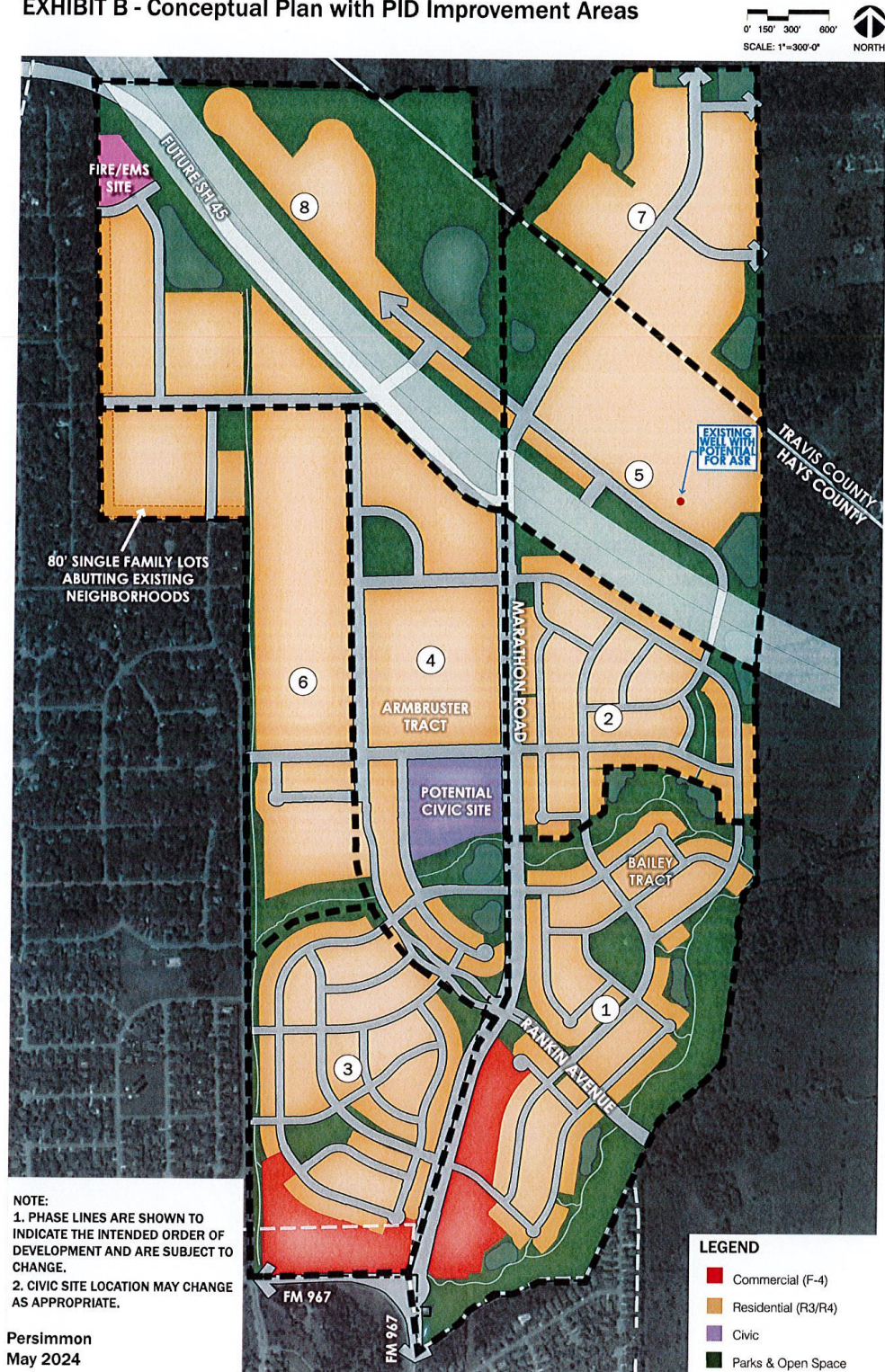


PERSIMMON CONCEPTUAL PLAN

EXHIBIT B - Conceptual Plan with PID Improvement Areas



PRELIMINARY ROADWAY IMPROVEMENTS

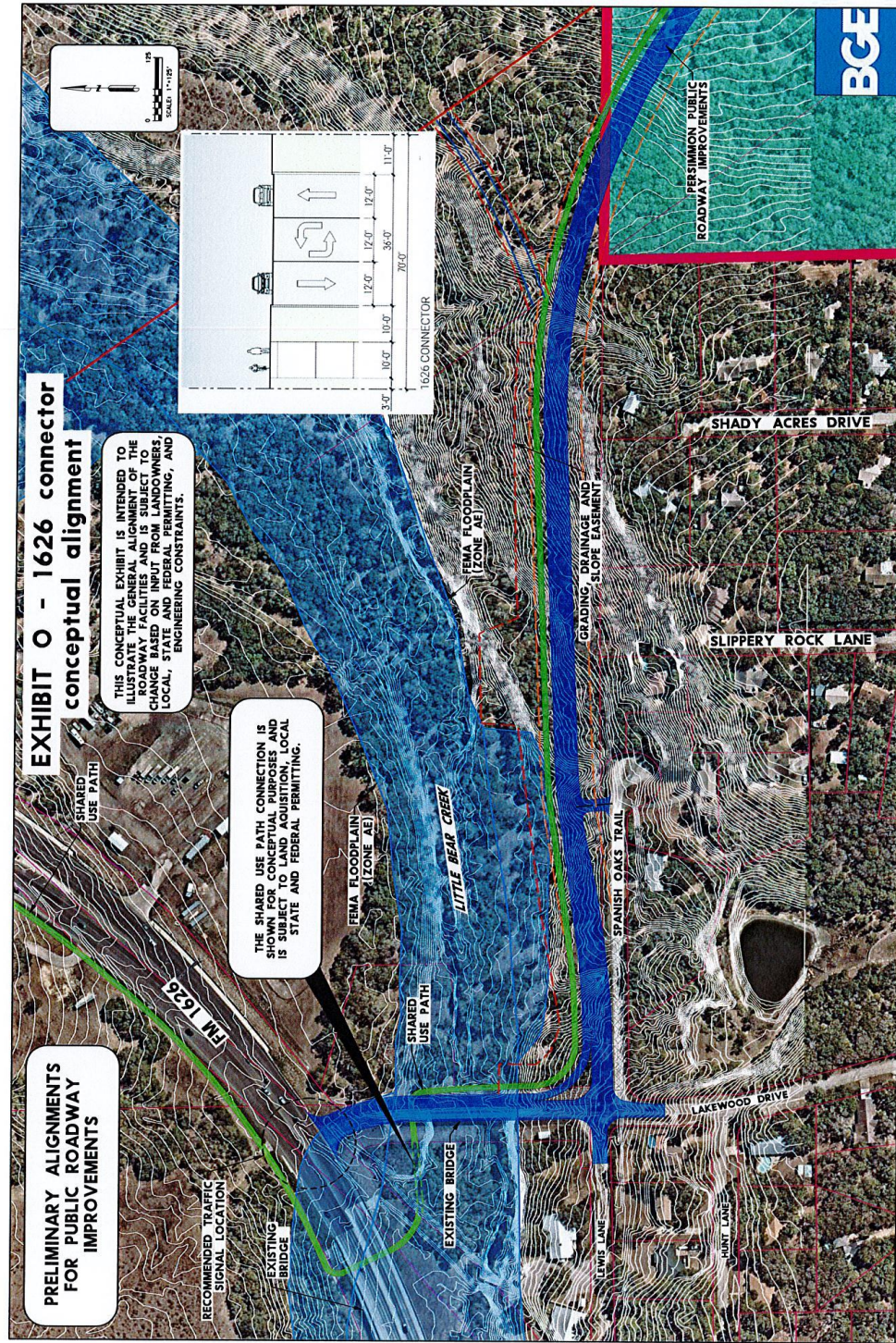
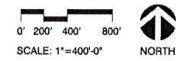


EXHIBIT K - DEPICTION OF RIGHT-OF-WAY DEDICATIONS AND MARATHON ROAD SEGMENTS



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

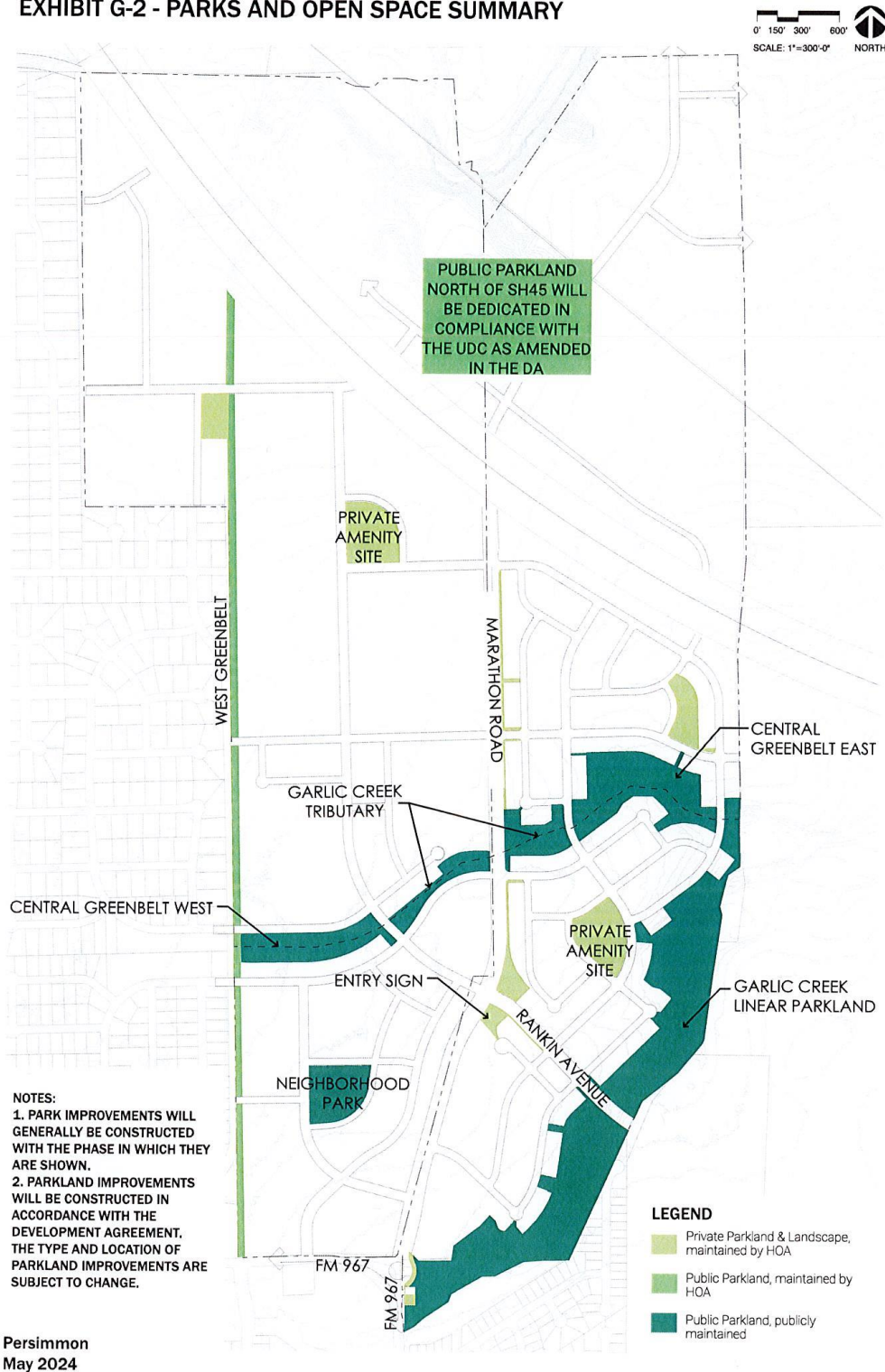
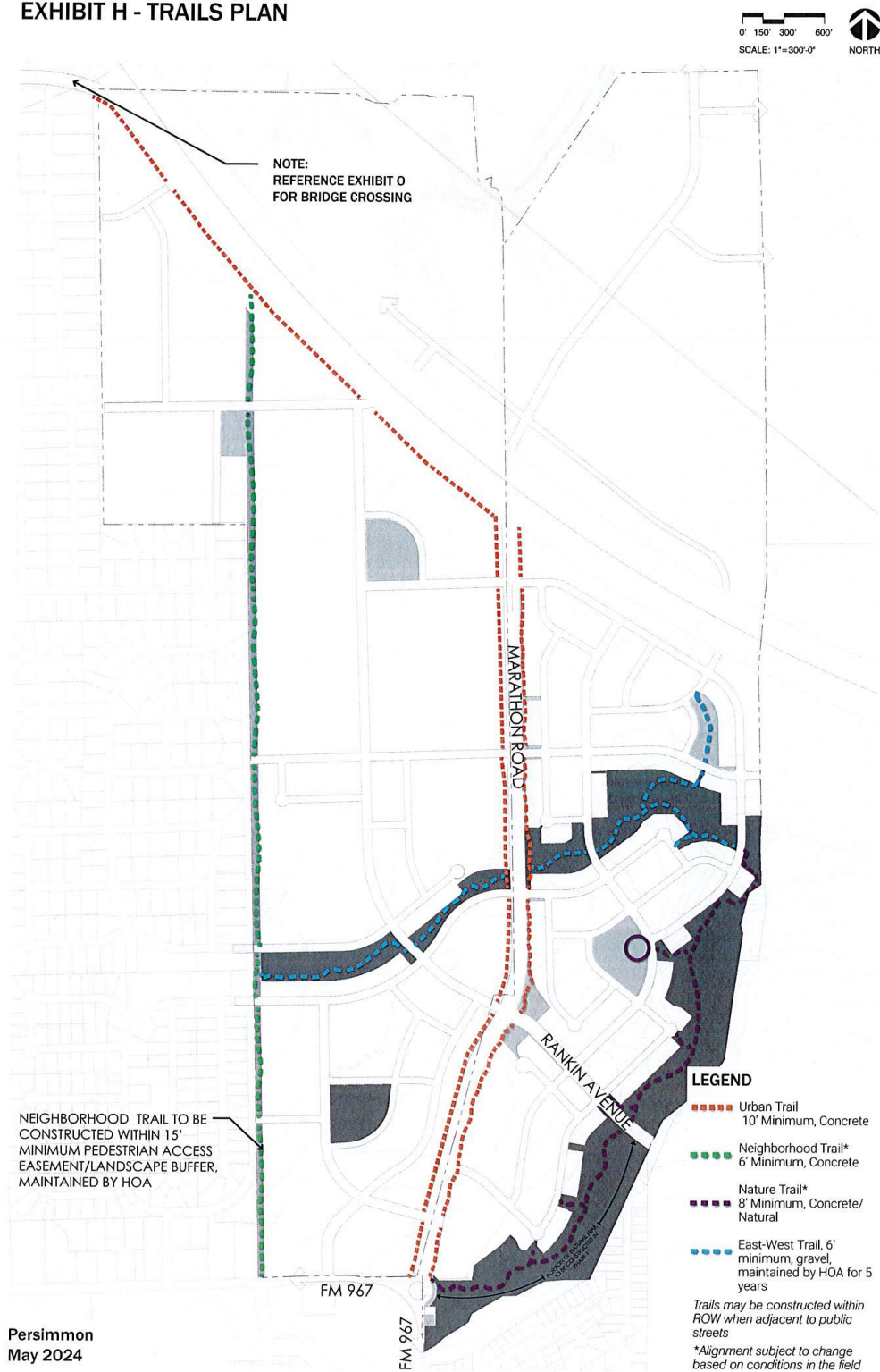
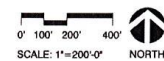


