventory.

**Starting Inventory (Dollars):** The Starting Inventory is expressed in terms of dollars by multiplying the Average Lot Value by the Beginning Lot Inventory, and is a carry-over of the Ending Inventory balance.

**Average Inventory Held (Dollars)**: The Average Inventory Held in Dollars is the average of the Starting Inventory (dollars) and the Ending Inventory (dollars).

**Ending Inventory (Dollars)**: The Ending Inventory is expressed in terms of dollars by subtracting the periodic Sales (dollars) from the Starting Lot Inventory (dollars).

**Periodic Sales Income**: The total Quarterly Sales are the revenue generated during the period, before sales expense deductions.

### **SALES EXPENSES**

**Marketing/Closing Costs**: Herein, I have projected broker commissions at 3.0% of periodic sales. The closing costs and marketing costs of the subject lots were estimated at 2.0% of the periodic sales, for a total of **5.0%** for marketing and closing costs.

**Taxes**: The subject lots are proposed, and are not yet assessed. HCAD typically discounts lots held in bulk, between 50% to 75% of retail value. Herein, I have projected taxes at a rate of 65% of the average retail value ( $\$179,927 \times 0.65 = \$115,513$ ) for a projected average assessed value of **\$116,953 per lot**. The tax expense is based on the projected average assessed value per lot, multiplied by the tax rate per \$100, and divided by four to reflect quarterly taxes. The tax rate for the subject lots is based on the 2024 total tax rate of \$2.0485 per \$100, of assessed value, which is rounded to **\$2.05 per \$100**.

**Administrative Expense**: This category reflects incidental expenses including bank charges, accounting and legal fees, office expenses, etc., which are typically incurred by the developer throughout the holding period. These expenses are typically relatively minor; thus, I have projected this expense at **0.5% of quarterly lot sales revenue**.

**Maintenance**: The subject lots will be part of Persimmon Homeowners Association. The HOA dues to the developer for vacant lots are estimated at \$200 per lot per year or **\$50 per lot per quarterly period**.

### **DISCOUNTED CASH FLOW ANALYSIS**

See the following page for the discounted cash flow (DCF) analyses builder retail sell-out of the **248 proposed lots in Persimmon PID Area 1, Phase 1, "Upon Completion."**

