

DESCRIPTION OF THE RANCH

The property under appraisal is a fairly regularly shaped tract of native rangeland and improved pastureland in an area of Texas known as the "transition zone" between the badland of the South Texas Plains and the rugged Texas Hill Country of the Edwards Plateau.

The subject property is located in the northeastern section of Median County approximately 35 miles west of San Antonio, Texas, and about 11 miles north of Castroville, Texas. Access to the property is considered to be good for the area and may be obtained by traveling north of Castroville, Texas, 8 miles on Farm to Market Road 471, then north on County Road 2615 about 3 miles to the main entrance gate of the subject property, along the north side of the same road.

The area surrounding the subject is home to several recreational ranches, cultivated dryland and irrigated farms along with several rural subdivisions. The subject tract is commonly known as Paradise Horse Farms, and is a highly improved quarter horse operation. The property is fairly regular in shape and comprised of one contiguous tract measuring approximately 4,000 feet east to west at it's widest point, and about 7,730.61 feet north to south at its deepest point.

There are 13 different soil types found on the subject property along with 8 different range sites, all of which are conducive to both livestock and wildlife. These soils are dominated by deep, nearly level to gently sloping, loamy and clayey calcareous soils.

The entire 551.56 acres of the subject property is perimeter fenced in its entirety and cross fenced into numerous pastures.

Domestic water is supplied by four water wells and surface water is provided by three earthen stock tanks. Paradise Farms has approximately 4,171.38 feet of frontage along the north side of Medina County Road 2615. The property has an extensive amount of infrastructure including built up caliche roads, under ground piped water, and electricity. There are also several unimproved ranch roads traversing the property, providing good access from one area to another.

TERRAIN AND ELEVATION

Topography of the subject property ranges from level to undulating. The general flow of drainage is from the north to south along Deep Creek, which traverses through the middle of the property. The elevation ranges from a high of about 1,192' MSL in the far northwestern corner of the property at a high ridge, to a low of approximately 898' MSL along the southern boundary line where Deep Creek crosses. The northern 25 percent of

the property has several steep draws between the low area around Deep Creek and the high ridges. The remaining 75 percent of the property is more level to rolling terrain.

According to State Reclamation Engineers with the Texas National Resource Conservation Commission (TNRCC) in Austin, Texas, there are areas on the subject property located within the 100 year flood plain. These areas are along both sides of Deep Creek which traverses north to south through the middle of the property. For the exact location, see the Flood Plain Map from the Federal Emergency Management Program (FEMA), Map Panel No. 48325-9901-00, dated August 15, 1980, in the Addenda of this report.

VEGETATION

The Paradise Horse Farm has a good mixture of native rangeland and improved pastureland. Approximately 85.43 acres of the subject is improved open pastureland in coastal bermuda grass, the majority of which is located in the southwestern corridor of the property (67.25 acres). The other 466.13 acres is comprised of native rangeland and is dominated by native mid length turf grasses interspersed with a fairly dense canopy of live oak, juniper (cedar), elm, hackberry, lacy oak, shin oak, sumac, post oak, mesquite, and prickly pear.

FENCING AND WATER

The subject is perimeter fenced with a mixture of four foot net wire and five strand barbed wire, all on wood and metal T post. The property is also cross fenced into over 15 separate pastures and paddocks. The majority of this fencing consists of smooth net wire, metal pipe, and metal purlin on metal and wood post. All of the fencing is considered to be in good condition.

Domestic water is supplied to the subject property by four water wells out of the Edwards Aquifer. Each of these wells are equipped with electrical submersible pumps, providing water via an extensive underground piping system, to all of the building structures, various water troughs across the property, and two of the earthen stock tanks. These water wells also supply water to four concrete water storage reservoirs located at the headquarters compound, and run through various pressure tanks and booster pumps. The subject has a Yancy Public Water line, but it has never been tapped into. Surface water is provided by three earthen stock tanks, spread equally across the property. Two of the tanks have water lines supplying the water. The south tank is approximately 3 acres in size.

CARRYING CAPACITY

To the best of our knowledge, this ranch has historically been used as a cow-calf operation. According to the McMullen County Natural Resources Conservation Service (NRCS), the subject ranch has an estimated carrying capacity of approximately 15 acres per animal unit under normal conditions.

UTILITIES

Electricity is available to the site through Central Power and Light, telephone service is provided through AT&T.

ZONING

The property is not located within the city limits of Castroville or Rio Medina, Texas and is not restricted by any zoning classification other than that of Medina County.

MINERALS

No subsurface minerals are included in this appraisal, only the fee simple surface estate.