EXHIBIT H - TRAILS PLAN



Persimmon
May 2024

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



Park	Dedicated Area Acres	Area >5% Slope Acres	Area >10% Slope Percent	100yr TP Acres	Animal	Collector	Local Street
A	4.562	1.658	31.33%	3.092	467		
B	9.092	5.208	27.58%	7.584	504		176
C	14.45	8.052	27.27%	6.593	473	654	94
D	2.881	0.848	33.57%	1.387	420	313	74
E	8.772	4.124	18.45%	2.972	625		
F	0.705	0.705	8.97%	0.72			125
Sub	38.462	20.476	19.78%	21.848	2,833	1,350	669
1	0.782	0.178	15.30%	0	318	88	
2	3.519	0	0	0	640	898	
3	2.458	0	0	0	378	645	
Sub	6.759	0.178	15.30%	0	956	1,631	
Total	44.982	20.654	21.78%	21.848	3,789	2,981	794

Park	Proposed Parkland Improvement	Estimated Cost
A, B, C, D	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 play area, fitness station, grilling pavilion, fencing, benches, tables, pet waste stations and trash/recycle receptacles	\$408,000.00
	Total Cost	\$1,318,000.00

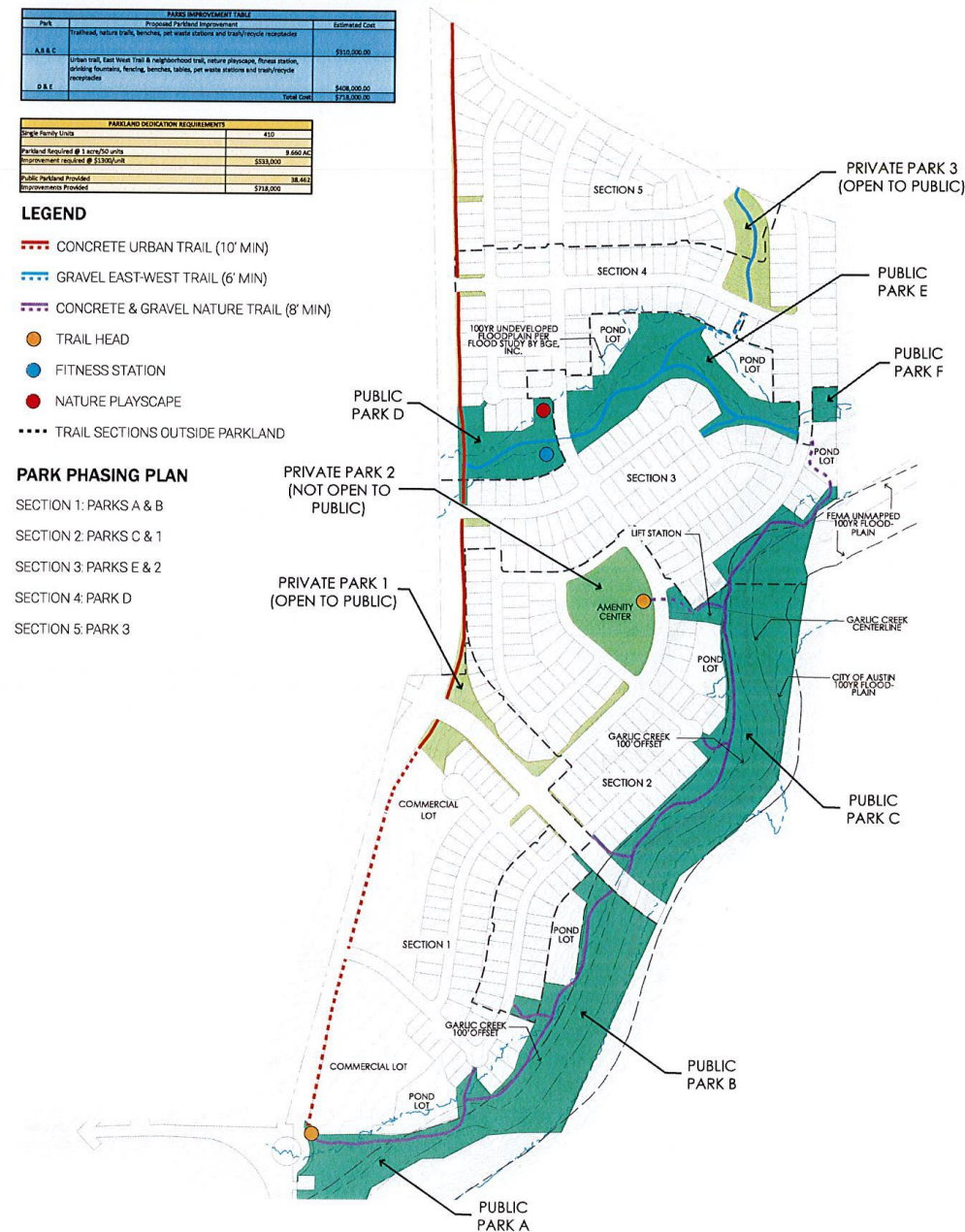
Single Family Units	410
Parkland Required @ 1 acre/50 units	8.660 AC
Improvement Required @ \$1500/unit	\$613,000
Public Parkland Provided	38.462
Improvements Provided	\$718,000

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.)

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 thoroughfare 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)
Kyle/Buda Submarket	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.
South Market Area	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 4th quarter of 2024.

The housing inventory for both the South Market Area 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 the 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 5th 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.

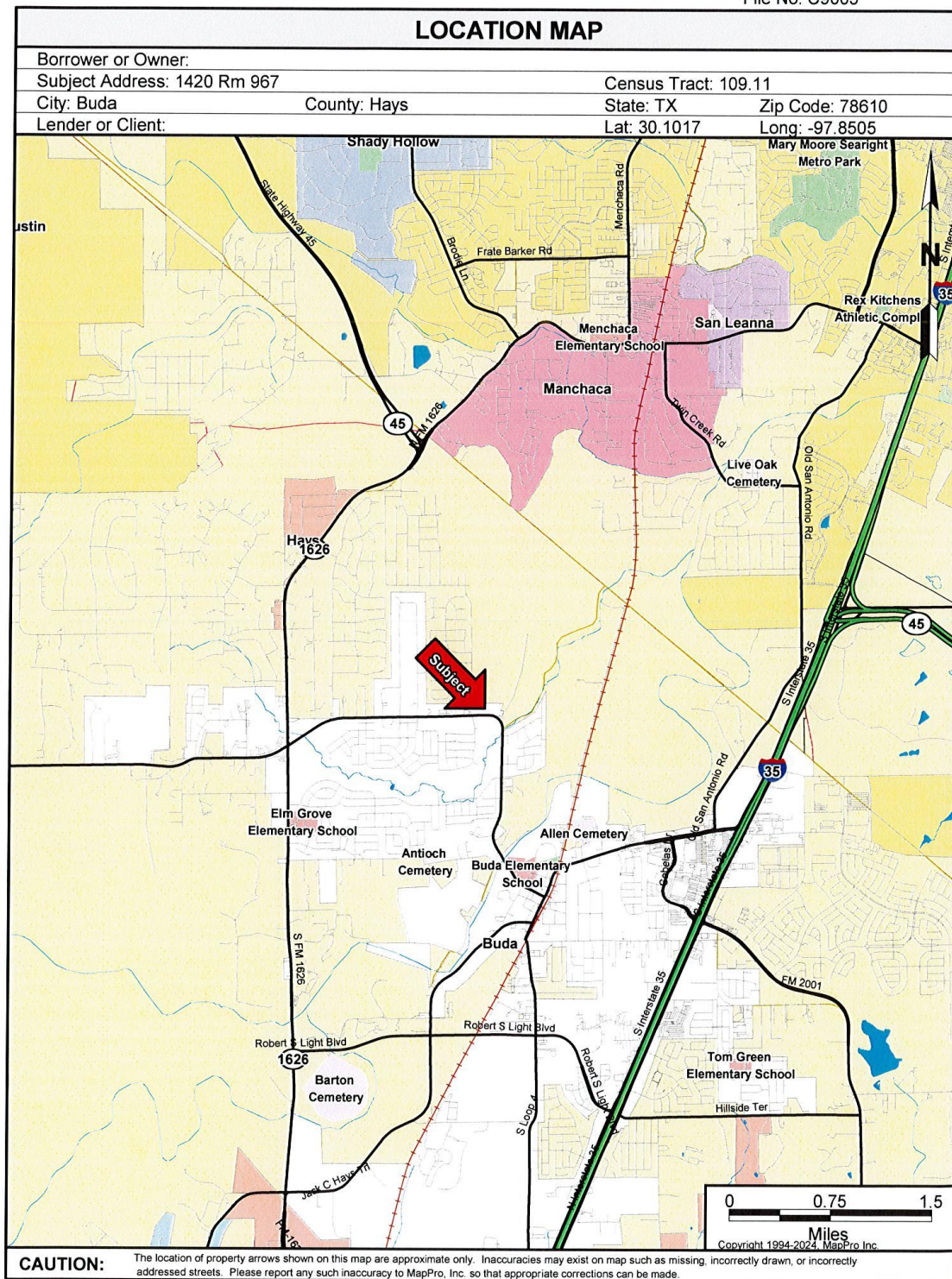
The overall economic outlook of the market area has improved from the effects of the Coronavirus pandemic with the economy continuing to open up, along with recovering \$75 - \$80+/- per barrel oil. New home sales activity is expected to continue at a slower pace in this market area, as well as the greater 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 4th quarter of 2024. The overall attitude

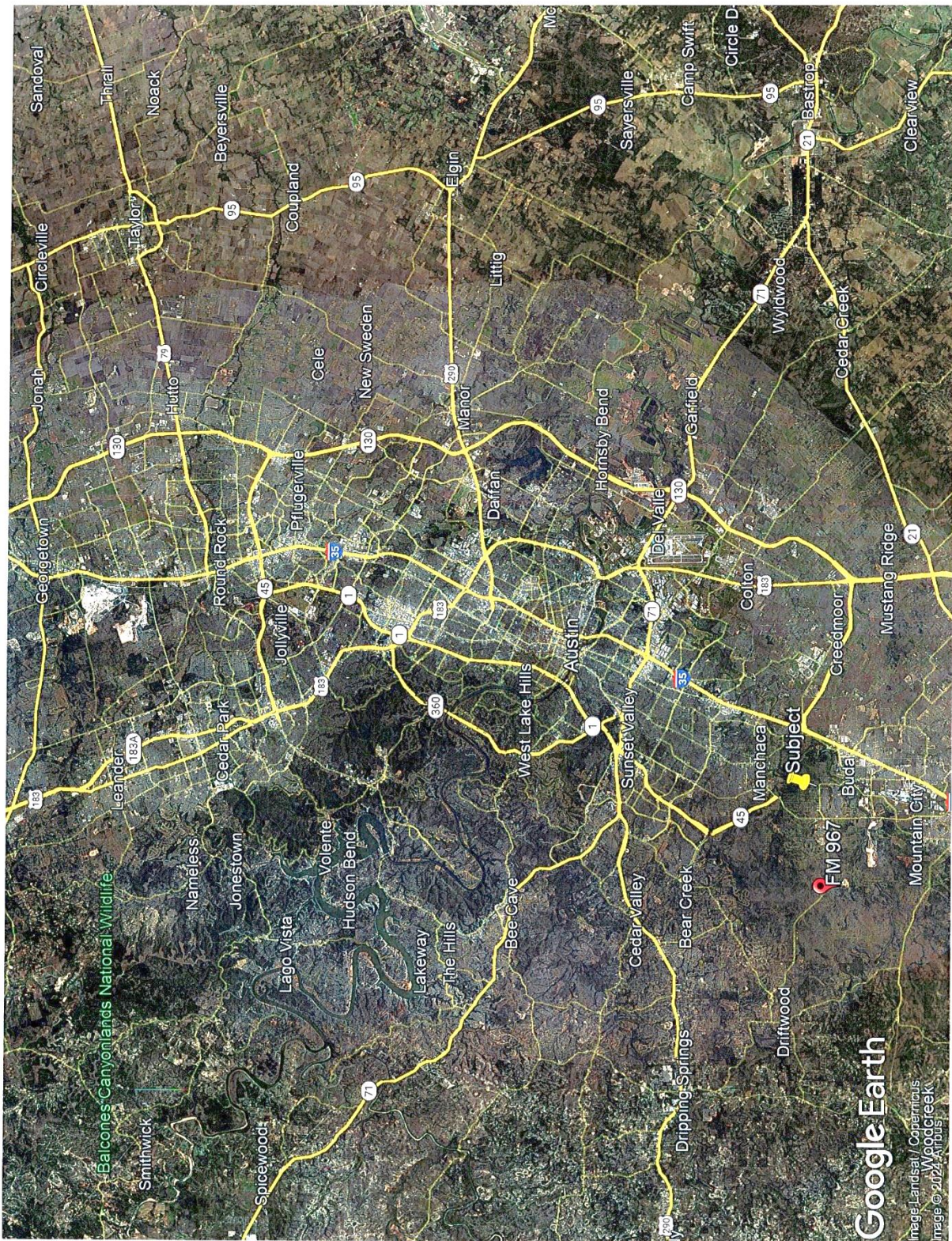
and expectations of most market area participants is that of continued population growth over the foreseeable future.

