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**Dominion Realty Advisors, Inc.**  
Real Estate Appraisers and Consultants

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February 26, 2019

Mr. Jody Midgette  
9022 Caratoke Highway  
Harbinger, North Carolina 27941  
Phone: 252-491-8500  
[jody@midgetteauto.com](mailto:jody@midgetteauto.com)

Reference: *Appraisal Report*  
**USED CAR SALES FACILITY**  
5409 Virginia Beach Boulevard  
Virginia Beach, Virginia 23462  
(DRA File #055-19)

Dear Mr. Midgette

Pursuant to your request, we have inspected the above referenced property more fully described in the body of this report and assembled data indicative of the market value "as is" of the fee simple estate in the subject. The subject of this report is a 1,749-square foot used car sales facility originally developed for use as a single-family dwelling in 1959, with remodeling in 2008, on a 31,603-square foot site. On the date of inspection, the subject appeared to be in average condition for its age with no significant deferred maintenance. The value estimated herein does not include personal property, trade fixtures or intangible items.

We submit the following report which contains the most pertinent of the data assembled, our analysis and conclusions. This report has been prepared in accordance with the Code of Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It has further been prepared in consideration of the Uniform Standards of Professional Appraisal Practice (USPAP) as developed by the Standards Board of the Appraisal Foundation, the guidelines set forth by the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Interagency Appraisal and Evaluation Guidelines.

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February 26, 2019

Based on our analysis of the data, subject to the assumptions, definitions and limiting conditions set forth in this report, it is our opinion that the market value "as is" of the fee simple estate in the subject, as February 14, 2019, was:

**ONE MILLION ONE HUNDRED FORTY THOUSAND DOLLARS ..... \$1,140,000**

Of which \$950,000 was attributable to the land.

This letter must remain attached to the report, which contains 43 pages plus related exhibits, in order for the value opinion set forth to be considered valid.

Thank you for this opportunity to be of service and if we can be of any further assistance, please advise.

**DOMINION REALTY ADVISORS, INC.**  
**Real Estate Appraisers and Consultants**



**David E. Richards, MAI, Principal**  
**VA Certified General R. E. Appraiser**  
**License #4001-001053**



**David L. Stankus, Associate**  
**VA Certified General R.E. Appraiser**  
**License #4001-003158**

## **APPRAISAL REPORT**



**USED CAR SALES FACILITY  
5409 Virginia Beach Boulevard  
Virginia Beach, Virginia 23462**

**As Of**

**February 14, 2019  
(Market Value "As Is")**

## EXECUTIVE SUMMARY

Property/Location:	<b>USED CAR SALES FACILITY</b> 5409 Virginia Beach Boulevard Virginia Beach, Virginia 23462
DRA File Number:	055-19
Date of Inspection:	February 14, 2019
Date of Valuation:	February 14, 2019
Property Rights Appraised:	Fee Simple Estate
Real Estate Taxes:	\$9,641.04 based on the current (2018-2019) total assessment of \$961,700.
Zoning:	B-2, Community Business District. It was reported that there is a Conditional Use Permit for continued operation of the subject as a used car sales facility which runs with the land.
Flood Hazard Zone:	Zone X, an area of minimal flood hazard, as indicated on Community Panel #515531-0081G, dated January 16, 2015.
Property Description:	The subject of this report is a 1,749-square foot used car sales facility originally developed for use as a single-family dwelling in 1959, with remodeling in 2008, on a 31,603-square foot site. On the date of inspection, the subject appeared to be in average condition for its age with no significant deferred maintenance. The value estimated herein does not include personal property, trade fixtures or intangible items.
Highest and Best Use	
As If Vacant:	Commercial development as permitted by zoning.
As Improved:	Continued utilization as a used car sales facility.
Market Exposure/Marketing Time:	6 to 12 Months Each

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## **PURPOSE OF THE APPRAISAL**

The purpose of this appraisal is to describe the data and analysis that lead to a logical conclusion of the market value “as is” of the fee simple estate in the subject as of February 14, 2019.

## **INTENDED USE AND USER OF THE APPRAISAL**

The intended use of this appraisal is for asset management purposes by Mr. Jody Midgette. Dominion Realty Advisors, Inc., was retained by Mr. Jody Midgette by Authorization and Agreement for Real Estate Consultation Services dated February 11, 2019, a copy of which is in the Addendum. The appraisal has been accomplished for the use of Mr. Jody Midgette.

## **DATE OF VALUATION AND DATE OF REPORT**

The subject property was inspected on February 14, 2019, which will serve as the date of valuation for the subject. The issuance date of the appraisal is February 26, 2019.