**PERSIMMON, PHASE 1**

**248 Lots, "Upon Completion" – December 1, 2025**



**PERSIMMON PID AREA 1, PHASE 1 - 248 LOTS "UPON COMPLETION"**  
**DISCOUNTED SELL-OUT CASH FLOW ANALYSIS**

TOTAL NO. OF LOTS:	248						
GROSS RETAIL REVENUE:	\$44,622,000						
ABSORPTION PERIOD:	6 QUARTERS						
INTERNAL RATE OF RETURN:	17.5%						
ASSESSED VALUE PER LOT:	\$116,953	\$116,953	\$116,953	\$116,953	\$116,953	\$116,953	\$116,953
EFFECTIVE TAX RATE/\$100:	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05
MAINTENANCE (LOT/QUARTER):	\$50	\$50	\$50	\$50	\$50	\$50	\$50
BUILDER FEES PER LOT:	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QUARTERLY PERIOD:	ZERO	ONE	TWO	THREE	FOUR	FIVE	SIX
STARTING INVENTORY:	248.0	203.0	158.0	113.0	83.0	53.0	23.0
LOT SALES/PERIOD:	45.0	45.0	45.0	30.0	30.0	30.0	23.0
ENDING INVENTORY:	203.0	158.0	113.0	83.0	53.0	23.0	0.0
AVG. LOTS HELD/PERIOD:	225.5	180.5	135.5	98.0	68.0	38.0	11.5
SALES APPRECIATION:	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
STARTING INVENTORY:	\$44,622,000	\$37,073,145	\$29,287,785	\$21,260,522	\$15,850,378	\$10,273,145	\$4,525,030
AVG. LOT VALUE:	\$179,927	\$182,626	\$185,366	\$188,146	\$190,968	\$193,833	\$196,740
AVG. INVENTORY HELD:	\$40,573,633	\$32,964,053	\$25,117,056	\$18,438,329	\$12,985,852	\$7,365,651	\$2,262,515
ENDING INVENTORY:	\$36,525,266	\$28,854,960	\$20,946,327	\$15,616,136	\$10,121,325	\$4,458,157	\$0
QUARTERLY SALES:	\$8,096,734	\$8,218,185	\$8,341,458	\$5,644,386	\$5,729,052	\$5,814,988	\$4,525,030
BUILDER FEES:	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL REVENUES:</b>	\$8,096,734	\$8,218,185	\$8,341,458	\$5,644,386	\$5,729,052	\$5,814,988	\$4,525,030
<b>LESS EXPENSES:</b>							
a) MKT ING/CLOSING (5.0%):	\$404,837	\$410,909	\$417,073	\$282,219	\$286,453	\$290,749	\$226,251
b) TAXES/AVG. INV HELD.:	\$0	\$108,189	\$81,217	\$58,740	\$40,758	\$22,777	\$6,893
c) ADMINISTRATIVE (0.5%):	\$40,484	\$41,091	\$41,707	\$28,222	\$28,645	\$29,075	\$22,625
d) MAINTENANCE:	\$0	\$9,025	\$6,775	\$4,900	\$3,400	\$1,900	\$575
<b>TOTAL EXPENSES:</b>	\$445,320	\$569,214	\$546,772	\$374,081	\$359,256	\$344,501	\$256,345
<b>NET SALES INCOME:</b>	\$7,651,414	\$7,648,971	\$7,794,686	\$5,270,305	\$5,369,796	\$5,470,487	\$4,268,685
QUARTERLY IRR AT 17.50%:	1.00	0.958084	0.917925	0.879449	0.842586	0.807268	0.773430
<b>DISCOUNTED SALES:</b>	\$7,651,414	\$7,328,355	\$7,154,934	\$4,634,964	\$4,524,513	\$4,416,147	\$3,301,530
<b>TOTAL NPV OF SALES "UPON COMPLETION":</b>	\$39,011,857						
<b>ROUNDED TO:</b>	<b>\$39,000,000</b>						
<b>VALUE PER LOT:</b>	<b>\$157,258</b>						

### **DISCOUNTED CASH FLOW MARKET VALUE CONCLUSIONS**

After applying an IRR of 17.50%, inclusive of profit, to the 248 proposed subject lots' prospective cash flow sell-out, it is the opinion of the appraiser that the “**Upon Completion**” **Bulk Market Value** of the subject lots to a single purchaser, via the Income Approach, are as follows:

<b>Description</b>	<b>No. Lots</b>	<b>Bulk Market Value</b>	<b>Prospective Date</b>
Persimmon PID Area 1, Phase 1	248	\$39,000,000	12/1/2025

When estimating the value of multiple lots or parcels of land "In Bulk" or collectively to a single purchaser, individual builder retail lot market values are typically totaled, and a discounted cash flow is then applied to reflect factors such as yield, risk, and expenses which must be incurred by the owner throughout the holding period or sell-out term for the multiple retail properties. The preceding discounted cash flow model is deemed to be the most reliable technique in concluding my opinion of the Market Value for the subject lots "In Bulk" or collectively to a single purchaser.

The indicated “Upon Completion” Bulk Market Value of the 248 subject proposed lots computes to a total of **\$39,000,000**, or an average of **\$157,258 per lot**. This net present value conclusion represents a discount of approximately **12.60%** in comparison to the previously estimated **sum of retail revenue of \$44,622,000, or an average of \$179,927 per lot**.

The resulting bulk purchase discount is considered to be reasonable, particularly when considering that purchasing the subject lots "In Bulk" will involve an assumption of a certain amount of risk and known carrying costs.