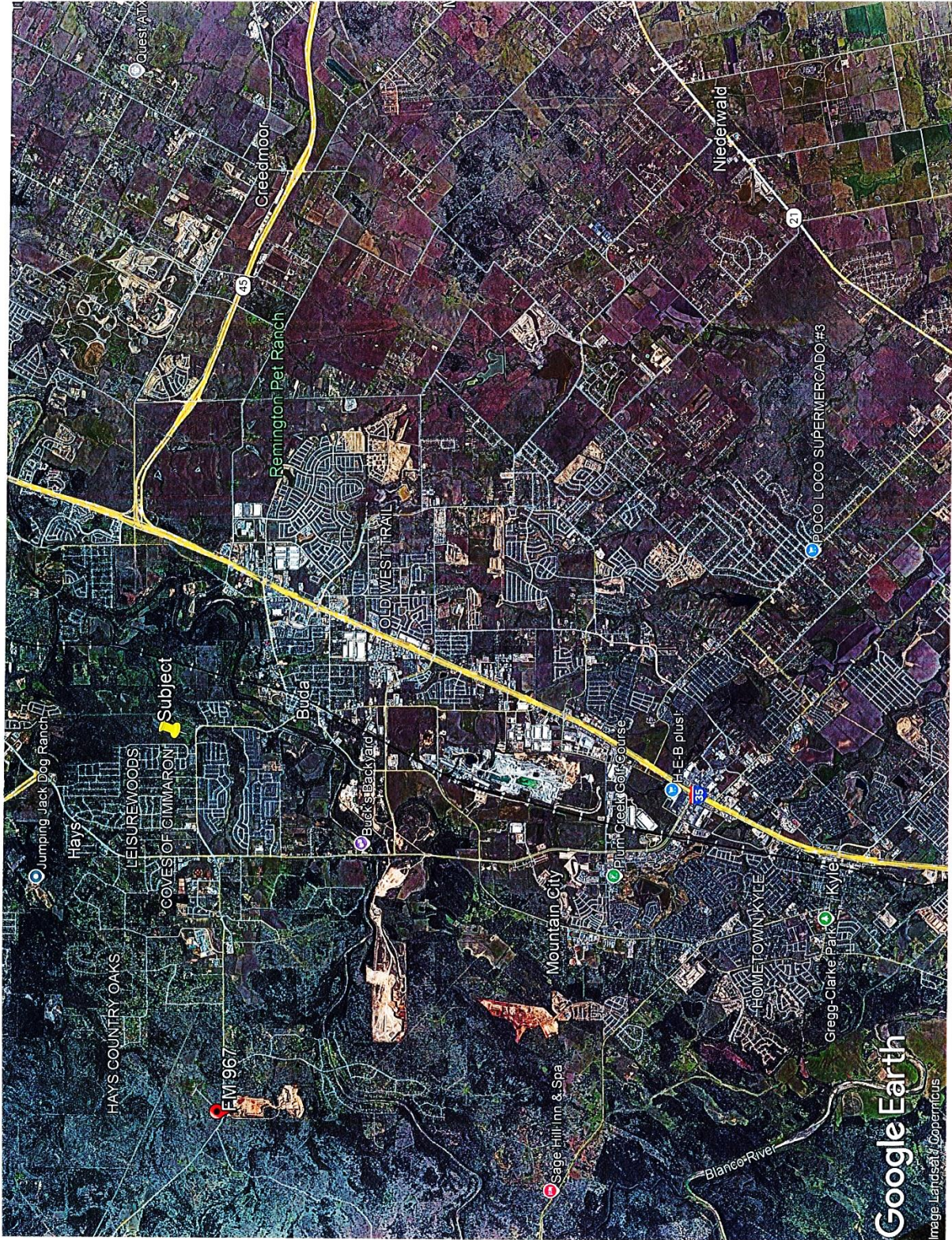
LOCATION MAP

File No. C9005



AERIAL PHOTOGRAPH

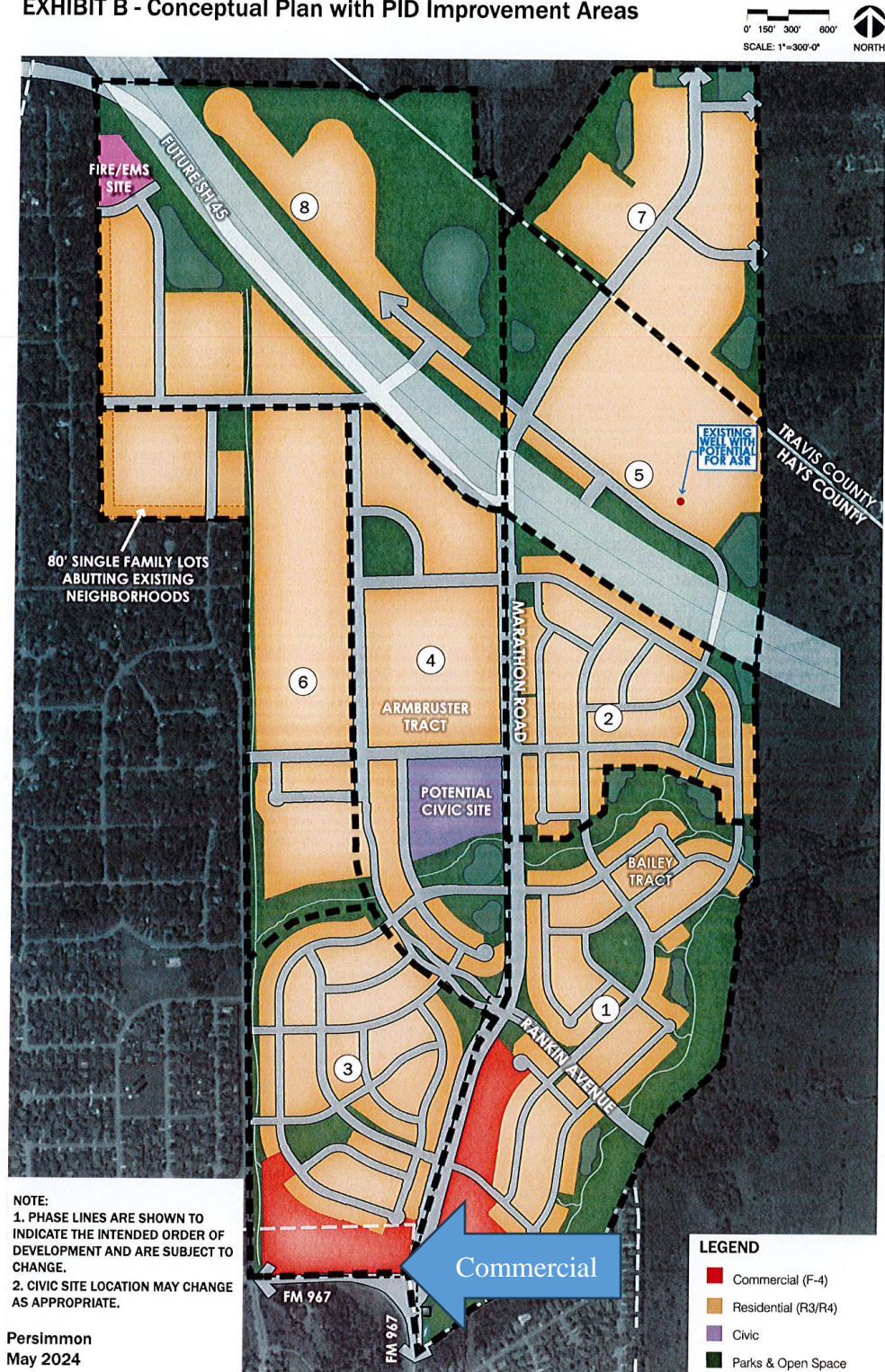






PERSIMMON CONCEPTUAL PLAN

EXHIBIT B - Conceptual Plan with PID Improvement Areas



ANALYSIS OF THE PERSIMMON MAJOR IMPROVEMENT AREA
1,771 PAPER LOTS, AND A 9.15-ACRE COMMERCIAL RESERVE,
“UPON COMPLETION” OF MARATHON ROAD

The subject property consists of the **Persimmon Major Improvement Area, being 1,771 paper lots, on 647.583 acres, along with an approximately 9.15-acre future commercial reserve, located along the north line of R.M. 967, at proposed Marathon Road, east of Cimarron Park Loop, in Buda, Hays County, and Travis County, Texas 78610.** Marathon Road will eventually provide access to F.M. 1626, which is a high-traffic corridor for Buda and south Austin. Marathon Road will be completed by October 1, 2026, which is the “Upon Completion” date of the subject Persimmon Major Improvement Area.

Persimmon is a proposed master-planned community, which will eventually yield approximately 2,019 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 approximately 294 future paper lots is within Travis County.**

Persimmon Major Improvement Area will have a suburban location in the growing Kyle/Buda Market Area of Austin with an expected completion date of October 1, 2026. Persimmon, Phase 1 is to be substantially complete by December 1, 2025, and will include 248 residential lots, and two commercial reserves totaling approximately 12.67 acres. The subject Persimmon Major Improvement Area will eventually provide an additional 1,771 residential paper lots and a 9.15-acre commercial reserve. 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 paper lots for a phased master-planned community for mid-to upper middle priced production housing, as proposed.

Bailey Land Investments, LP, has contracted with DFH Coventry, LLC to sell 75 of the 248 lots in Persimmon, Phase 1 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.

Type of Property:	Persimmon Major Improvement Area, being 1,771 paper lots, on 647.583 acres, and an approximately 9.15-acre future commercial reserve, located along the north line of R.M. 967, at proposed Marathon Road, east of Cimarron Park Loop, in Buda, Hays County, and Travis County, Texas 78610.
Mapscos Reference:	Hays County – 580 L & Q
Postal Address:	1420 R.M. 967 Buda, Texas 78610
Location:	North line of R.M. 967, at proposed Marathon Road, east of Cimarron Park Loop, in Buda, Hays County, and Travis County, Texas 78610. Marathon Road will eventually provide access to F.M. 1626, which is a high-traffic corridor for Buda and south Austin. Marathon Road will be completed by October 1, 2026, which is the “Upon Completion” date of the subject Persimmon Major Improvement Area.

Major Improvement Area Acreage

Parent Tract:	656.733 acres
Residential Tract Size:	647.583 acres (1,771 paper lots/2.73 lots per acre).
Commercial Reserve 1:	9.15 acres, or 398,574 SF

Easements:	A 75' wide Pedernales Electric Cooperative power easement extends north/south through the center of the site, which is considered to be typical of large development tracts, and is not considered to adversely affect development of Persimmon.
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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.

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

Zoning

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

Commercial Reserve: 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.

Overall Paper Lot Mix

	<u>No.</u>	<u>Description</u>	<u>Typical Lot Width</u>	<u>Total Size</u>
Persimmon Areas 2 - 5:	913	Proposed	50'	45,650 FF
	481	Proposed	55'	26,455 FF
	272	Proposed	65'	17,680 FF
	<u>105</u>	<u>Proposed</u>	<u>80'</u>	<u>8,400 FF</u>
	1,771	Total/Avg	55.44'	98,185 FF

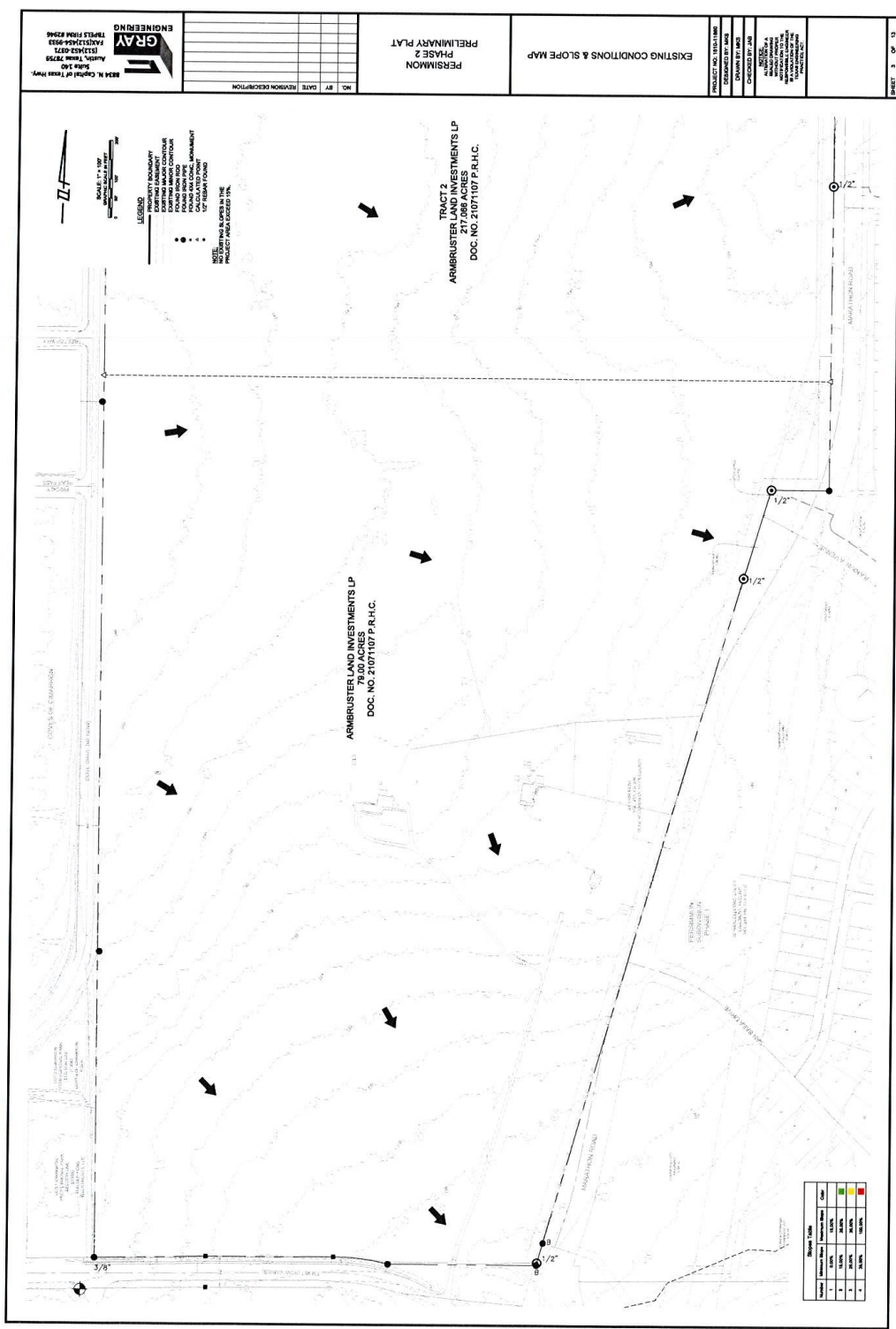
Subject Builders: Milestone Community Builders, DFH Coventry Homes, and at least 2 other prominent production builders to be determined prior to substantial completion of Phase 1.