## **SCOPE OF THE APPRAISAL**

The scope of this appraisal assignment is to conduct the investigations necessary to gather sufficient data from which an opinion of value can be derived. The Cost and Sales Comparison Approaches to Value have been utilized in order to estimate the market value “as is” of the subject. The absence of a value estimated via the Income Capitalization Approach does not adversely affect the accuracy or reliability of the Appraisal Report. At the request of the client, the appraisal has been accomplished as an Appraisal Report in a narrative format. The value estimated herein is for real estate only with no value attributed to personal property, trade fixtures or intangible items.

An inspection of the property and its market area was conducted to determine the physical features and condition of the subject and the environment in which it is located. A search of municipal records has been completed to ascertain the current and historical assessment and ownership data regarding the property. Contacts were made with other municipal authorities (public works and utilities, zoning administration, planning, etc.) to determine compliance or noncompliance to local, state and federal regulations.

Properties similar to the subject were explored throughout the market area to determine existing and proposed inventory, supply and demand and marketability of properties within the subject classification. A thorough research effort was conducted to extract market data to be used in the application of the appropriate approaches to value. The Cost Approach has been accomplished by first valuing the land “as if vacant” with the depreciated contributory value of the building and site improvements estimated via *Marshall Valuation Service*. The Sales Comparison Approach has been accomplished utilizing three sales of comparable buildings from the Virginia Beach and Chesapeake market areas.

The most pertinent of this data has been reported and every effort was made to verify the authenticity of this information from public records and personal interviews. To the best of our ability, the research, analysis and interpretation of the information in the marketplace was completed in accordance with sound appraisal principles and the opinions and conclusions of value are considered to be reasonable and reliable.

## **DEFINITIONS**

### **Market Value**

Market Value, as used in this report, is defined in the Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C - Appraisals, 34.42 Definitions [f] as follows:

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and each acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

### **Fee Simple Estate**

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Source: Appraisal Institute, Dictionary of Real Estate Appraisal, Sixth Edition, 2015; Page 90.

### **As Is Market Value**

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Source: Appraisal Institute, Dictionary of Real Estate Appraisal, Sixth Edition, 2015; Page 13.

## PROPERTY RIGHTS APPRAISED

The value estimate as set forth in this report is the market value, as defined, assuming a fee simple estate with no encumbrances that cannot be cleared through normal channels.

## DESCRIPTION FOR IDENTIFICATION

The subject is a used car sales facility operating as Shoreline Auto Center. The street address is 5409 Virginia Beach Boulevard, Virginia Beach, Virginia 23462. The subject is identified by the City of Virginia Beach Real Estate Assessor's Office as GPIN 1467-57-2373. A copy of the legal description, as contained within the most recent deed for the subject, is in the Addendum.

## OWNERSHIP

The subject is in the name of M&W Holdings, LLC, who received title from Shoreline Investments, LLC, by Deed of Bargain and Sale dated April 17, 2015 as recorded in Instrument #20150424000366660 on April 24, 2015 for \$1,050,000. The market value "as is" estimated herein of \$1,140,000 is somewhat greater than the most recent purchase price for the subject; however, it was reported that the consideration of \$1,050,000 was based on a purchase option negotiated well before the sale of the subject in April 2015. As such, the market value "as is" estimated herein of \$1,140,000 is reasonable in light of the purchase price for the subject in April 2015 for \$1,050,000.

The subject is currently not listed for sale or under contract.

## ASSUMPTIONS AND LIMITING CONDITIONS

### General Assumptions

1. The owner of record is assumed to have a free and clear fee simple title with no encumbrances that cannot be cleared through normal channels.
2. The information on which this appraisal is based has been obtained from sources normally used by **Dominion Realty Advisors, Inc.** and is considered to be reliable, but is in no sense guaranteed.
3. The information furnished by others is believed to be reliable. No warranty is given for its accuracy.
4. **Dominion Realty Advisors, Inc.** reserves the right to alter its opinion of value on the basis of information withheld or not discovered in the normal course of a diligent investigation.
5. The appraisers assume no responsibility for the legal description or matters of a legal nature affecting the property or the title thereto. The appraisers do not render any opinion as to title, which is assumed to be good and marketable.
6. Responsible ownership and competent property management are assumed.



7. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. The appraisers are not required to give testimony or appear in court because of having made this appraisal with reference to the property in question, unless arrangements have been previously made therefore. The fee charged for this appraisal does not include payment for court testimony or for further consultation.
11. No opinion of an engineering nature is intentionally expressed or implied and no responsibility is assumed for matters of this nature.
12. No survey was made especially for this appraisal. Property lines, area, etc., of record or otherwise provided, are assumed to be correct.
13. No engineering survey has been made by the appraisers. Except as specifically stated, size and area were taken from sources considered reliable and no encroachment of real property improvements is assumed to exist.
14. Maps, plats and exhibits are for illustration only as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.
15. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
16. No opinion is expressed as to the value of subsurface oil, gas or mineral rights. The property is not subject to surface entry for the exploration or removal of such materials except as is expressly stated.
17. Disclosure of the contents of the appraisal is governed by the Bylaws and Regulations of the professional organizations with which **Dominion Realty Advisors, Inc.** is affiliated.
18. Acceptance of and/or use of this report constitutes acceptance of these assumptions and limiting conditions.
19. This report is intended to comply with the Code of Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It is further intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) and the guidelines set for by the Financial Institution's Reform, Recovery and Enforcement Act of 1989 (FIRREA).

### **Limiting Conditions**

1. Possession of this report, or a copy, does not carry with it the right of publication.

2. Neither all nor any part of the contents of this report (especially any conclusions as to value, identity of the appraisers or firm with which they are connected or any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through the advertising media or any other public means of communication without the prior written consent and approval of **Dominion Realty Advisors, Inc.** and the signatories of the report. Acceptance of and/or use of this report constitutes acceptance of these restrictions.
3. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
4. The forecasts, projections or operating estimates contained herein are based upon current market conditions, anticipated short term supply and demand factors and a continued stable economy. These forecasts are, therefore, subject to changes in future conditions.
5. Load bearing capacity of subsoil is assumed to be adequate for the existing utilization, but no borings or engineering studies have been made especially for this appraisal and the value conclusion could be affected by such information.
6. Unless otherwise stated in this report, the appraisers make no representation or warranties as to the adequacy of proposed appliances, electrical systems, plumbing and heating, air conditioning, presence of insulation, adequacy or condition of structural systems or any other subsystem within the property. The appraisers assume no responsibility for any costs incurred to discover or correct any deficiencies present in the property.
7. Unless otherwise stated, no consideration in the valuation process has been given to mineral deposits (oil, gas, coal, gravel, etc.) or timber, if any, that may be found on the subject.
8. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
9. The appraisers have prepared this report in compliance with the Competency Provision explicitly detailed in the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisers are fully experienced in the appraisal of this product type (see Qualifications).
10. On January 26, 1992, the Americans with Disabilities Act (ADA) took effect. This report has not considered this act and the impact it may have on the subject with respect to general compliance and renovation costs. Should a report be provided which indicates a required renovation, we reserve the right to amend this report.

## CERTIFICATION

The undersigned certifies that to the best of his knowledge and belief and except as otherwise noted in this appraisal report:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, unbiased professional analyses, opinions and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
4. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.
5. Our analyses, opinions and conclusions were developed and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
6. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
7. As of the date of this report, David E. Richards, MAI has completed the requirements under the continuing education program of the Appraisal Institute.
8. David E. Richards, MAI and David L. Stankus have made personal inspections of the exterior of the property that is the subject of this report. David L. Stankus has made a personal inspection of the interior of the property that is the subject of this report.
9. Other members of the staff of **Dominion Realty Advisors, Inc.** have assisted in obtaining and processing portions of the data used.
10. The appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.
11. The undersigned hereby certifies 1) that this appraisal conforms to the Uniform Standards of Professional Appraisal Practice issued by the Appraisal Standards Board of the Appraisal Foundation, to the applicable provisions of Title XI of the Federal Financial Institution Reform, Recovery and Enforcement Act of 1989, 12 USC 3310, 3331-3351, and to the regulations of the Federal Reserve System, 12 CFR Parts 208 and 225 and 2) the undersigned holds the requisite license issued by the Virginia Real Estate Appraiser Board to be able to perform this appraisal in compliance with Virginia law and regulation.
12. Dominion Realty Advisors, Inc., has not provided any services regarding the subject within the prior three years as appraisers or in any other capacity.

**CERTIFICATION  
(Continued)**

Based on our analysis of the data, subject to the assumptions, definitions and limiting conditions set forth in this report, it is our opinion that the market value "as is" of the fee simple estate in the subject, as February 14, 2019, was:

**ONE MILLION ONE HUNDRED FORTY THOUSAND DOLLARS ..... \$1,140,000**

Of which \$950,000 was attributable to the land.

