



Airport & Aviation Appraisals, Inc.

Vacant Land

We will now discuss each parcel of land to be analyzed and develop an appropriate rental rate for each. Based on the information provided by airport management, and the documentation that relates to various plans and delineations relating to the airport, we have been provided with estimations of the approximate size of each parcel. It should be recognized that these sizes are estimations, and while we believe them to be reasonably representative of each particular site, a formal survey may produce different estimations of aggregate size from those provided in this report.

Site7:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 7	3.24	141,000

Highest and Best Use:

In aggregate, this site is appropriate for applications that require larger supporting assemblages of land. Medium-sized aircraft maintenance operations and more T hangars and executive hangars could be potentially located on this property. There is considerable third-party development of these types of hangars on Denton Airport. It also could be subdivided into perhaps two, or three smaller parcels. The main limitation is that the taxiway which serves the property has clearances to the north and south that are approximately 100 feet. This limits the size of the aircraft that could be operationally viable for the site. It is one of the larger contiguous parcels available on the airport as of the date of the appraisal. It is also served with all utilities and other necessary airport infrastructure.

This site has limited visibility from the operational surfaces but is in a portion of the airport where there is considerable development. Leased in its entirety, we believe that the appropriate square foot rental value would be \$0.31 per square foot. This is consistent with well-located parcels in the Dallas-Fort Worth metropolitan area. Slightly higher per square foot rental rates would be appropriate if the site were subdivided. The physical nature of the subdivision would come into plan, but the parcels that are further away from the taxiway are assumed to be somewhat less desirable. All estimations of subdivided parcels in this appraisal are dependent on the configuration, and the appraiser reserves the right to revise his estimations of value. The overall rental for the various possibilities is as follows:

Site 7

	<u>Per SF</u>		<u>SF Allocated</u>			<u>Annual Rent</u>	<u>Acres Allocated</u>
Primary Airside Land:	\$0.31	x	141,000	Sq. Ft.	=	\$43,710	3.237
Two Separate Equal Parcels:	\$0.33	x	70,500	Sq. Ft.	=	\$23,265	1.618
Three Separate Equal Parcels:	\$0.34	x	35,250	Sq. Ft.	=	\$11,985	0.809



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Site 9:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 9	2.30	100,000

Highest and Best Use:

The overall shape of this parcel of land is rectangular. It is located immediately adjacent to the large parallel taxiway which serves the main runway and offers ingress and egress to virtually all points on the airport. It's visibility and access are excellent. We understand it is served with all utilities. Because it is adjacent to a large main taxiway, the site could serve intercontinental business jets. It is the only site under appraisal that offers a desirable combination of an excellent location on the airport, an overall size that supports the gamut of general aviation aircraft and straightforward development potential. The site could also be subdivided into two smaller parcels to support individual hangars, but we believe that the assemblage of the aggregate size encompassed by the site in its entirety represents the optimum deployment. This is particularly true when Denton's capacity to support high performance turbine aircraft in the operational phase is considered. It is an ideal corporate hangar site, and also could be used for the support of open bay hangars for maintenance purposes or aircraft management.

This site is also located in this section of the airport where there is considerable development. Based on the capabilities of the supporting system of the main taxiway that can be accessed along the entire western border of the site, we have allocated a per square foot rental of \$0.37 per square foot. Subdivision of the parcel could potentially higher rental rates. Because of the sites prime location, and the generous apron that could possibly be added by developing to the west of the main site, we would not recommend dividing this into more than two separate parcels. An argument could be made that the site should be held for lease in its entirety. The main parallel taxiway would require connectors in order to provide aircraft ingress and egress into the site from the airport's operational surfaces. In the case of the user that would use the site in its entirety and probably incorporate land to the west of the delineated area as shown in our illustration presented earlier site you user would likely be of the size and scope that we believe these connectors do not warrant a discount. If the site was subdivided into two, north and south parcels, the northern parcel would require a road to connected with the vehicle road located to the south of the parcel. That would not only require the investment in the pavement etc., and it would also require a right of way to be allocated on the southern portion of the aggregate site. This would slightly diminish the available land on the parcel to the south. We would recommend that this area be leased to the tenant on the north parcel. We don't recommend any credit for the road. The parcel should be priced in the terms formulated to discourage subdivision of the master parcel, because of its unique location and size. As was expressed with regard to Site 7, the layout and position of the sites that were ultimately developed in this case, have an effect on a subdivided value, and we reserve the right to change our value conclusions based on the specifications pertinent to the size and location of a subdivided element of the site. The overall rental for the site under this scenario is as follows:



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Site 9

	<u>Per SF</u>		<u>SF Allocated</u>			<u>Annual Rent</u>	<u>Acres Allocated</u>
Primary Airside Land:	\$0.37	x	100,000	Sq. Ft.	=	\$37,000	2.296
Two Separate Equal Parcels:	\$0.40	x	50,000	Sq. Ft.	=	\$20,000	1.148

Site 10A:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 10A	0.53	23,000

Highest and Best Use:

The location of this property in the same general region of Site 9, but is setback and oriented to the south, and is not immediately adjacent to the main taxiway. This general area of the airport has four similar types of sites with regard to configuration and orientation. The site is well-suited for a small to medium-size corporate hangar facility and/or maintenance hangar. It is served with all utilities, and other airport infrastructure.

The site possesses little visibility from the airside operational surfaces, and is also located on a capable east-west taxiway system that serves multiple sites in this area of the airport. There is also good landside access for vehicles. The site is level and presents a straightforward development proposition. Its small size also offers the potential for larger sector of the marketplace which includes owner-flown jet aircraft. Based on the foregoing, believes that a rental rate of \$0.35 per square foot is appropriate for this site. This reflects the availability of infrastructure and the fact that this is a smaller parcel:

Site 10A

	<u>Per SF</u>		<u>SF Allocated</u>			<u>Annual Rent</u>	<u>Acres Allocated</u>
Primary Airside Land:	\$0.35	x	23,000	Sq. Ft.	=	\$8,050	0.528

Site 10B:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 10B	0.69	30,000

Highest and Best Use:

This site is just to the East of Site 10A and is slightly larger. It shares the same availability of utilities and airport infrastructure and is also located on the same access taxiway. This parcel is also well suited to small and medium-sized hangars aimed at either the owner flown turbine market or smaller flight departments.

Based on the foregoing, we determined that a per square foot rental rate of \$0.35 is appropriate for the site. The characteristics to the adjoining parcel are applicable to both. The overall rental for the aggregate parcel is as follows:



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Site 10B

Primary Airside Land:	<u>Per SF</u> \$0.35	x	<u>SF Allocated</u> 30,000	Sq. Ft.	=	<u>Annual Rent</u> \$10,500	<u>Acres Allocated</u> 0.689
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Site 11A:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 11A	0.75	32,500

Highest and Best Use:

The location of this property in the same general region of Site 9. The site is under an acre and this characteristic is a major factor in its Highest and Best Use. The site is ideal for a small to medium-size corporate hangar facility. It is served with all utilities, and other airport infrastructure.

The site possesses very good visibility from the airside operational surfaces as of the date of the appraisal. It should be noted that development of Site 9 might change this parcels visibility, depending on what is constructed and where, on Site 9. It is approximately three quarters of an acre and has the advantage of being immediately adjacent to the road which offers direct access from Westcourt Road to the east. We've determined that a rental rate of \$0.35 per square foot for the site is appropriate. The overall rental for the aggregate parcel is as follows:

Site 11A

Primary Airside Land:	<u>Per SF</u> \$0.35	x	<u>SF Allocated</u> 32,500	Sq. Ft.	=	<u>Annual Rent</u> \$11,375	<u>Acres Allocated</u> 0.746
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Site 11B:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 11B	1.73	75,500

Highest and Best Use:

This particular site is also located in the same southeast development area as the other parcels valued in this section of the report. The site is large and level, consisting of approximately 1.75 acres. It is served with all utilities and also has a capable taxiway system located to the north, and of vehicle road immediately adjacent to the South. Its configuration is long and rectangular and the depth of larger hangars that might normally go on a site of this size are an issue in value. We have been asked to consider the parcel as subdivided, to accept 70' x 70' hangars. Based on a building coverage of approximately 40% of the total site under this scenario, this would yield six sites of just over 12,500 square feet.