### RECONCILIATION AND FINAL MARKET VALUE CONCLUSIONS

The Sales Comparison Approach was used to conclude the “Upon Completion” Market Values of the two commercial reserves, as well as the “Upon Completion” retail revenues of the subject residential lots. An Income Approach retail sell-out technique was then employed to derive the indicated “Upon Completion” Bulk Market Value of the subject 248 proposed lots in Persimmon, Phase 1. The cumulative builder retail revenue of the subject lots were discounted for their projected absorption period. A discounted cash flow analysis was used to present value the projected income stream of the subject proposed lots over the projected absorption period. The Income Approach procedure is generally considered to be the most valid method of estimating the bulk value of multiple builder retail lots to one individual buyer, especially if the parcels/lots involve a holding period or sell-out term and carrying costs.

**While considered, the Cost Approach was not developed. Further, at the request of the client, the “As Is” Market Values of the subject proposed lots and commercial reserves, were not valued herein. The absence of the Cost Approach does not affect the credibility of the Market Value conclusions in this appraisal.**

### FINAL MARKET VALUE CONCLUSIONS

Description	“Upon Completion” Market Value	Prospective Date
248 Residential Lots in Persimmon, Phase 1, In Bulk	\$39,000,000	12/1/2025
6.39-Acre Commercial Reserve in Persimmon, Phase 1	\$2,000,000	12/1/2025
6.28-Acre Commercial Reserve in Persimmon, Phase 1	\$1,950,000	12/1/2025

### Extraordinary Assumptions:

- 1.) Persimmon PID, Area 1, Phase 1 is now only preliminarily platted, and the “Upon Completion” Market Value of Phase 1 is subject to a review of the final plat, once available.
- 2.) The subject property is proposed as a residential subdivision, with a prospective completion date. In this appraisal report, I have projected the market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, I projected the retail valuation of the individual subject

lots, absorption period and holding costs, based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from those which are expected on the anticipated date of completion that is reflected in this report. Because actual future market conditions may deviate from those which are anticipated by typical market participants, this appraisal is subject to a review of market conditions and current sale data that will be available on the prospective or actual date of completion.

- 3.) This appraisal is subject to the proposed and improvements being completed in a timely and professional workmanlike manner and that the proposed improvements do not deviate significantly from those described herein.
- 4.) The valuation of the subject improvements "Upon Completion" require a valuation of the subject improvements as of a prospective date, when they are projected to be physically complete based upon the plans and specifications provided. Developing this opinion of value requires the use of an extraordinary assumption because the subject in the prospective value opinion is as it exists as of a future date when physically complete. Therefore, I have relied upon information and specifications for the proposed improvements provided by the subject developing party. Should these representations be amended, or prove to be inaccurate, the value conclusions are subject to revision.
- 5.) This appraisal assumes that the developer's marketing plan is for new homes with a price-point range of \$545,000 (50' lots), up to \$655,000 (65' lots), by Milestone Community Builders, DFH Coventry Homes, Perry Homes, Scott Felder Homes and/or Lennar Homes or comparable production home builders.
- 6.) **The developer, Bailey Land Investments, LP, has contracted with DFH Coventry, LLC to sell 75 of the 248 subject lots on a takedown basis of 25 lots per quarter, upon substantial completion. According to Mr. Garret Martin, with Bailey Land Investments, LP, several other builders have expressed interest in purchasing lots in Persimmon, Phase 1, including Perry Homes, Scott Felder Homes and Lennar Homes, but have yet to contract for lots. This appraisal assumes that at least three prominent home builders (DFH Coventry, Milestone Community Builders and one other) will be purchasing lots in Persimmon, Phase 1.**
- 7.) A deviation from any of the extraordinary assumptions stated above might have an effect on the Market Value conclusions contained herein.

#### **MARKETING AND EXPOSURE PERIODS**

A marketing period is not a fact which can be found, but is an estimate which is dependent on supply/demand market conditions, availability of financing, competent marketing and negotiating efforts, and perhaps most important, the appropriate asking price. My estimate of the projected marketing period assumes market conditions are similar to



those, which currently exist, as of the effective date of this appraisal. It also assumes reasonable financing can be obtained and that the property is aggressively marketed.