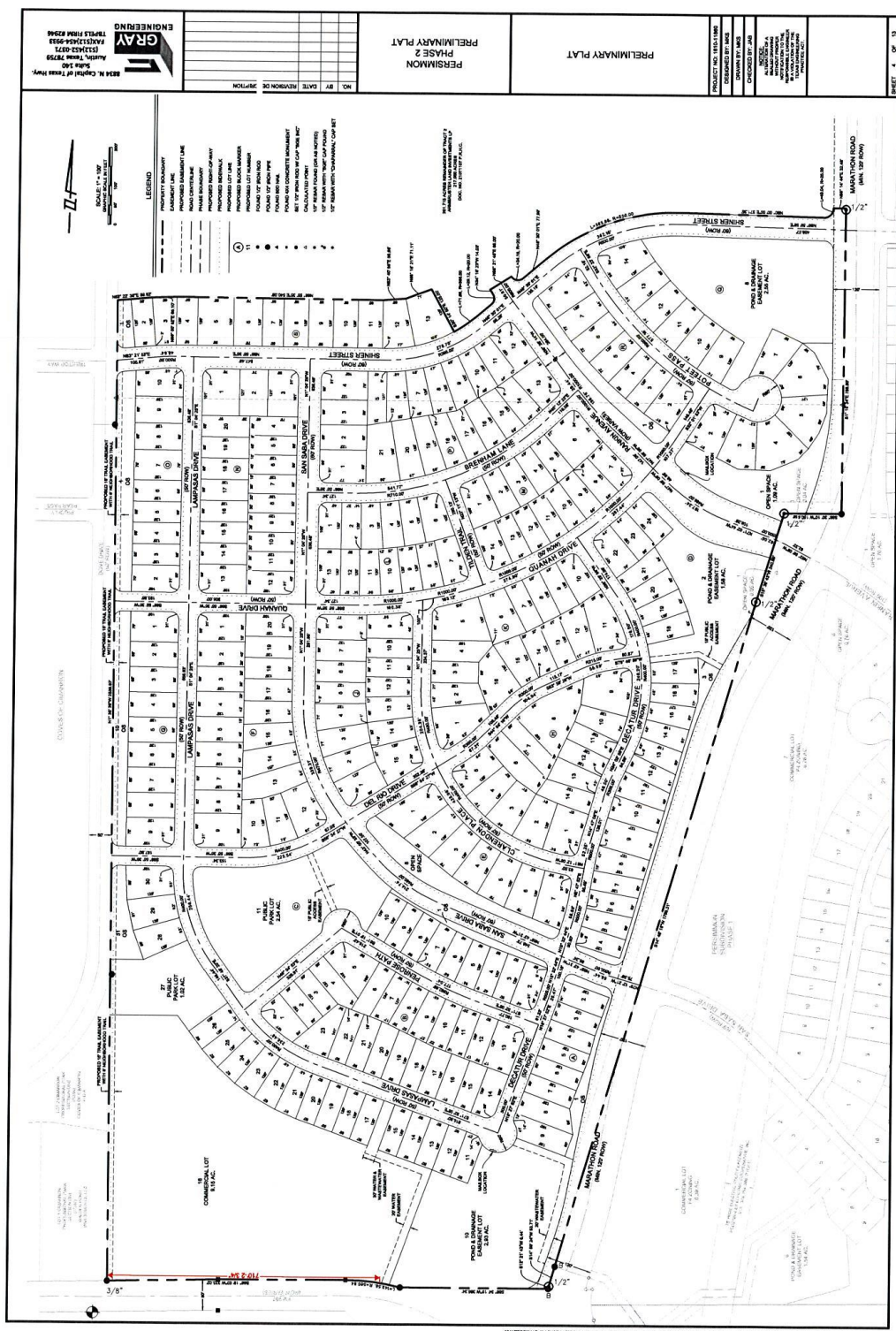
Initial New Home Price Range: \$545,000 to \$655,000

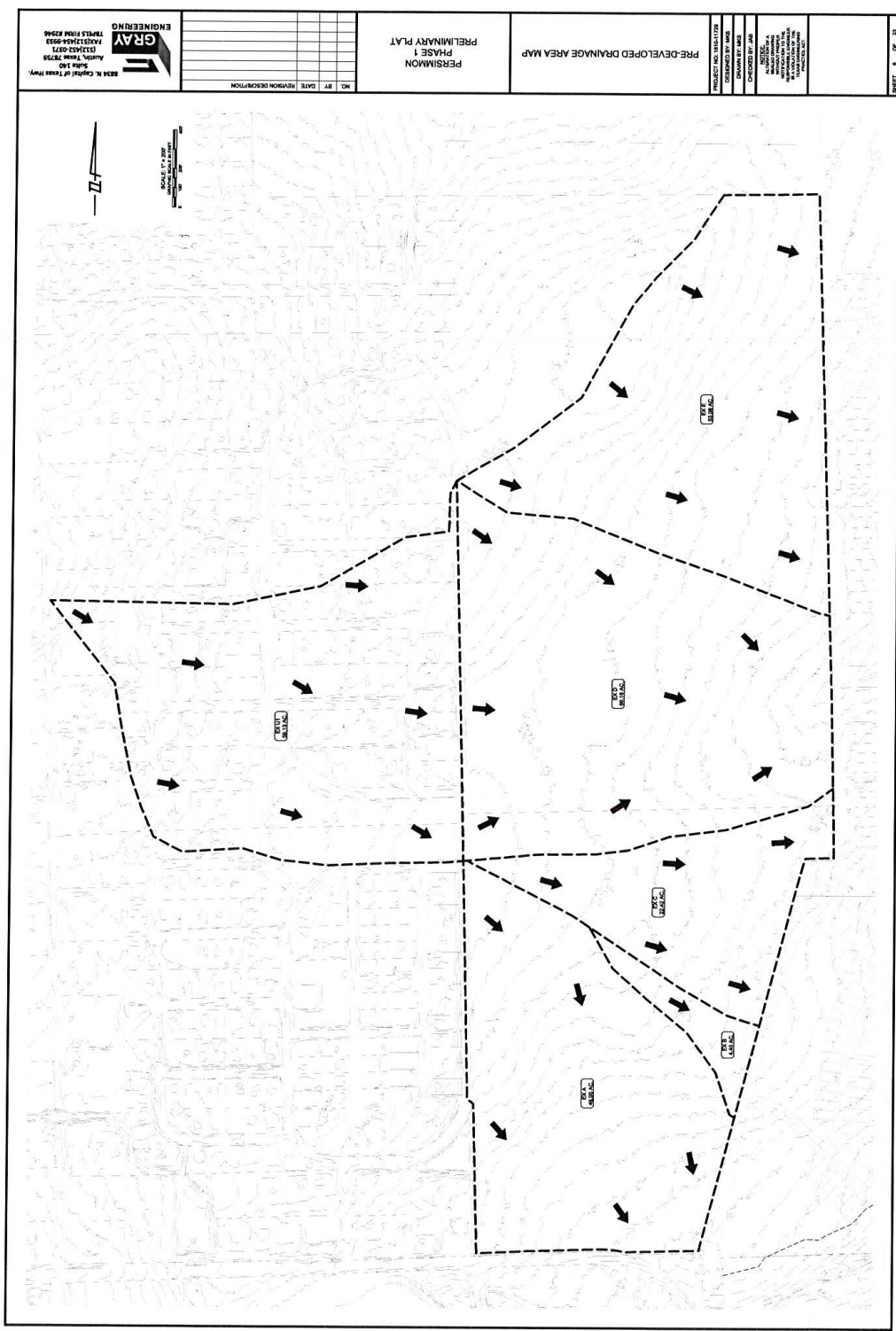
Highest & Best Use: Future, phased residential lot development for a master-planned community, as economic conditions and demand warrants.

CONCLUSION: Persimmon will have a suburban location in the growing Kyle/Buda Market Area of Austin. **Persimmon, Phase 1** is to be substantially complete by December 1, 2025, and will include 248 residential lots, and two commercial reserves totaling approximately 12.67 acres, as well as the subject 9.15-acre commercial reserve. **The Persimmon Major Improvement Area** will eventually provide an additional 1,771 residential lots and a 9.15-acre commercial reserve. 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 for a phased master-planned community lots for mid-to upper middle priced production housing, as proposed.