Based on the location and size, we have determined that an appropriate rental rate for this parcel is \$0.33 per square foot when leased in its entirety. Rental rates would be \$0.37 per square foot when marketed as small premium parcels. The overall rental for the aggregate parcel is as follows:



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Site 11B

	<u>Per SF</u>		<u>SF Allocated</u>			<u>Annual Rent</u>	<u>Acres Allocated</u>
Primary Airside Land:	\$0.33	x	75,500	Sq. Ft.	=	\$24,915	1.733
Six Equal Parcels:	\$0.37	x	12,583	Sq. Ft.	=	\$4,656	0.289

Site 5:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 5	2.20	96,000

Highest and Best Use:

The site is large enough to support a wide variety of general aviation applications and can be used in aeronautical-industrial capacity to support more sophisticated maintenance and manufacturing airport operations. The parcel is located on the easternmost band of airside development, is not visible from the operational surfaces located to the west. It also is a long and rectangular shaped site with a configuration that has more impact on the size and the utility of hangar structure that is developed upon it.

This site connects to the operational surfaces via a taxilane that is located adjacent to the airport's T hangars developed to the southwest of the site, and the connection length is approximately 50 feet. Because of its size and location, the overall rental which would apply to it is lower than the primary parcels elsewhere on the airport. It is also obviously appropriate to consider that it would be developed in its entirety by one user. What is more realistic is to consider this parcel as a secondary site which would be held for a larger user that desired the utility that the extra area contained within it offered. Based on this analysis, we have determined that an appropriate rental rate for this parcel is \$0.30 per square foot. The overall rental for the aggregate parcel is as follows:

Site 5

	<u>Per SF</u>		<u>SF Allocated</u>			<u>Annual Rent</u>	<u>Acres Allocated</u>
Primary Airside Land:	\$0.30	x	96,000	Sq. Ft.	=	\$28,800	2.204

Site 4:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 4	4.36	190,000

Highest and Best Use:

In aggregate, this site is appropriate for applications that require larger supporting assemblages of land. It also could be subdivided into a number of smaller parcels. The site is served with all utilities but does not have direct taxiway access as of the date of the appraisal. The client has asked us to consider the value that incorporates the assumption that the user would need to bear the expense of connecting the site to the east-west taxiway leading to the runways located to the west of the property. Discussions with airport management indicates that this process is straightforward from an administrative



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standpoint and anticipates that the technical characteristics of the taxiway would not be disproportionate when considered as a portion of the development costs applicable to this parcel. Airport management estimates that the taxiway connector would involve approximately 150 feet of distance and would require the closing of a portion of Skylane Road. As is the case with Site 9, the assemblage value of this parcel tends to encourage its use in aggregate. It is the largest site available with regard to total size as of the date of the appraisal. Large corporate flight departments, maintenance facilities and aircraft management firms that required large-sized hangars would all be possibilities for the site. The width of the taxiway system which would ultimately be connected to it would not allow simultaneous east-west operations, however this is a consideration that can be easily dealt with through coordinated procedures with ATC ground control.

This site has no visibility from the operational surfaces and is in a portion of the airport where there is limited development to the north and south. Leased in its entirety, we believe that the appropriate square foot rental value would be \$0.35 per square foot. This recognizes that the size and configuration of the property offers a lot of possibilities, and that because of the good levels of absorption at Denton Enterprise, there is currently a dearth of airside land in general, and very few sizable sites specifically. This is consistent with well-located parcels in the Dallas-Ft. Worth metropolitan area. The overall rental for the aggregate parcel is as follows:

Site 4

Primary Airside Land:	<u>Per SF</u>	x	<u>SF Allocated</u>	Sq. Ft.	=	<u>Annual Rent</u>	<u>Acres Allocated</u>
	\$0.35		190,000			\$66,500	4.362

Site 3:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
Site 3	1.61	70,000

Highest and Best Use:

The overall shape of this parcel of land is L-shaped. It also must be connected to an east-west taxiway which is adjacent to its northwest corner. The considerations applicable to this property mirror those applicable to Site 4. Consideration would need to be given to the size and configuration of the aircraft that would be envisioned for the development.

The site is served with all utilities but does not have direct taxiway access as of the date of the appraisal. The client has asked us to consider the value that incorporates the assumption that the user would need to bear the expense of connecting the site to the east-west taxiway located to the west of the property. Discussions with airport management indicates that this process is likewise straightforward from an administrative standpoint and anticipates that the technical characteristics of the taxiway would not be disproportionate when considered as a portion of the development costs applicable to this parcel. Airport management estimates that the taxiway connector would involve approximately 100 feet of distance. A portion of Skylane Road would also have to be closed. The site's visibility from the operational surfaces is less of a consideration for