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# Region Map



## REGIONAL ANALYSIS

### *Norfolk-Virginia Beach-Newport News, VA-NC Metropolitan Statistical Area*

The physical features of the Hampton Roads region offer a positive environment for residents and businesses alike. Cultural, social, recreational, and educational opportunities are readily available to the influx of new households into the region. New and existing businesses are also supported by an excellent network of transportation routes, the physical features bolstering the tourist business, and one of the largest and most aggressive port facilities in the world. The Mid-Atlantic location should continue to attract residents and businesses to this region.

The population of the region has continued to experience increases in personal and household incomes. However, the current economic environment has slowed the amount of growth, and unless there is upsurge in economic recovery, there is a possibility of effective income loss as incomes growth is not keeping pace with increases in the cost of living. While average income levels are somewhat low compared to average state income levels, the military makes additional contributions in terms of non-cash benefits, which, in effect, increase actual household incomes over most published data. With this factor in mind, the region's average household income is on par with that of the state. However, these non-cash benefits will obviously decrease if the downsizing of the military continues.

Retail sales are influenced greatly by tourism in Hampton Roads. With historical Williamsburg to the northwest, the oceanfront at Virginia Beach to the southeast, and many attractions in between, it is only natural that the retail sales segment of the total economy rises and falls with the level of tourism. Economic forces affecting retail sales weakened during the recent recession and 2009 actually registered the first decrease in retail sales. However, the region has rebounded since the recession and retail and restaurant sales are increasing. Attendance at the regions tourist attractions have stabilized with Virginia Beach seeing the strongest growth over the past couple years. Region wide, the most recent tourism data, as released by the State, indicates growth in tourist spending between 2010 and 2014.

With the increase of new businesses entering the market and the expansion of The Port of Hampton Roads, there was an increase in building activity throughout the region between 2001 and 2006. The level of residential development decreased dramatically in 2007 through 2011. However, when compared to development in 2010 to 2012 there was growth in residential construction in 2013 to 2015, especially in the moderate price levels. Commercial development was also negatively impacted by the recession with virtually every commercial and industrial segment showing signs of softening as a result of the weakened economy. However, since the end of the recession, there has been a gradual improvement in most segments of the commercial market as reflected by decreasing vacancy rates in industrial, office and retail segments. As the economy continues to recover, continued improvement in these segments is forecast, as long as excessive speculative development is not undertaken.

Critics of the Hampton Roads marketplace point to the fact that the economy is too heavily dependent upon government and military spending. In the past, this dependence has created "boom and bust" years depending largely upon the region's capture of defense dollars. This reliance was long cited as a weakness of the region and, in an effort to minimize this reliance on defense spending, the region has diversified substantially. However, during a recession, the military presence helps stabilize the region so that the impact of the recession was not as devastating in Hampton Roads as it was in some areas of the country. The BRAC decisions have had an impact on the region's economy, especially in the City of Hampton, although the long-term effect has yet to be determined. However, attempts to authorize a new round of BRAC have been overwhelmingly defeated where in 2015 the House Armed Services Committee voted down the idea 60-2. Furthermore, a Defense Department official stated that "Norfolk isn't ever going to be on the list. It's one of the finest platforms in the entire world."

Two influential testimonials to the quality of life in the region and the caliber of the work force are the number of new industries choosing Hampton Roads over the past several years and the emergence of the Port as one of the most important shipping centers on the East Coast. The Hampton Roads region is expected to continue to grow and gain in importance as a metropolitan area in Virginia and on the Eastern Seaboard. However, the recovery from the recent recession is expected to be slow. Thus, it will take several years for the economy to fully recover.

# City Map





# ECONOMIC AND DEMOGRAPHIC OVERVIEW

## *City of Virginia Beach*

The City of Virginia Beach is one of sixteen municipalities that comprise the Norfolk-Virginia Beach-Newport News Metropolitan Statistical Area (MSA). The city is in what is locally known as Southside Hampton Roads. Virginia Beach is bordered by the waters of the Chesapeake Bay to the north, the Atlantic Ocean to the east, the State of North Carolina to the south, and the Cities of Chesapeake and Norfolk to the west.

Prior to English settlement, the region was part of the Powhatan Confederacy consisting of approximately 30 tributary peoples under the leadership of the paramount chief, Wahunsunacawh (Powhatan to the English). On April 26, 1607, the first English colonists step upon what would become the Virginia Colony at Cape Henry. Today, this site is part of First Landing State Park. Virginia Beach was established when Princess Anne County and the resort town of Virginia Beach merged in 1963. The city currently covers approximately ±497 square miles, of which ±248 square miles is water, and is the largest municipality by total land size in the MSA.