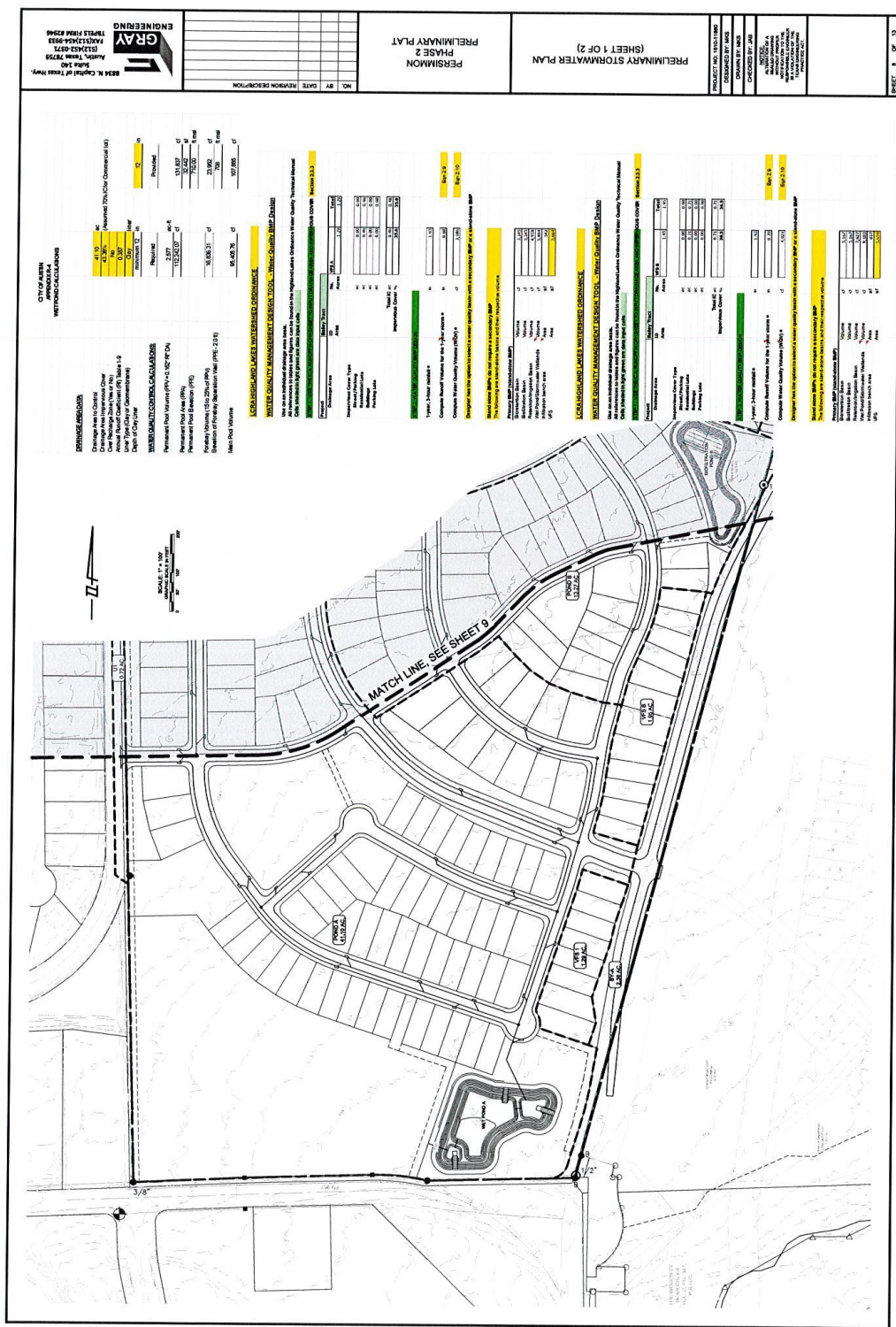


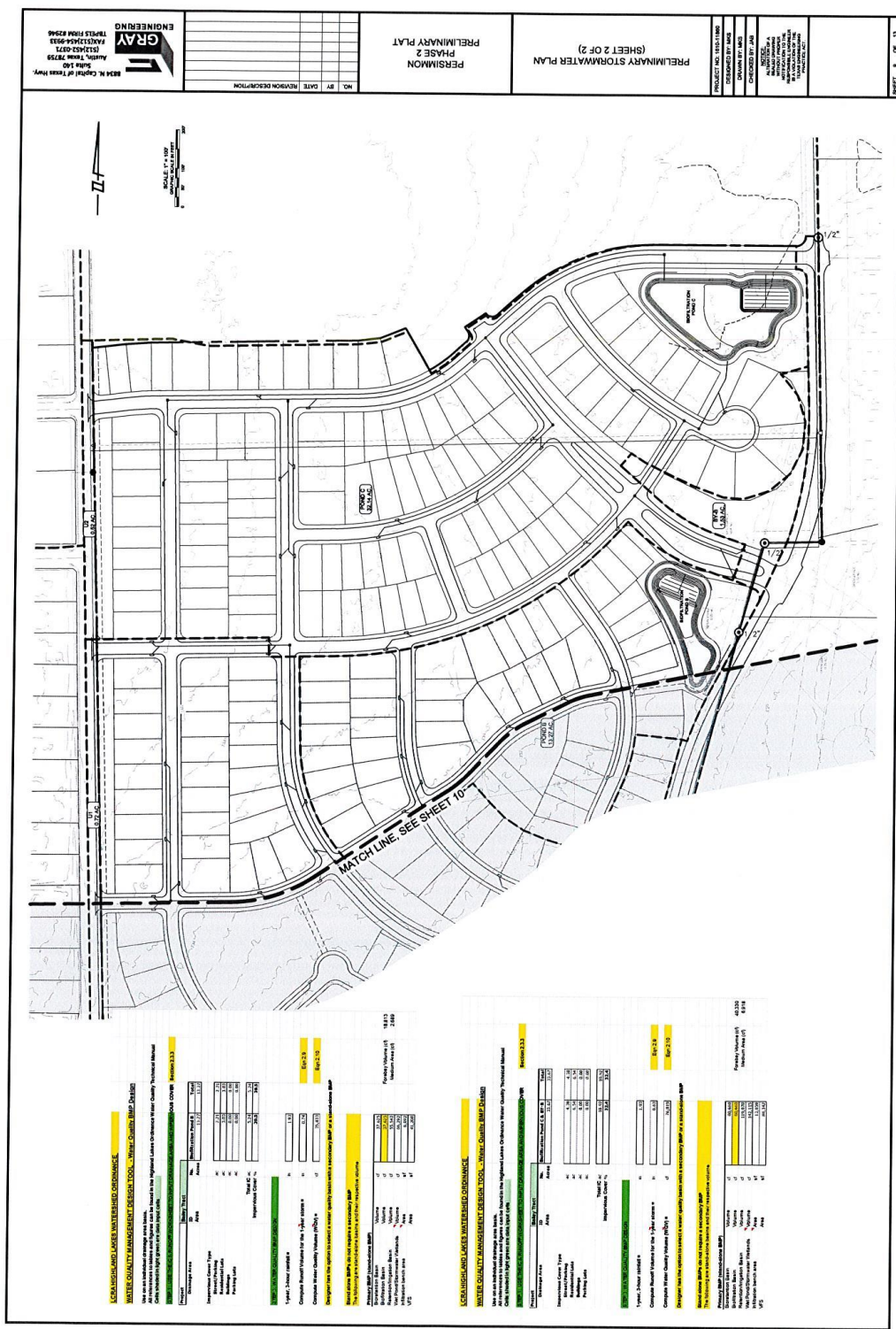


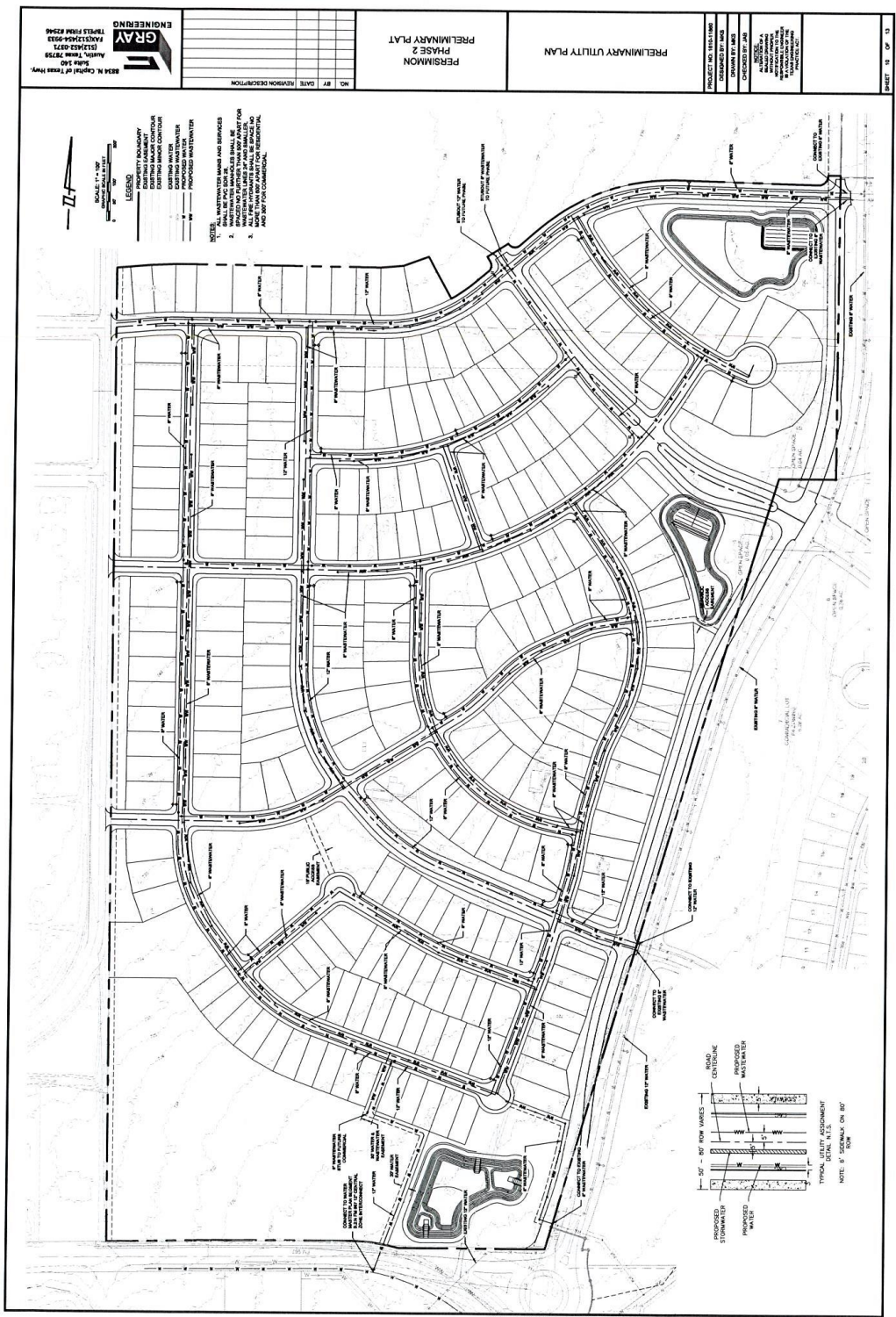
















PERSIMMON PHASE 2
Buda, Texas

PRELIMINARY PLAT	
DATE	04/03/2022
BY	WET
CHECKED BY	WET
DATE	04/03/2022
PROJECT NUMBER	2022-001
PROJECT NAME	PERSIMMON PHASE 2
PROJECT ADDRESS	1910 E. Highway 100, Suite 200, Dallas, TX 75243
PROJECT PHONE	972.281.2922
PROJECT FAX	
PROJECT EMAIL	

TREE LIST

WET NUMBER
L1.01

MULTI TRUNK									
HERITAGE (SHAWNEE)	PROTECTED TRUNK	TRUNK	BRANCHES	DBH (CAL.)	CAL. 2	CAL. 3	CAL. 4	CAL. 5	CAL. 6
1	P	15001	15001	15001	15001	15001	15001	15001	15001
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65	P	15065	15065	15065	15065	15065	15065	15065	15065
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97	P	15097	15097	15097	15097	15097	15097	15097	15097
98	P	15098	15098	15098	15098	15098	15098	15098	15098
99	P	15099	15099	15099	15099	15099	15099	15099	15099
100	P	15100	15100	15100	15100	15100	15100	15100	15100



PERSIMMON PHASE 2
Buda, Texas

PRELIMINARY
PLAT

ISSUE	DATE
PROJECT NUMBER	27027
DRAWN BY	SMS
CHECKED BY	RQ

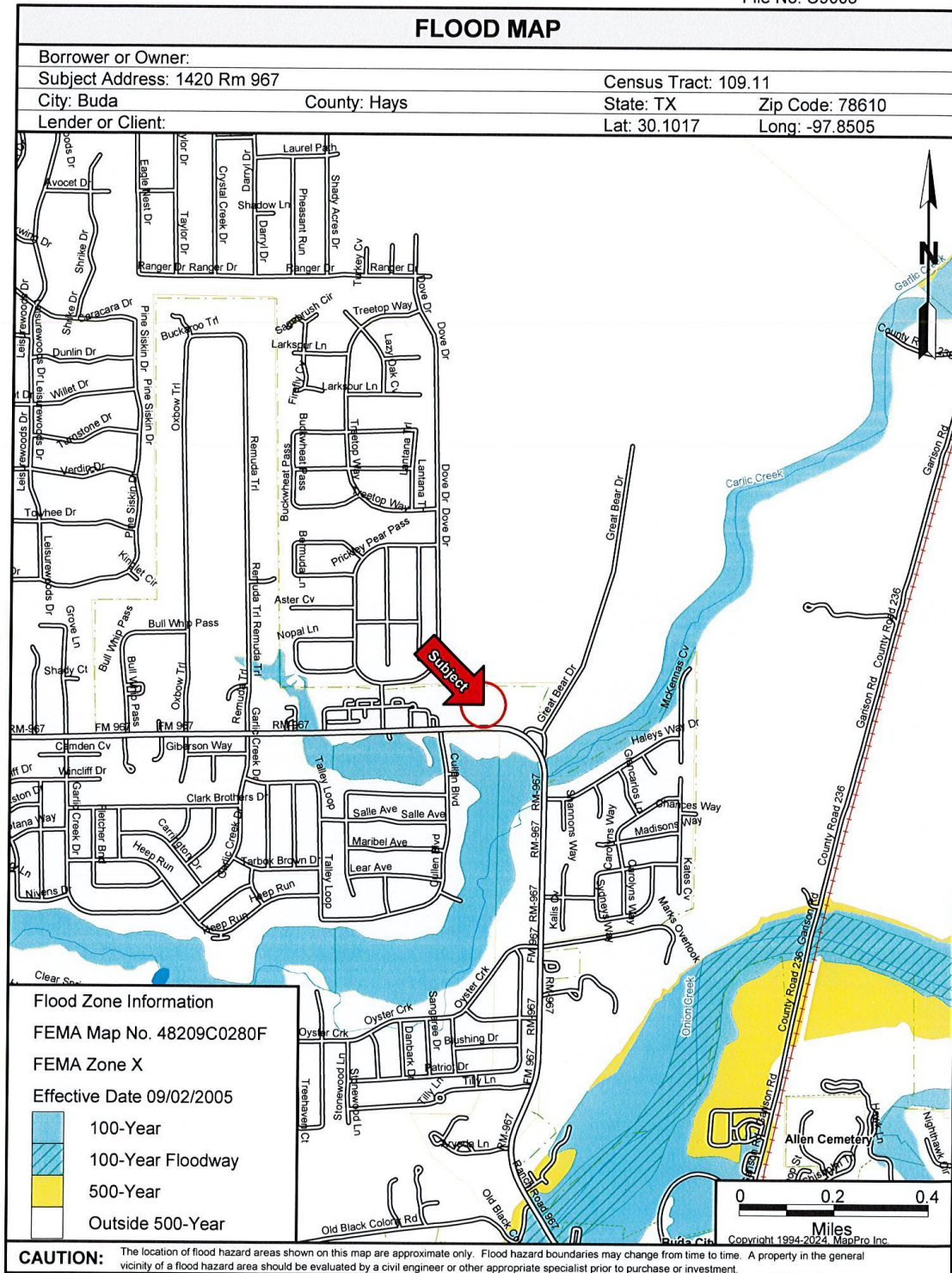
TREE LIST

SHEET NUMBER
L1.02

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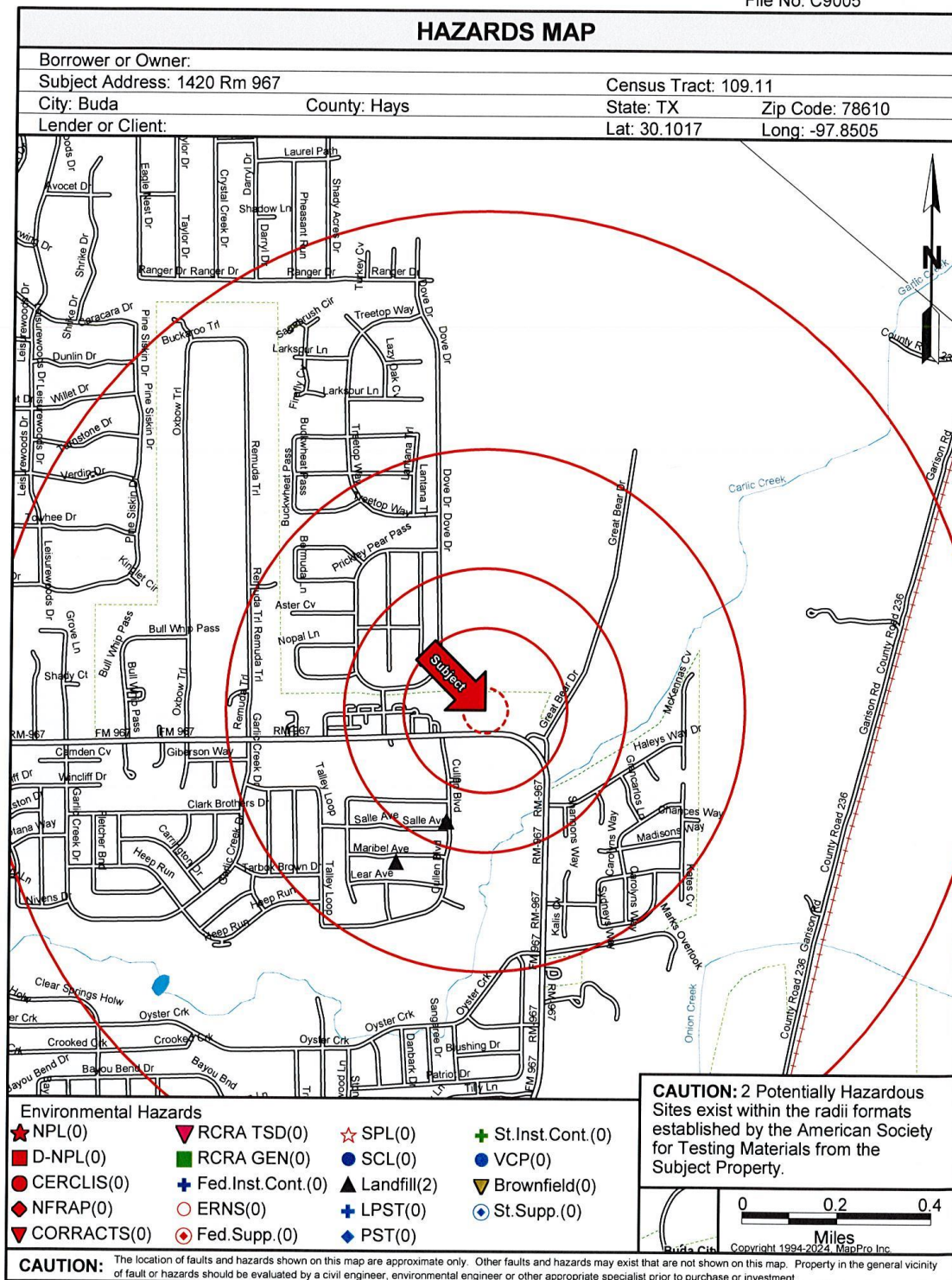
FLOOD MAP

File No. C9005



HAZARDS MAP

File No. C9005



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 subject commercial reserve is zoned **Form F4**, which allows for mixed-use developments that are compatible to surrounding or existing residential uses.