According to participants in the regional and local residential land market and others who have experience handling and marketing of such properties in the subject area, marketing times for properties such as the subject have been decreasing in recent years. Based upon my market analysis, I have estimated a prospective marketing period for the "upon completion" residential lots to be within 6 to 9 months. The subject property should market well at the reasonable and competitive concluded Market Values. As a result, I further estimate a historic exposure period of approximately 6 to 9 months or less for the subject lots, based upon the market data presented herein and the reported exposure times of the comparable sales.

# ADDENDA

# LETTER OF ENGAGEMENT

**BARLETTA & ASSOCIATES, INC.**  
 REAL ESTATE APPRAISERS & CONSULTANTS

C8955

September 30, 2024

Mr. R.R. "Tripp" Davenport, III  
 Underwriter  
 FMSbonds, Inc.  
 5 Cowboy Way, Suite 300-25  
 Frisco, Texas 75034

Direct: 877/899-2220  
 Cell: 214/418-1588  
 Email: tdavenport@fmsbonds.com

**RE: Proposal/Authorization for Valuation and Consulting Services for Persimmon PID, Improvement Area #1, comprised of 248, 50' lots; 55' lots; 65' lots; and a 13.50-acre retail site in Buda, Hays County, Texas (the "Subject Property").**

Dear Mr. Davenport:

We look forward to preparing for you an Appraisal Report of the fee simple "Upon Completion" Bulk Market Values of the above-described Subject Properties in conformance with and subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP) as developed by the Appraisal Standards Board of the Appraisal Foundation.

As a matter of disclosure and in accordance with the Ethics Rule of USPAP, I have not previously performed an appraisal or any other services regarding the Subject Property within a three-year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity.

The intended use of the appraisal is to provide an opinion of value for the underwriting of a proposed Public Improvement District Bond Transaction. The use of the appraisal by anyone other than you, Mr. Tripp Davenport, III c/o FMSbonds, Inc., is prohibited, except as provided herein. Additionally, we confirm our permission to use the final Appraisal Report in the offer and sale of public securities, secured by the special assessments levied on property within the PID and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose, as provided by the client.

In determining these opinions of value, the appraiser will make certain assumptions which will be clearly detailed within the Appraisal Report. These will include, but are not limited to the assumption, that the district entity will, or has approved the proposed development, and that all development entitlements are in place for such development to proceed, and

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that all public infrastructure will be financed, in whole or in part, with special assessments levied on property, relating to the development.

**The total fee for this Appraisal Report is \$10,000, and we require full receipt of these funds prior to the commencement of this appraisal assignment.** The delivery date will be within three (3) weeks from your signed acceptance of this engagement letter agreement, receipt of the fee and receipt of requested documents from the developer. Any delay in receipt of requested documents, will potentially delay the delivery date. If you or any of your assigns (including FMSbonds, Inc. or the developer) cancel the assignment, prior to completion, you agree to pay us for all our expenses and our time to date, based on prorata of work completed, with the remainder to be returned to the payor of such fee.

Upon completion of the Appraisal Report, an electronic version of the report will be provided to [tdavenport@fmsbonds.com](mailto:tdavenport@fmsbonds.com), while up to two hard copies of the appraisal will be provided upon request.

In the event we receive a subpoena to testify in any litigation, arbitration, or administrative hearing of any nature whatsoever, or as a result of this engagement or the related report to which we are or are not a party, you agree to pay our then current hourly rates for such preparation and presentation of testimony. Regarding data collected by us or provided by you in this assignment, you agree that it will remain the property of Barletta & Associates, Inc. and that we may utilize and include such data (either in the aggregate or individually), in our database. Finally, you agree that all data already in the public domain may be utilized on an unrestricted basis.

If the above terms are acceptable, please execute, date below and fax or e-mail to [phillip@barlettainc.com](mailto:phillip@barlettainc.com). If you should have any further questions, please do not hesitate to contact me.