The city is ±120 miles southeast of Richmond and ±220 miles southeast of Washington, D.C.

### CLIMATE

#### *Virginia's Climate*

In the *Virginia's Climate*, published by the Climate Office in the Department of Environmental Sciences at the University of Virginia, climatologists Bruce P. Hayden and Patrick J. Michaels state that Virginia has five different climate regions: the Tidewater, Piedmont, Northern Virginia, Western Mountain, and southwestern Mountain regions. As a result, the state of Virginia has a more diverse climate than many states within the nation. For example, the Piedmont region has long growing seasons with good rainfall and infrequent subzero temperature minimums. The mountain regions, particularly along the Blue Ridge, experience bitterly cold winters similar to those in Chicago. This variation in climate is due, in part, to the Atlantic Ocean and the Gulf Stream, the Appalachian and Blue Ridge mountain systems, and Virginia's complex pattern of rivers and streams.

A diverse climate greatly benefits Virginia's agricultural industry. However, the close proximity of diverse regions can result in varying and unusual weather patterns that could potentially cross boundaries between climate zones and, in extreme cases, cause droughts, crop failure, and economic loss.

According to the Southeast Regional Climate Center at the University of North Carolina, the average annual temperature in Virginia is ±56.5 F° and the average annual precipitation is ±43.2 inches. Typically, the month of July is the hottest month of the year with an average of ±74.8 F°, whereas January is the coldest month with an average of ±34.8 F°. On average, the summer months experience the highest rainfall, while the highest snowfall rates occur during the winter months, and typically in the southwestern and northwestern regions of the state.

## ***Virginia Beach Climate Averages***

The City of Virginia Beach is within the Tidewater climate region of the state and occupies a generally flat peninsulas extending eastward into the Chesapeake Bay. There are, therefore, no physical barriers influencing air mass movement within the Tidewater climate region of Virginia.

Temperatures rarely fall below zero and the summer months do not see extremely hot weather. Typically, the month of July is the hottest month of the year with an average of  $\pm 87.0^{\circ}\text{F}$  whereas January is the coldest month with an average of  $\pm 31.9^{\circ}\text{F}$ . Average annual rainfall is  $\pm 47.8$  inches distributed throughout the year, but with maximum amounts typically falling in late summer. Snowfall precipitation, within the region, on average totals  $\pm 7.1$  inches. On average, Virginia Beach enjoys  $\pm 213$  sunny days per year.

## **POPULATION TRENDS**

A highly significant indicator of structural change within a regional economy is the rate of increase or decline in an area's population base. Typically, population growth benefits businesses, creates jobs, and enhances all aspects of the local tax base. The rate of increase or decline in an area's population base also has a direct and obvious effect on real estate values. Since the supply of land is fixed, an increase in the population base will be reflected in a higher demand for property. Naturally, this pattern of demand will be translated into value for the whole spectrum of property types within the region.

### ***New Delineations for Metropolitan Areas***

In February 2013, the Office of Management and Budget (OMB) reassessed the delineation of the Hampton Roads MSA and removed Surry County and added Gates County, North Carolina. NOTE: the number of workers commuting from to Surry to other municipalities within the Norfolk-Virginia Beach-Newport News MSA dropped below the 25% requirement and, therefore, Surry is no longer included as one of the municipalities within the MSA. As a result of these changes in delineation, current population estimates do not accurately compare with those from the 2010 Census because of the removal of Surry County and the addition of Gates County, North Carolina to the Hampton Roads MSA. For the purpose of accurate analysis, all further discussion will use the the new delineation for the MSA for data collected in 2000 and 2010.

Population characteristics and projections for Virginia Beach, Southside Hampton Roads, and the Hampton Roads MSA are summarized in the following table.

**Population Trends, 2000 – 2030 (*Estimates*)**

Municipality	2000 Census	2010 Census	2015 Estimates	Annual Rate 2000-2010	Annual Rate 2000-2015	Annual Rate 2010-2015	2030 Projected
City of Virginia Beach	425,257	437,994	452,745	0.3%	0.4%	0.7%	430,495
Southside (VA part)	1,052,814	1,118,396	1,155,243	0.6%	0.6%	0.7%	1,228,358
Hampton Roads (VA part)	1,558,180	1,648,136	1,694,891	0.6%	0.6%	0.6%	1,835,529
Virginia	7,079,030	8,001,024	8,462,749	1.2%	1.2%	1.1%	9,645,281
Nation	281,162,411	308,745,538	321,418,820	0.9%	0.9%	0.8%	358,471,000

Source: U.S. Census Bureau: Population Estimates, June 2016

According to the U.S. Census Bureau, the median age in Virginia Beach in 2016 is estimated at ±36.1. In comparison, the median age within the MSA median is estimated at ±36.3, the state median is ±38.3, and the national median is ±38.0.