The subject residential sites are 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 paper lots and commercial reserves are assumed to conform to the PD Ordinance. It is also assumed subject development 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 the **Persimmon Major Improvement Area, being 1,771 paper lots, on 647.583 acres, along with an a 9.15-acre future commercial reserve, located along the north line of R.M. 967, at proposed Marathon Road, east of Cimarron Park Loop, in Buda, Hays County, and Travis County, Texas 78610.**

Persimmon is a proposed master-planned community, which will eventually yield approximately 2,019 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 approximately 294 future paper lots is within Travis County.**

Persimmon will have a suburban location in the growing Kyle/Buda Market Area of Austin. Persimmon, Phase 1 is to be substantially complete by December 1, 2025, and will include 248 residential lots, and two commercial reserves totaling approximately 12.67 acres. The Persimmon Major Improvement Area will eventually provide an additional 1,771 residential paper lots by October 1, 2026, and a 9.15-acre commercial reserve to be substantially complete by December 1, 2025. 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 for a phased master-planned community for mid-to upper middle priced production housing, as proposed.

Bailey Land Investments, LP, has contracted with DFH Coventry, LLC to sell 75 of the 248 lots in Persimmon, Phase 1 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.

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)
Kyle/Buda Submarket	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.
South Market Area	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 4th quarter of 2024.

The housing inventory for both the South Market Area 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 the proposed master-planned communities of Infinity Square and Persimmon.

Generally, in developments such as the subject, an absorption period is required in order to promote and eventually sell-out the subject paper lots on an individual lot basis. Persimmon will be developed over multiple years, in multiple phases. Based on current lot absorption in the Kyle/Buda Market Area, I have projected the 1,771 paper lots to be absorbed over a 9-year holding period, at an initial rate of approximately 165 paper lots per year.

To determine the rates at which the subject paper lots will be absorbed into the market, I have analyzed the recent absorption of lots in several subdivisions in the vicinity of the subject subdivision.

Subdivision	Lot Size	No. Builders	Price Range (\$1,000's)	12-Month Closings	Closings Per Quarter	Closings Per Builder Per Quarter
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, 2nd 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.

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:**

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

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.**

Absorption of Persimmon Major Improvement Area “Upon Completion”

Again, the subject Persimmon, Phase 1 is expected to be substantially complete by December 1, 2025, and is then projected to require approximately 1.50 years to sell-out. Thus, by mid-2027 the first takedown of the subject paper lots will be feasible. The subject paper lots are projected to begin absorption in October 2026, “Upon Completion” of Marathon Road, or approximately 10 months after completion of Phase 1.

Based on the **average absorption of 41.33 lots per quarter**, I have projected **annual absorption of the 1,771 subject paper lots at (41.44 lots/quarter x 4 quarters = 165 lots annually) 165 lots**. None of the 1,771 subject lots will be in demand until mid-2027; thus, no lots are projected to be absorbed in 2026. Beginning in 2027, or Annual Period 1, 82 lots will be demanded. For Annual Period 2, demand is projected to remain constant at 165 lots per year. Thereafter, beginning in Annual Period 3, absorption is projected to increase at a rate of about 10% per year. As mentioned, absorption is based on the underlying assumption that Milestone Community Builders and at least two other prominent home builders are active in Persimmon, Phase 1, and that Milestone Community Builders and at least three other prominent home builders are active in the Persimmon Major Improvement Area. The projected absorption of the Persimmon Major Improvement Area is summarized as follows:

<u>Persimmon Major Improvement Area – 1,771 Paper Lots</u>											
<u>“Upon Completion” of Marathon Road– October 1, 2026</u>											
Annual Period	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>Total</u>
Lot Absorption	0	82	165	180	198	218	240	264	292	133	1,771

The projected absorption amounts to 1,771 paper lots being absorbed over 9 annual periods, indicating actual **average absorption of 197 lots per year, or approximately 49 lots per builder, per year assuming 4 builders, or approximately 12 lots per builder, per quarter**. The projected absorption is considered to be well supported by the absorption comparables.

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 1,771 proposed paper lots is phased residential lot development, as proposed, and as economic conditions and demand warrant by at least 4 prominent homebuilders.

The physically possible and legally permissible uses of the subject commercial reserve 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 subject 9.15-acre commercial reserve is for eventual commercial or retail development, as economic conditions and demand warrant, upon completion of Phase 1 on December 1, 2025.

SALES COMPARISON APPROACH**COMMERCIAL RESERVE, "UPON COMPLETION" OF MARATHON ROAD**

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 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.

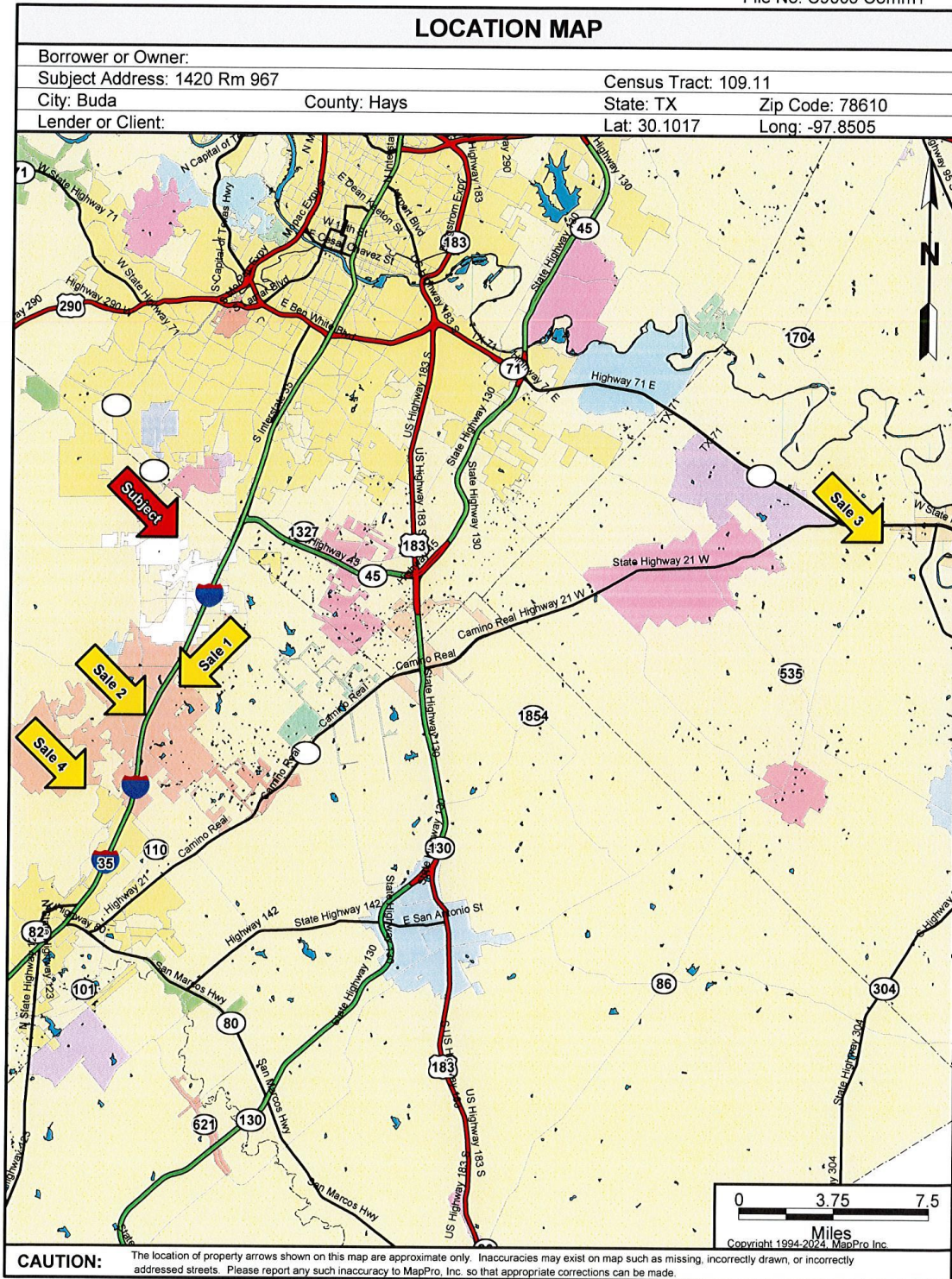
COMMERCIAL LAND PENDING SALE NUMBER FOUR

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. C9005 Comm'l



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. 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 commercial reserve will have a very good location with frontage on R.M. 967 and Marathon Road, within a high-growth corridor in Buda. The subject site is judged superior to each of the comparables in terms of location, **warranting adjustments of 30% to Land Sale 1; +20% to Land Sales 2 and 4; and +35% to Land Sale 3.**

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 9.15 acres. Land Sale 1 is considered to be generally similar in size, warranting no adjustment. **Land Sales 2, 3 and 4 are considered to be generally similar in size, warranting no adjustment. Land Sale 1 is adjusted -5% for its significantly smaller, superior 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 – 9.15 ACRE COMMERCIAL TRACT “UPON COMPLETION” OF MARATHON ROAD IN PHASE 1					
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%	+15.5%	+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%
Adjusted Price/SF	-	\$6.10	\$6.90	\$5.53	\$6.53
Location	F.M. 967	Bebee Road	Burleson Road	Adelton Blvd.	Scott Street
Adjustment	-	+30%	+20%	+35%	+20%
Size (Acres)	9.15	4.66	9.12	9.765	11.07
Adjustment	-	-5%	0%	0%	0%
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%
Net Adjustment	-	+35%	+20%	+35%	+20%
Adjusted Price/SF	-	\$8.24	\$8.28	\$7.47	\$7.84
Mean	\$7.96				
Median	\$8.04				

CONCLUSION OF “UPON COMPLETION” OF MARATHON ROAD MARKET VALUE – 9.15 ACRES

The land sales used in this analysis, illustrated in the preceding adjustment grid, exhibit adjusted sales prices that range from \$7.47 PSF to \$8.28 PSF. The mean indicator is \$7.96 PSF, and the median is \$8.04 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 Phase 1 **“Upon Completion” of Marathon Road Market Value** for the subject 9.15-acre Commercial/Retail Tract, as of December 1, 2025, is **\$8.00 PSF**, computed as follows:

COMMERCIAL RESERVE
9.15 ACRES – “UPON COMPLETION” OF MARATHON ROAD

<u>Site SF</u>		<u>Value/SF</u>		<u>Total Value</u>
398,574	x	\$8.00	=	\$3,188,592
		Rounded:		\$3,190,000

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 Apogee 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
12	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 Apogee 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

Mapscot: 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:

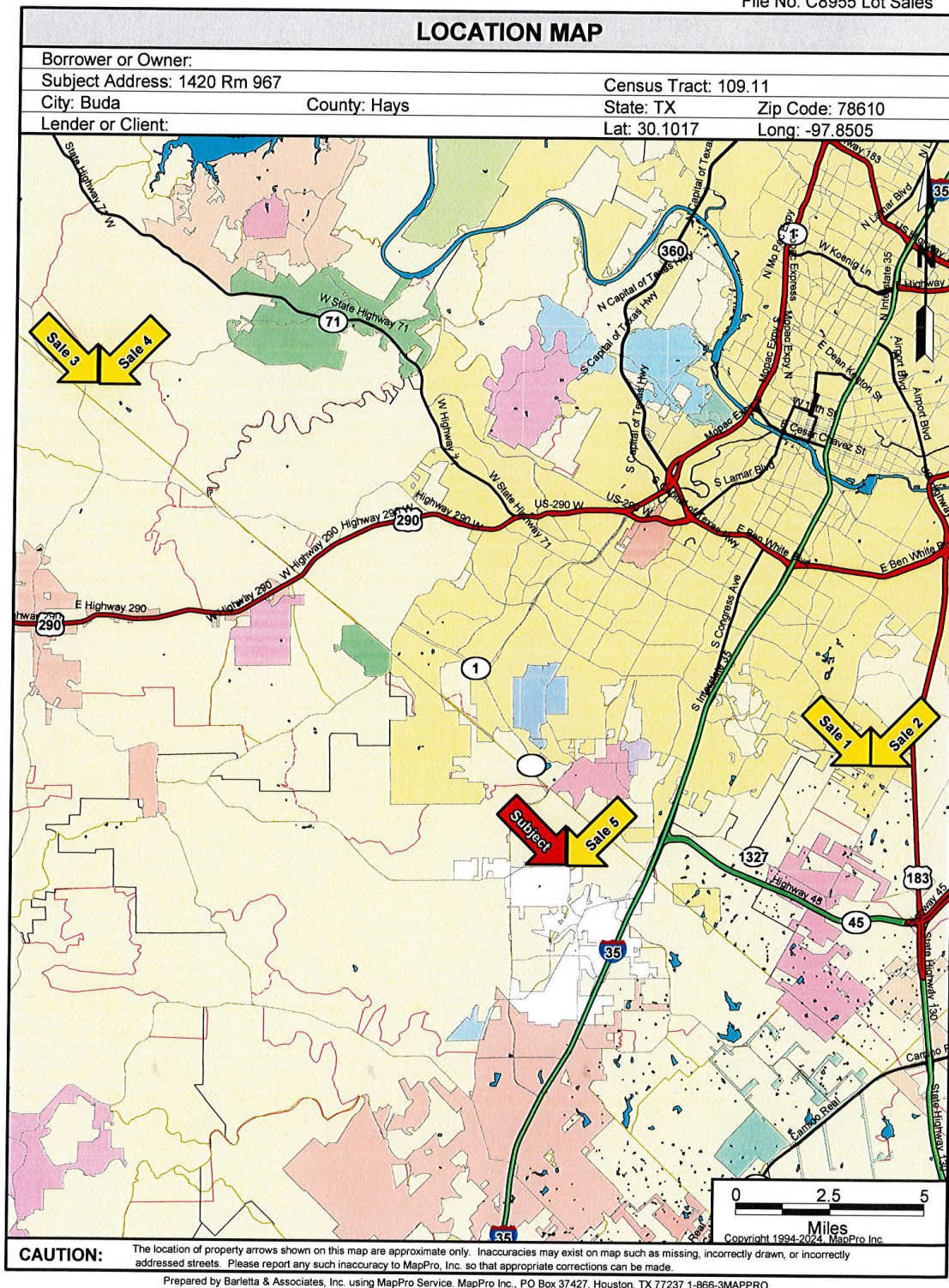
<u>Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Esc Lot Charge</u>	<u>Esc. Lot Price</u>	<u>Lot Per FF</u>	<u>Sale Date</u>
35	50'	\$165,000	N/A	N/A	\$3,300	Pending
26	55'	\$181,500	N/A	N/A	\$3,300	Pending
<u>14</u>	65'	\$214,500	N/A	N/A	\$3,300	Pending
75	Total/Avg.	\$180,007	N/A	N/A	\$3,300	Pending

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:

BUILDER LOT SALES SUMMARY							
LOT SALE	SALE DATE	SUBDIVISION	SALE TYPE	NO. LOTS	LOT SIZE	LOT PRICE	LOT PRICE PFF
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."