**AGREED TO AND ACKNOWLEDGED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2024.**

**BARLETTA & ASSOCIATES, INC.**



Phillip F. Barletta, MAI, SRA  
President  
State Certified, TX-1320197-G

**ACCEPTED BY:**

**FMSbonds, Inc.**



Mr. R.R. "Tripp" Davenport, III  
Underwriter

\_\_\_\_\_  
Date

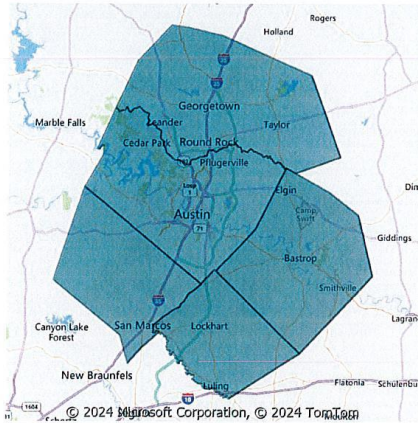
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## **AUSTIN AREA ANALYSIS**

# Quarterly Housing Report

AUSTIN  
ROUND ROCK  
SAN MARCOS  
MSA

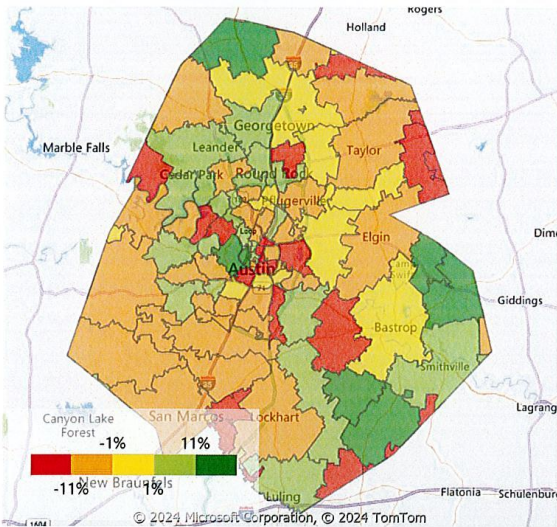
Third Quarter 2024



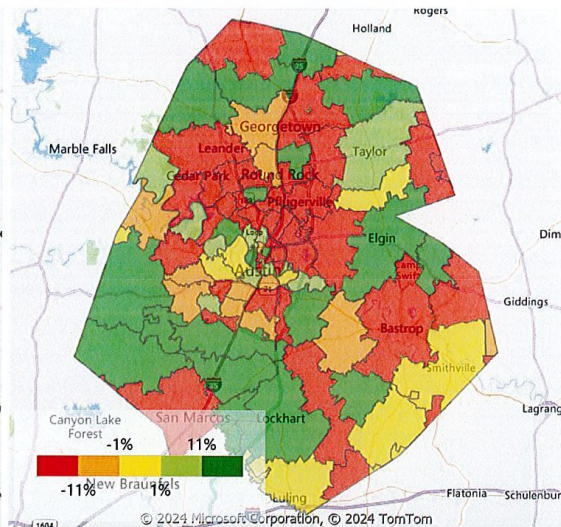
## Executive Summary

- Metro area sales volume decreased 3.7% to 7,798 transactions. Median price decreased 3.8% year-over-year to \$437,925.
- 2024 Q3 months inventory for all residential properties rose 16.4% year-over-year to 4.6 months.
- Metro area residential property listings increased 15% year-over-year to 11,679 active listings.
- Single-family new construction median price decreased by 10.2% year-over-year to \$400,000.
- Single-family rental average rent decreased by 2.1% year-over-year to \$2,300.

Median Price Change (YoY)



Sales Volume Change (YoY)



### About this report

Data used in this report come from the Texas REALTOR® Data Relevance Project, a partnership among the Texas REALTORS® and local REALTOR® associations throughout the state. Analysis is provided through a research agreement with the Texas Real Estate Research Center at Texas A&M University.