The population in Virginia Beach has increased ±6.5% since 1990. This increase is due in part to the transfer of population from more urban areas to outlying suburban communities. The decline in population in Portsmouth and Norfolk since 1990 has resulted in a dramatic increase in population in the adjoining areas of Suffolk, Virginia Beach, Chesapeake. Population analysts predict that this trend will reverse in years to come and are projecting that by 2030, the city's population will decrease ±1.7% from 2010 Census population figures bringing the total populous to around ±430,495.

## **REGIONAL TRANSPORTATION**

### ***Interstate and Highway Linkages***

The City of Virginia Beach has easy access to interstate highways, airports, railways and the Port of Hampton Roads. An excellent interstate and state highway system connects Virginia Beach to both the Southside and the Peninsula of Hampton Roads. Interstates 64 and 264 crisscross Virginia Beach and connect the region to Interstates 664 and 95 approximately 5 and 100 miles northwest of the city, respectively. The area's interstate and highway configuration provide the city with easy access to six of the country's ten largest population centers — *all* within 750 miles of the city.

### ***Airport Accessibility***

Air transportation is more than adequately provided by two international airports and various smaller regional airports.

Norfolk International Airport (ORF) is ±17.1 miles northwest of Virginia Beach and is the largest airport serving Hampton Roads and the surrounding regions, including Southside Virginia. The airport dates back to the 1920s and has become one of the nation's leading regional or feeder airports offering ±130 daily nonstop flights to destinations throughout the country and around the world. There are currently four airline carriers operating at Norfolk International and include American Airlines, Delta, Southwest, and United. In addition to passenger service, the airport provides air cargo services via several carriers, including Federal Express, Mountain Air Cargo, and United Parcel Service.

Newport News/Williamsburg International Airport (PFH) is ±42.6 miles northwest of Virginia Beach and is the second largest airport in Hampton Roads. The airport commenced operation in November 1949. There are currently two airline carriers operating at the airport: Delta and American Airlines provide non-stop service to Atlanta, Charlotte, and Philadelphia. In addition to passenger service, the airport provides corporate and general aviation services through three full service *fixed base operators*: Rick Aviation, Inc., Atlantic Aviation, and Freedom Aviation.

### ***Rail Services***

Norfolk Southern and CSX Transportation provide commercial rail service to the MSA, including the City of Virginia Beach. Commodities can reach every major distribution center east of the Mississippi via a one-line haul. All other points within North, Central and South America can be reached via one or more interchanges. Passenger rail service is provided via the Amtrak terminal in Norfolk, ±18.9 miles northwest of Virginia Beach.

### ***Waterways and Ports***

The city is part of the Port of Hampton Roads region which boasts the best natural harbor on the East Coast of the United States. The harbor is ±50 feet deep and maintains an unobstructed channel ideal for even the largest container ships. Located ±18 miles from the open sea, closer than its nearest competitor (Baltimore), Hampton Roads has developed into a thriving shipping center for the immediate region and the East Coast. The Port was the first in the United States to fund and dredge its harbor. This continued effort secures Virginia's status as the deepest commercially developed port on the East Coast. Today, Hampton Roads is internationally recognized as the largest natural deep-water harbor in the world. In 2018, the Port of Virginia continued to be the third most active port on the East Coast and the seventh largest port, by total cargo, in the nation.

Countless companies rely heavily on the region's modern transportation system for their distribution of goods to and from points throughout the United States and the world.

### **MILITARY**

There are three military installations in the City of Virginia Beach, together employing over ±29,000 active duty personnel and over ±12,000 civilian personnel: the Joint Expeditionary Base Little Creek – Fort Story, Oceana Naval Air Station, and NAS Oceana Dam Neck Annex. Note: the Joint Expeditionary Base Little Creek – Fort Story crosses over the city boundaries between Norfolk and Virginia Beach.

On July 19, 2005, BRAC voted to add NAS Oceana to the list of base closures with the suggestion to move the base to Cecil Field, just outside Jacksonville, Florida. However, in June 2006 Jacksonville officials announced the sale of a ±63-acre parcel of Cecil Field to Bridgestone Firestone with additional acreage available to other interested buyers. In January 2007, a Pentagon official formally closed out efforts to move Oceana's jets to Jacksonville. The decision ends the pending threat to Oceana, but leaves the base's long-term future up to the Navy. City officials are being urged to honor the commitment to limit residential and commercial growth around the base in order to keep it in Virginia Beach.