LOT TAKEDOWN ADJUSTMENT GRID PERSIMMON, PHASE 1, - 50', 55' & 65' LOTS, "AS THOUGH COMPLETE"						
MARKET DATA	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5
Sale Price PFF	-	\$2,850	\$2,850	\$3,200	\$3,200	\$3,300
Sales Date Adjustment	10/1/2026 -	4Q/2023 +18.0%	4Q/2023 +18.0%	2Q/2024 +15.0%	3Q/2024 +13.50%	Pending 0%
Adjusted Sale Price PFF	-	\$3,363	\$3,363	\$3,680	\$3,632	\$3,300
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	-	\$3,498	\$3,496	\$3,922	\$3,874	\$3,504
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	-	\$3,498	\$3,496	\$3,922	\$3,874	\$3,329
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', 65' & 80' -	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	-	0%	0%	-10	-10	0%
Indicated Sale Price PFF	-	\$3,498	\$3,496	\$3,529	\$3,487	\$3,329
Indicated Mean Price PFF	\$3,468					
Indicated Median Price PFF	\$3,496					

BUILDER LOT VALUE CONCLUSION, 50', 55', 65' & 80' LOTS, "AS THOUGH COMPLETE": The lot sales used in this analysis exhibit an adjusted value range from \$3,329 PFF up to \$3,529 PFF, **with a mean indication of \$3,468 PFF and a median of \$3,496 PFF.** Lot Sale 5 is the pending sale of lots in Persimmon, Phase 1 to be delivered in December

2025 and represents the low-end of the range. 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, Phases 2-5, as of October 1, 2026, is \$3,400 PFF, inclusive of any and all builder lot fees.** Thus, the “As Though Complete” Retail Lot Value of a typical 50' lot, is concluded as follows:

$$\begin{array}{rcccl} \text{Lot} & & \text{Retail Lot} & & \text{Indicated Retail} \\ \text{Width} & & \text{Revenue PFF} & & \text{Lot Value} \\ 50' & \times & \$3,400 & = & \$170,000 \end{array}$$

It is also my opinion that the Base Lot Retail Value of a typical **55' subject lot in Persimmon, Phases 2-5, as of October 1, 2026, is \$3,400 PFF, inclusive of any and all builder lot fees.** Thus, the “As Though Complete” Retail Lot Value of a typical 55' lot, is concluded as follows:

$$\begin{array}{rcccl} \text{Lot} & & \text{Retail Lot} & & \text{Indicated Retail} \\ \text{Width} & & \text{Revenue PFF} & & \text{Lot Value} \\ 55' & \times & \$3,400 & = & \$187,000 \end{array}$$

It is also my opinion that the Base Lot Retail Value of a typical **65' subject lot in Persimmon, Phases 2-5, as of October 1, 2026, is \$3,400 PFF, inclusive of any and all builder lot fees.** Thus, the “As Though Complete” Retail Lot Value of a typical 65' lot, is concluded as follows:

$$\begin{array}{rcccl} \text{Lot} & & \text{Retail Lot} & & \text{Indicated Retail} \\ \text{Width} & & \text{Revenue PFF} & & \text{Lot Value} \\ 65' & \times & \$3,400 & = & \$221,000 \end{array}$$

Lastly, it is my opinion that the Base Lot Retail Value of a typical **80' subject lot in Persimmon, Phases 2-5, as of October 1, 2026, is \$3,400 PFF, inclusive of any and**

all builder lot fees. Thus, the “**As Though Complete**” Retail Lot Value of a typical 80’ lot, is concluded as follows:

$$\frac{\text{Lot Width}}{80'} \times \frac{\text{Retail Lot Revenue PFF}}{\$3,400} = \frac{\text{Indicated Retail Lot Value}}{\$272,000}$$

SUM OF RETAIL REVENUE CONCLUSION, “AS THOUGH COMPLETE”

The 1,771 proposed subject lots in Persimmon, Phases 2-5 have an “**As Though Complete**” sum of retail revenue computed as follows:

<u>No.</u>	<u>Description</u>	<u>Lot Width</u>	<u>Retail Lot Value</u>	<u>Sum of Retail Revenue</u>	<u>Effective Date</u>
913	Proposed	50'	@ \$170,000/ Lot =	\$155,210,000	10/1/2026
481	Proposed	55'	@ \$187,000/ Lot =	\$ 89,947,000	10/1/2026
272	Proposed	65'	@ \$221,000/ Lot =	\$ 60,112,000	10/1/2026
<u>105</u>	Proposed	80'	@ \$272,000/ Lot =	<u>\$ 28,560,000</u>	10/1/2026
1,771	Total/Avg.	-	@ \$188,497/ Lot =	\$333,829,000	10/1/2026

Thus, “**As Though Complete**” the 1,771 subject lots, the Sum of Retail Revenue amounts to \$333,829,000, or **an average of \$188,497 per finished residential lot.**

SUBDIVISION DEVELOPMENT METHOD

The Subdivision Development Approach is a method of estimating land value when subdividing and developing a parcel of land is the highest and best use of that land. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or the completed improvements on those lots), the resultant net sales proceeds are the discounted to present value at a market derived rate over the development and absorption period to indicate the value of the land.

The subject 647.583 acres of entitled residential land will eventually be developed for a single-family residential subdivision, and will be improved with asphalt-paved streets and concrete curbs and gutters, together with public utility lines for the 1,771 lots. Currently, the 647.583 acres have been engineered and preliminarily platted, and are herein considered to have paper lot status.

The following are the basic steps in the Subdivision Development Method. The Sum of Retail Revenue, "As Though Complete," of the subject's proposed site improvements and indirect costs have been estimated via the Sales Comparison Approach based upon comparison with comparable finished residential lot sales. The reproduction costs and entrepreneurial incentive are then deducted from the Sum of Retail Revenue "As Though Complete," to conclude the value of the vacant land "As Though Complete."

DIRECT/INDIRECT COSTS

Reproduction costs used in this report were based on several sources, including: 1) conversations with contractors, developers, and land planners who develop this type property; 2) total estimated costs provided by the subject developer; and 3) the Marshall Valuation Cost Guide.

I was provided the projected estimates of development costs for the subject Persimmon, Phases 2-5, which amount to \$139,080,769, including direct costs, indirect costs, but excluding entrepreneurial incentive (profit).

PROFIT

Entrepreneurial profit is projected as an integral indirect cost of development for an investor incentive. Profit is applied to the site improvements, as the vacant land value is appraised for its highest and best use, and profit is not normally added to the vacant land. Entrepreneurial profit is a market-driven motive, as it is a function of development activity, supply/demand forces, risk, and the general regional incentive that local developers demand for such a venture.

The subject is planned as a multi-phase SFR subdivision by a developer, whereby profit is attributed to the site development costs. Typically, profit for multi-phased, mid-priced residential developments range between 15% to 35%. Herin, profit attributable to the subject lot development has been estimated at **15%** in this analysis.

DEVELOPMENT/COST SCHEDULE

Please refer to the Development/Cost Schedule for the Persimmon Major Improvement Area, Phases 2-5.

APPRAISER'S SUMMARY OF DEVELOPMENT/COST PROJECTION

PERSIMMON MAJOR IMPROVEMENT AREA (PHASES 2-5)

“As Though Complete” Sum of Retail Revenue: **\$333,829,000**

Direct & Indirect Costs & Contingencies:

Phase 2:	\$ 11,095,403
Phase 3:	\$ 19,257,757
Phase 4:	\$ 89,599,957
Phase 5:	\$ 19,127,653

Less: Total Net Direct and Indirect Costs: **\$139,080,769**

Less: Profit at 15% of Costs: **\$ 20,862,115**

“As Though Complete” Land Value Indication: **\$173,886,116**

“As Though Complete” Land Value Indication (R): **\$174,000,000**

“As Though Complete” Per Paper Lot: **\$98,250**

“As Though Complete” PFF (98,185 FF): **\$1,772**

Thus, the “As Though Complete” Value indication of the 1,771 paper lots in Persimmon Major Improvement Area is concluded at \$174,000,000, or \$98,250 per paper lot, or \$1,772 PFF, based on 98,185 FF. Recall that the developer has received an LOI from DFH Coventry for 268 paper lots in Persimmon, Phase 2 at a price of \$2,065 PFF, and reportedly, Milestone Community Builders is now negotiating with Scott Felder homes for paper lots in the Persimmon Major Improvement Area with terms similar to those of the DFH Coventry contract, although the final quantity of paper lots is still undetermined.

DEVELOPER'S COST ESTIMATES

PRELIMINARY DISCUSSION DRAFT

Persimmon - Buda
Exhibit C
Schedule of Public Improvements for the Project
9/19/2024

Description	Total Cost ^(a)	Improvement Area #1		Future IA #2		Future IA #3		Future IA #4		Future IA #5							
		%	Cost	%	Cost	%	Cost	%	Cost	%	Cost						
Major Improvements																	
ASR Segment 1	\$	1,250,000	12.38%	\$	154,805	7.26%	\$	90,812	13.04%	\$	163,016	54.14%	\$	676,770	13.17%	\$	164,597
Roadway ^(d)	12,955,388	12.38%	1,604,442	7.26%	941,207	13.04%	1,689,547	54.14%	7,014,258	13.17%	1,705,934	54.14%	44,317	13.17%	10,778		
Wastewater	81,854	12.38%	10,137	7.26%	5,947	13.04%	10,075	54.14%	44,317	13.17%	10,778	54.14%	44,317	13.17%	10,778		
Water	1,000,170	12.38%	123,685	7.26%	72,682	13.04%	130,435	54.14%	541,508	13.17%	131,700	54.14%	541,508	13.17%	131,700		
Storm Drain and Detention ^(f)	3,694,972	12.38%	457,599	7.26%	268,639	13.04%	481,871	54.14%	2,000,518	13.17%	486,545	54.14%	2,000,518	13.17%	486,545		
Parks / Open Space / Trails	1,846,435	12.38%	228,669	7.26%	134,143	13.04%	240,798	54.14%	999,690	13.17%	243,134	54.14%	999,690	13.17%	243,134		
On-Site Subtotal	\$	20,828,819		\$	2,579,517		\$	1,513,210		\$	2,716,342		\$	11,277,062		\$	2,742,688
Soft Costs ^(b)	1,917,544	12.38%	237,476	7.26%	139,309	13.04%	250,072	54.14%	1,038,190	13.17%	252,498	54.14%	1,038,190	13.17%	252,498		
Contingency ^(c)	3,182,715	12.38%	394,159	7.26%	231,224	13.04%	415,066	54.14%	1,723,174	13.17%	419,092	54.14%	1,723,174	13.17%	419,092		
Construction Management ^(e)	833,153	12.38%	103,181	7.26%	60,528	13.04%	108,654	54.14%	451,082	13.17%	109,708	54.14%	451,082	13.17%	109,708		
Total Major Improvements ^(a)	\$	26,762,231		\$	3,314,332		\$	1,949,271		\$	3,490,134		\$	14,489,508		\$	3,523,985
Neighborhood Improvements																	
ASR Segment 2	\$	5,562,500	0.00%	\$	-	8.29%	\$	461,236	14.88%	\$	827,958	61.79%	\$	3,437,318	15.03%	\$	835,988
ASR Segment 3	4,312,500	0.00%	\$	-	0.00%	\$	-	16.23%	\$	699,938	67.38%	\$	2,905,836	16.39%	\$	706,727	
ASR Subtotal ^(h)	\$	9,875,000		\$	-		\$	461,236		\$	1,527,896		\$	6,343,154		\$	1,542,715
Roadway	26,976,444		6,227,221		2,992,009		3,436,382		12,272,082		2,048,750		11,408,215		3,284,125		
Wastewater	20,438,857		3,596,798		598,494		1,551,225		10,360,395		2,033,625		10,360,395		2,033,625		
Water	17,224,699		2,335,731		905,022		1,589,925		10,360,395		2,033,625		10,360,395		2,033,625		
Storm Drain and Detention ^(f)	22,126,998		5,120,085		1,448,548		2,177,308		10,360,395		2,033,625		10,360,395		2,033,625		
Parks / Open Space / Trails	20,971,711		2,476,649		688,592		1,940,228		13,651,538		2,714,704		13,651,538		2,714,704		
Subtotal	\$	117,613,709		\$	19,756,485		\$	7,093,900		\$	12,222,963		\$	65,030,692		\$	13,509,669
Soft Costs ^(b)	12,955,352		3,169,629		709,390		1,222,296		6,503,069		1,350,967		6,503,069		1,350,967		
Contingency ^(c)	4,821,246		745,611		1,064,085		1,833,445		975,460		202,645		975,460		202,645		
Construction Management ^(e)	3,914,289		-		283,756		488,919		2,601,228		540,387		2,601,228		540,387		
Total Neighborhood Improvements	\$	139,304,596		\$	23,671,725		\$	9,151,131		\$	15,767,623		\$	75,110,449		\$	15,603,668
Total PID Improvements	\$	166,066,826		\$	26,986,057		\$	11,095,403		\$	19,257,757		\$	89,599,957		\$	19,127,653

Footnotes:

- (a) Preliminary cost estimates per developer.
 (b) Soft Costs for Major IA and IA 1 per developer. Assumes estimated soft costs for Future IAs 2-5 calculated at 10%.
 (c) Contingency for Major IA and IA 1 per developer. Assumes estimated contingency for Future IAs 2-5 calculated at 15%.
 (d) Assumes estimated construction management costs of 4.0%. Assumes IA 1 construction management costs included in soft cost estimates provided by developer.
 (e) Represents preliminary allocation of Major Improvements.
 (f) Includes ponds. Assumes ponds will be dedicated to the City and maintained by the HOA/POA.
 (g) Includes erosion control costs.
 (h) Includes aquifer storage and recovery.