HAZARDOUS WASTE

No apparent hazardous or toxic materials or underground fuel tanks were noted on this property upon our inspection. The appraisers have no knowledge of any dump sites on the subject either. The subject ranch is located along Deep Creek, with other drainages in the neighborhood. As a result, certain hazardous waste or toxic materials may have flowed down these drainages or creeks at one time or another. Although there may or may not be contamination by hazardous or toxic waste, the subject ranch is being appraised as if unaffected by environmental issues.

DESCRIPTION OF THE IMPROVEMENTS

The subject's improvements are classified as building structures including residences, barns, shed, etc. The subject 551.56 acre Paradise Horse Farm is a highly improved property with the headquarters compound being located in southwestern quadrant of the property. All of these structures have been constructed withing the past eight years. The following is a brief description of the building structures:

Main Residence - This two story house with basement is approximately 10,255 square feet. It has a concrete slab, stucco exterior, metal panel roof and was built in 2003, with an addition added in 2004. The interior includes 5 bedrooms, six and one-half baths, three living areas, an office/library, two kitchens, two dining areas, a media room, two sunrooms, a studio and a spa/workout room. Interior details include marble, ceramic and hardwood floors, crown molding, painted drywall partitioning and an assortment of lighting fixtures. Other interior features include a fireplace, vaulted ceilings, numerous custom wood built-in wet bar with ceramic counters, stainless steel back splashes, appliances and sinks in the kitchen and several large walk-in closets. The property also features a basement area used as a wine cellar. Exterior features at the main house include an expansive covered porch/breezeway and patio appliances, two pools, a spa, extensive landscape, tennis court, sprinkler system, exterior lighting and security fencing surrounding the main house. This structure has four separate HVAC units, totaling over 30 tons.

Main Horse Stables - This structure was built in 2004 and is comprised of 12,000 sq. ft. and is constructed on a reinforced concrete slab with a prefab metal frame and pre-finished metal siding and roof. The front of this structure has an additional 1,392 sq. ft. of block covered porch. Inside of this structure are 25 concrete horse stalls with automatic water and feeders, three grooming stalls, 2 horse bathing bays, a 500 sq. ft. tack room, and a 240 sq. ft. storage room. This structure has suspended parabolic lighting and electric fans in each stall.

Smaller Horse Stables Nos. 3 & 4 - These structures measure 12' x 20', containing two stalls each. The stables are constructed of metal pipe and purlin frame with wire and wood exterior siding, with a metal roof and dirt floor.

Office - This structure is comprised of 734 sq. ft. with an additional 165 sq. ft. of covered front porch. This building is built on a reinforced concrete slab with a prefab metal frame and pre-finished exterior siding and roof. The exterior is finished with plywood and sheet rock siding and ceiling with central HVAC.

Horse Sales Office - This structure was constructed in 2004 and is comprised of a 6,000 sq. ft. one story building with a reception area, 3 private offices, 2 ½ baths conference room, breakroom/kitchen, utility room, walk-in cooler, and an efficiency apartment. The interior has tile floors, sheet rock interior walls, drop grid acoustical tile ceiling, with

recessed fluorescent lighting, and custom wood cabinets and bookshelves, built-in fireplace in the apartment and selected rooms. There is an additional 3,630 sq. ft. of covered concrete porch around the building. This structure is built on a reinforced concrete slab with a prefab metal frame and pre-finished metal siding and roof. The building has three separate HVAC units.

Horse Stable No. 2 - This structure is constructed on a concrete slab with a metal piped and purlin frame and pre-finished exterior metal siding and roof. This structure is a raised center aisle breeze way barn with 10 stalls with grill stall fronts, solid feed doors, wood siding, automatic waterings and elevated electric fans in each stall.

Barn - This structure consists of 10,000 sq. ft., is constructed on a reinforced concrete slab with a prefab metal frame and pre-finished metal exterior siding and roof. At one end of the structure is an enclosed shop area with caged tool rooms.

Covered Arena - This structure is comprised of 39,600 sq. ft. with a prefab metal frame on concrete piers and a pre-finished metal roof. The sides are open with nylon cover sun screens. The interior has a metal piped arena with suspended lighting, overhead sprinkler system to keep the dust down, horse walker, and a round enclosed training pen. This structure was built in 2004.

Modular Home - These structures are comprised of two 1,120 sq. ft., 3 bedroom, 2 bath, modular homes with a kitchen, living room, and central HVAC units. Each has a net wire fenced in yard and a 20' x 23' metal piped frame carport with dirt floor and metal roof.

In addition, the property is improved with a 10' x 30' duck coop constructed with a metal piped frame and pre-finished metal siding on 2 sides and roof; a 25' x 30' garage with a metal piped and purlin frame, concrete slab and pre-finished metal exterior; a 14' x 23' greenhouse; two 8' x 14' pump houses; and various covered pole sheds and loafing sheds.