### **TOURISM**

Tourism and convention activities are the major force in the economy of Virginia Beach. The city and its beaches are one of the region's strongest tourist attractions. There are several quality conference centers in the area with over 2,000 meetings being held annually.

Tourism in Virginia Beach is driven primarily by the city's location on the Atlantic Ocean at the mouth of the Chesapeake Bay. The city boasts beach numerous beaches covering miles of shoreline and is listed in the Guinness Book of Records as having the longest pleasure beach in the world. The

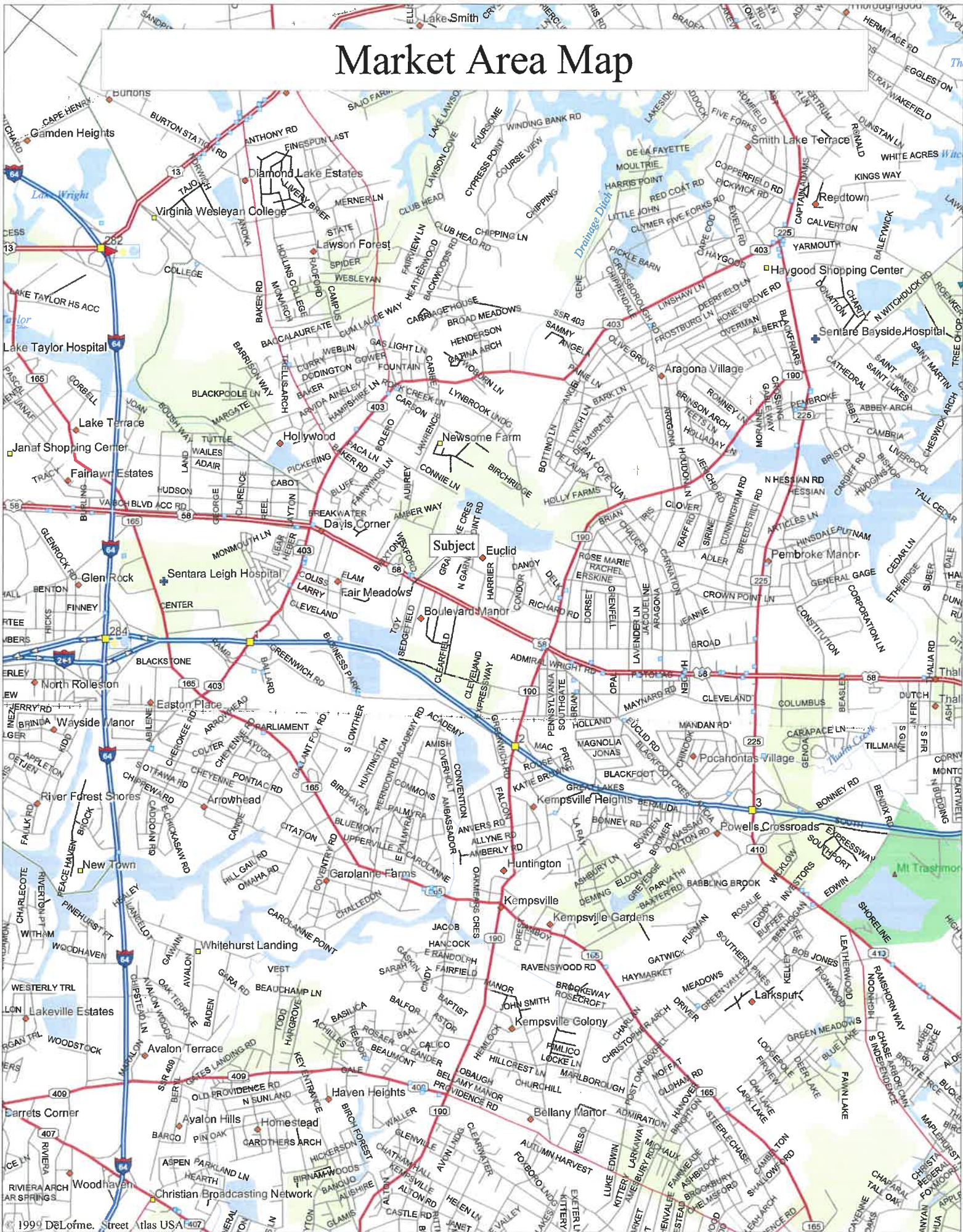
city is also home to the Virginia Aquarium & Marine Science Center, the Virginia Beach Amphitheater, and various shopping and recreational facilities. The annual Neptune Festival attracts over ±500,000 visitors to the city's oceanfront each year and includes the North American Sandsculpting Championships, as well as arts and crafts, food, and entertainment. The NAS Oceana attracts ±350,000 people to its annual air show. In more recent years, the city has become popular with marathon enthusiasts and participants, hosting numerous marathons throughout the year.