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smaller size hangars, and this site has an advantage with regard to its proximity to the airport terminal area and the main FBO on the facility. This area is probably most suitable for the support of small to midsize general aviation aircraft facilities. It is also located in this section of the airport where there is considerable development. Based on the constraints of the supporting system of taxiways that may limit the type and size of development that takes place on this parcel, we have allocated a per square foot rental of \$0.33. The overall rental for the aggregate parcel is as follows:

Site 3

Primary Airside Land:	<u>Per SF</u>		<u>SF Allocated</u>				<u>Annual Rent</u>	<u>Acres Allocated</u>
	\$0.33	x	70,000	Sq. Ft.	=		\$23,100	1.607

North Pad Site:

<u>Parcel</u>	<u>Acres</u>	<u>Square Feet</u>
North Pad Site	0.18	8,000

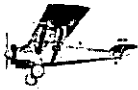
Highest and Best Use:

The location of this property represents the extreme end of the northern portion of the airport. This property would need a taxiway connection running to the west in order to connect to the main parallel taxiway system. Other than this feature, we understand that it is served by all utilities. It is a very small site. It is a site that could be developed with a small executive type hangar, and there is a robust market for this type of facility at Denton. The location is somewhat remote; however, some general aviation aircraft owners prefer this characteristic. Particularly those involved in home-built aircraft projects.

The site does possess excellent visibility from the airside operational surfaces and is also located in an area that contains most of the older development that currently exists on the airport. While the site is marketable to a broad section of the general aviation pilot population, it is not necessarily a true "pad site" due to the need for the connecting taxiway and the lack of any paving on the property. In the Dallas-Fort Worth Metroplex, premium pad sites generally are immediately adjacent to shared apron and taxiway systems and typically produce desirable economic development parameters for their lessees. However, we still attribute a premium characteristic to this size site given the nature of the marketplace at Denton. Based on the foregoing, we believe that a rental rate of \$0.35 per square foot is appropriate for this site. The overall rental for the aggregate parcel is as follows:

North Pad Site

Primary Airside Land:	<u>Per SF</u>		<u>SF Allocated</u>				<u>Annual Rent</u>	<u>Acres Allocated</u>
	\$0.35	x	8,000	Sq. Ft.	=		\$2,800	0.184



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We have been informed by airport management that several parcels are under option and/or agreement by entities that wish to develop property on the airport. We would recommend that in the event the proposed transactions do not consummate in the future, that these particular parcels be valued in order to determine the appropriate market rental rate for each, specifically taking into account their individual elements. This recognizes the specific characteristics and developmental challenges, along with the normal locational and infrastructural considerations that apply to the vacant land parcels on the airport. Denton has exhibited an above-average absorption of airside sites over the last 25 years. There are over 30 different entities with airside leaseholds on the airport. In addition to development by third parties, the airport has also undertaken airside development with airport-owned improvements. This has caused a number of parcels to exist in somewhat scattered, isolated locations, along with creating a some developmental challenges with regard to infrastructure and access to the airport's runway and taxiway system. By developing unique and specifically estimated market value, the airport will place itself in the best position to gain the maximum possible return on the airside property assets and appropriately position itself in the marketplace that it competes in.

T Hangars and Box Hangars

The next category of airside real estate relates to T hangars. As previously mentioned there are a number of T hangars on the airport that both belong to the City of Denton, and to third-party developers who have built on the airport since the 1990s. There are a variety of sizes and styles available. The general characteristics of the marketplace that pertains to T hangars surrounding Denton Enterprise Airport relate to the numbers of similar facilities located in the general Dallas-Fort Worth Metroplex, and the overall supply of units that are available. The Dallas-Fort Worth area is an extremely active, and highly concentrated region containing a wide variety of aviation applications that ranges from air carrier entities at extremely busy airports that serve them, along with virtually all elements of general and military aviation. There are also significant aeronautically oriented industrial users that relate to depot level maintenance and repair, along with numerous airports supporting the normal constituency that rent T hangars and other forms of shelter which are suitable for small and medium-sized general aviation aircraft.

The market universe of T hangars available surrounding Denton airport is sizable. Many airports offer this desirable form of shelter, and with few exceptions, the range of rental rates that pertain to them is concentrated in a relatively well-defined price bracket. On Denton Airport alone, when the third-party developer units are considered in conjunction with those T hangars offered for lease by the single FBO, the market universe is approximately 100 available units which are more or less comparable to those owned by the city and are the subject of our appraisal.

As can be seen, in the pictures that are presented earlier in the report, the T hangars under consideration are relatively new, and we are informed that they were constructed over a