Persimmon_PID & TIRZ Analysis_2024-09-19.xlsx

INCOME APPROACH - DISCOUNTED BULK MARKET VALUE ANALYSIS

The Bulk Market Value for the subject paper 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 paper lots will be absorbed into the market, I have analyzed the recent absorption of lots in several subdivisions in the vicinity of the subject subdivision.

Subdivision	Lot Size	No. Builders	Price Range (\$1,000's)	12-Month Closings	Closings Per Quarter	Closings Per Builder Per Quarter
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, 2nd 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 Phase 1 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:**

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

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.**

Absorption of Persimmon Major Improvement Area “Upon Completion”

Again, Persimmon, Phase 1 is expected to be substantially complete by December 1, 2025, and is then projected to require approximately 1.50 years to sell-out. Thus, by mid-2027 the first takedown of the 1,771 subject paper lots will be feasible. The subject paper lots are projected to begin absorption in October 2026, “Upon Completion” of Marathon Road, or approximately 10 months after completion of Phase 1.

Based on the average absorption of 41.33 lots per quarter, I have projected annual absorption of the 1,771 subject paper lots at (41.44 lots/quarter x 4 quarters = 165 lots annually) 165 lots. None of the 1,771 subject lots will be in demand until mid-2027; thus, no lots are projected to be absorbed in 2026. Beginning in 2027, or Annual Period 1, 82 lots will be demanded. For Annual Period 2, demand is projected to remain constant at 165 lots per year. Thereafter, beginning in Annual Period 3, absorption is projected to increase at a rate of about 10% per year. As mentioned, absorption is based on the underlying assumption that Milestone Community Builders and at least two other prominent home builders are active in Persimmon, Phase 1, and that Milestone Community Builders and at least three other prominent home builders are active in the Persimmon Major Improvement Area. The projected absorption of the Persimmon Major Improvement Area is summarized as follows:

<u>Persimmon Major Improvement Area – 1,771 Paper Lots</u>											
<u>“Upon Completion” of Marathon Road– October 1, 2026</u>											
Annual Period	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>Total</u>
Lot Absorption	0	82	165	180	198	218	240	264	292	133	1,771

The projected thus absorption amounts to 1,771 paper lots being absorbed over 9 annual periods, indicating actual **average absorption of 197 lots per year, or approximately 49 lots per builder, per year assuming 4 builders, or approximately 12 lots per builder, per quarter.** The projected absorption 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
Site-Built Residential	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%
Manufactured Housing	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%
Business Parks	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%
Industrial Parks	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 15.83% to 32.39%, with an average of 22.66% for site-built residential developments of 500+ units. These same developers and builders reported actual internal rates of return ranging from 16.48% to 33.74%, with an average of 23.61%.

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 19.00%** is most appropriate for subject lot cash flow, inclusive of profit, and given the 9-year projected sell-out of the 1,771 paper lots.

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 1,771 Persimmon Major Area paper lots, "Upon Completion" of Marathon Road.

DISCOUNTED CASH FLOW ASSUMPTIONS

Sum of Retail Revenue: The 1,771 subject paper lots in the Persimmon Major Improvement Area have an “Upon Completion” sum of retail revenue computed as follows:

<u>PERSIMMON MAJOR IMPROVEMENT AREA</u>			
<u>1,771 PAPER LOTS – “UPON COMPLETION” OF MARATHON ROAD</u>			
<u>No. Paper Lots</u>		<u>Value/Paper Lot</u>	<u>“Upon Completion” Market Value</u>
1,771	x	\$98,250	= \$174,000,000 (R)

Absorption Period: The absorption period projected for the subject paper 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 paper lot values have been escalated over the projected sell-out at **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 paper lots in inventory on the first day of each annual period.

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

Ending Lot Inventory: The Ending Inventory is the total number of paper lots in inventory on the last day of each annual 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 Annual Sales are the revenue generated during the period, before sales expense deductions.

SALES EXPENSES

Marketing/Closing Costs: Herein, I have projected broker commissions at 1.0% of periodic sales. The closing costs and marketing costs of the subject paper lots were also estimated at 1.0% of the periodic sales, for a total of **2.0%** for marketing and closing costs, given the high-dollar volume of sales and the repetitive nature of the cash flow.

Taxes: The Persimmon Major Improvement Area now primarily assessed as agricultural land, with agricultural exemptions. After the completion and sell-out of Persimmon, Phase 1, the land comprising the Persimmon Major Improvement Area will likely begin to gradually increase. HCAD typically heavily discounts agricultural land and transitional land. Herein, I have projected taxes at a rate of 10% of the average paper lot retail value ($\$98,250 \times 0.10 = \$9,825$) for a projected average assessed value of **\$9,825 per paper lot. Beginning in Annual Period 4, the assessed values are projected to increase at a rate of 3.0% per year.**

The tax expense is based on the projected average assessed value per paper lot, multiplied by the tax rate per \$100, to reflect annual 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 annual lot sales revenue.**

Maintenance: The subject paper lots will be part of the Persimmon Homeowners Association. The HOA dues to the developer for vacant paper lots are estimated at **\$20 per paper lot per year.**

DISCOUNTED CASH FLOW ANALYSIS

See the following page for the discounted cash flow (DCF) analyses retail sell-out of the **1,771 paper lots in Persimmon Major Improvement Area, “Upon Completion” of Marathon Road.**

Persimmon Major Improvement Area
1,771 Paper Lots, “Upon Completion” of Marathon Road

PERSIMMON MAJOR IMPROVEMENT AREA, "UPON COMPLETION" OF MARATHON ROAD

[illegible]

DISCOUNTED CASH FLOW MARKET VALUE CONCLUSIONS

After applying an IRR of 19.0%, inclusive of profit, to the 1,771 subject paper lots' prospective cash flow sell-out, it is the opinion of the appraiser that the **“Upon Completion” of Marathon Road Bulk Market Value** of the subject paper lots to a single purchaser, via the Income Approach, is as follows:

Description	No. Paper Lots	Bulk Market Value	Prospective Date
Persimmon Major Improvement Area	1,771	\$92,500,000	10/1/2026

When estimating the value of multiple lots or parcels of land "In Bulk" or collectively to a single purchaser, individual retail paper 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 paper lots "In Bulk" or collectively to a single purchaser.

The indicated “Upon Completion” Bulk Market Value of the 1,771 subject paper lots computes to a total of **\$92,500,000**, or an average of **\$52,230 per lot**. This net present value conclusion represents a discount of approximately **46.84%** in comparison to the previously estimated **sum of retail revenue of \$174,000,000, or an average of \$98,250 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 Phase 1 “Upon Completion” of Marathon Road Market Value of the subject commercial reserve, as well as the “Upon Completion” of Marathon Road retail revenues of finished residential lots in Persimmon, Phases 2-5. The Subdivision Development Approach was utilized, wherein all direct and indirect costs and entrepreneurial incentive were deducted from the estimate of the anticipated Sum of Retail Revenue of the finished lots, to indicate net sales proceeds.

An Income Approach retail sell-out technique was then employed to derive the indicated “Upon Completion” Bulk Market Value of the subject 1,771 paper lots in the Persimmon Major Improvement Area. The cumulative retail revenue of the subject paper lots was discounted for the projected absorption period. A discounted cash flow analysis was used to present value the projected income stream of the subject proposed paper 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 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 paper lots and commercial reserve 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
1,771 Paper Lots in Persimmon Major Improvement Area, In Bulk	\$92,500,000	10/1/2026
9.15-Acre Commercial Reserve in Persimmon Major Improvement Area	\$3,190,000	12/1/2025

Extraordinary Assumptions:

- 1.) Development of Persimmon PID, Area 1, Phase 1 is now underway, with a projected substantial completion date of December 1, 2025. Marathon Road will then be constructed, and will provide access to F.M. 1626, which is a high-traffic thoroughfare

for Buda and south Austin. Marathon Road will be completed by October 1, 2026, which is the "Upon Completion" date of the subject Persimmon Major Improvement Area.

- 2.) The subject property is proposed as a residential master-planned 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 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 for Persimmon, Phase 1 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 Persimmon, Phase 1 finished 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 the Persimmon Major Improvement Area.**
- 7.) **Milestone Community Builders, has contracted with DFH Coventry, LLC to sell 268 of the 1,771 Persimmon Major Improvement Area paper lots in bulk for a price of \$2,065 PFF, based on an average paper lot width of 55.44 FF. Reportedly,**

Milestone Community Builders is now negotiating with Scott Felder Homes for paper lots in the Persimmon Major Improvement Area with terms similar to those of the DFH Coventry contract, although the final quantity of paper lots is still undetermined. The concluded Market Value contained herein is subject to verification of the contract price for paper lots between Milestone Community Builders and Scott Felder Homes.

- 8.) 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.

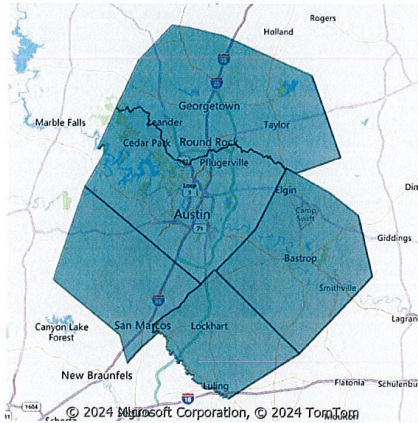
ADDENDA

AUSTIN AREA ANALYSIS

Quarterly Housing Report

AUSTIN
ROUND ROCK
SAN MARCOS
MSA

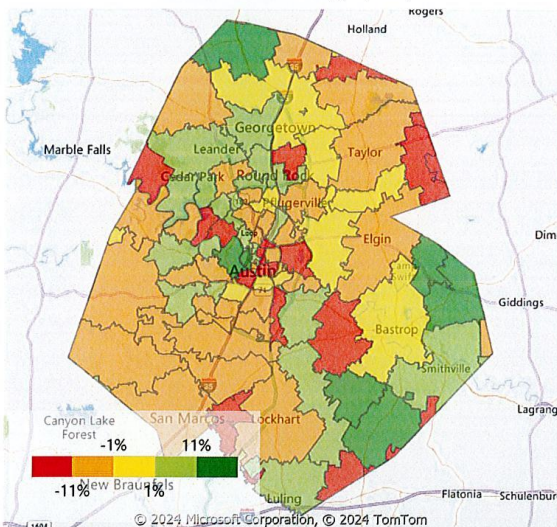
Third Quarter 2024



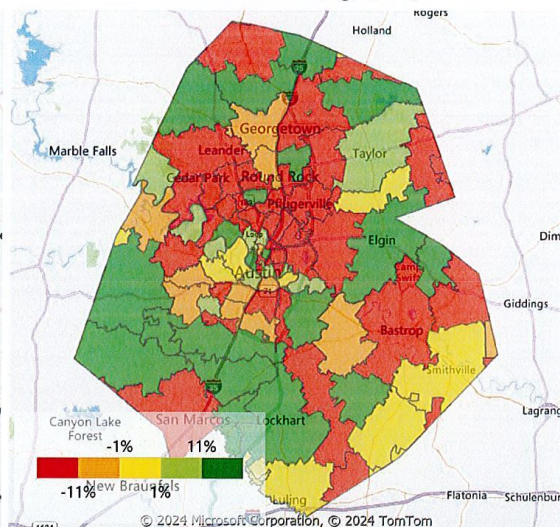
Executive Summary

- 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.



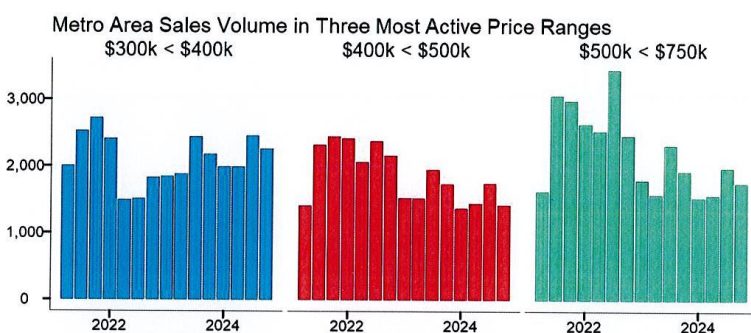
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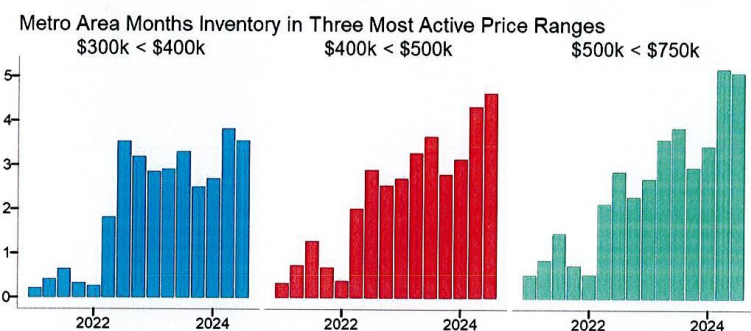
Key Market Metrics



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.



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