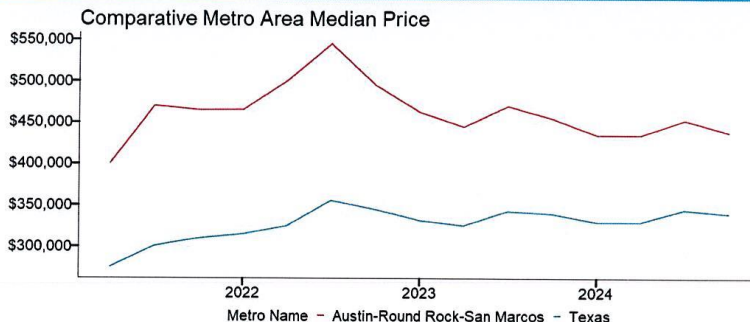


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Texas Real Estate Research Center

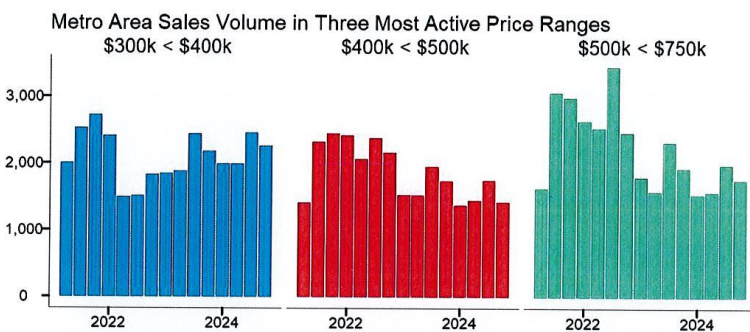
[www.recenter.tamu.edu](http://www.recenter.tamu.edu)



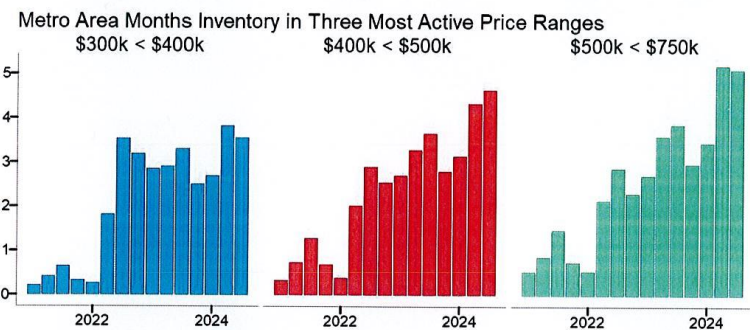
## Key Market Metrics



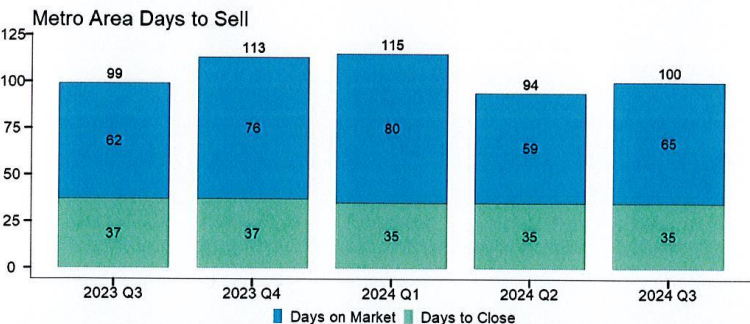
Median price in the Austin-Round Rock-San Marcos metro decreased by approximately 3.8% year-over-year, from \$455,000 to \$437,925. Metro area price exceeded the statewide median price of \$340,000 by \$97,925.



2024 Q3 total sales volume decreased by approximately 3.7% year-over-year, from 8,093 to 7,798. Sales of homes between \$300k and \$400k rose from 2,178 to 2,254, while homes between \$500k and \$750k dipped from 1,927 to 1,754, and homes between \$400k and \$500k dipped from 1,736 to 1,419.



Metro area months inventory increased year-over-year from 3.99 to 4.64 months. Homes between \$300k and \$400k rose year-over-year, from 3.3 to 3.55 months, while homes between \$500k and \$750k rose year-over-year, from 3.86 to 5.11 months and homes between \$400k and \$500k rose year-over-year, from 3.65 to 4.63 months.



Average days to sell throughout the metro area increased from 99 to 100 days, an increase of 1% year-over-year. Average days to sell for homes between \$300k and \$400k remained stagnant compared with the same quarter last year.