## **IN SUMMARY**

Virginia Beach has shown consistent population growth in recent years with continued expansion anticipated through the current decade. The city's diversifying economic base, which includes tourism, retail/wholesale trade, the military, and the service industry, helped bolster the city during the last recession. In January 2007, a Pentagon official formally stopped efforts to move Oceana's jets to Jacksonville. The decision ended that threat to Oceana, but leaves the base's long-term future up to the Navy. City officials are being urged to honor the commitment to limit residential and commercial growth around the base in order to keep it in Virginia Beach.

With a visionary comprehensive plan and an aggressive marketing campaign, Virginia Beach should experience continued, albeit relatively slow, growth into the future. City government continues to improve the planning strategy and is encouraged by the speculative growth characteristics of the region. The city still has many large, open tracts of land available for development that have attracted national companies seeking inexpensive land and an affordable labor force. Virginia Beach is a convenient place to reside and possesses amenities desired by most individuals specific to employment and recreational needs. While some development in the city is continuing, the national and regional recession slowed development and depressed real estate prices. Growth in the city has continued since the recession but has been at a slower pace than before the last recession.

# Market Area Map



## MARKET AREA DESCRIPTION

The subject property is just west of the Pembroke/Town Center area north of Interstate 264 near the intersection of Witchduck Road and Virginia Beach Boulevard. The City of Virginia Beach has identified the Pembroke/Town Center area as the Pembroke Urban Activity Center. The city believes that the Town Center area has the potential to emerge as a high quality, multi-use center of activity encompassing office, retail, hotel, cultural, recreational, entertainment and residential uses.

Development of the Pembroke area began in the mid-1960s with Pembroke Mall, Hampton Roads' first and oldest regional mall. Pembroke Mall contains 600,000 square feet and is situated in the northeast quadrant of Independence Boulevard and Virginia Beach Boulevard. Anchor tenants include Stein Mart and Kohl's department stores. Recent additions to the mall include Nordstrom Rack, REI and Fresh Market (opened April 2016).

West of the mall is Corporate Center, a 32-acre office park which was started in 1981. To date, the total net leasable area is approximately 420,000 square feet. The most recent addition to this park is Corporate Center VI, a 60,000 square foot Class A office building which opened in the fall of 2008. Development of the northwest quadrant is dominated by Pembroke Office Park, a 270,000 square foot development constructed in the mid-1970s and renovated in the early 2000s. Pembroke Office Park represents Class B office space. A variety of small free-standing retail buildings make up the majority of the remaining commercial development in this quadrant.

The southwest quadrant of the intersection consists primarily of older retail commercial development proposed for re-development with a variety of uses to complement the Town Center in the southeast quadrant. During the mid-1980s several small office buildings were developed in the southern portion of this quadrant, and the total development contains less than 100,000 square feet of net leasable area. The most recent new development is a Wal-Mart store on an 11-acre site on the south side of Virginia Beach Boulevard just west of Independence Boulevard. This 155,000-square foot store was completed in 2014 and includes a two-story parking garage. Wegmans Food Market is currently constructing a new store which is scheduled for opening in 2019 in this area.

The dominant development in the Pembroke area is the Town Center, in the southeast quadrant of Virginia Beach and Independence Boulevards, across from Pembroke Mall. Town Center represents a new mixed-use "main street" style development in the core of the City's Central Business District. Spanning over 17 blocks, the Town Center provides a mix of Class A office space, upscale retail, business class hotel, luxury residential, cultural centers, and an array of restaurants. Town Center currently includes the 22-story Armada Hoffer office tower and adjacent 3-story building (300,000 SF total) and a city-owned parking garage, both built in 2002. The One Columbus Center (130,000 SF) office building was the first structure in the area, built in the 1990s. Two Columbus Center (109,000 SF) opened in late 2008.

Phase V of Town Center on Main Street and Town Center Drive will encompass a 15-story office tower, 290 apartments, 23,000 square feet of retail, and approximately 950 parking spaces in a structured garage. Ground broke on Phase V in early 2013 and construction began in spring 2013.

Other recent developments in Town Center include Towne Bank office building, a Hilton Garden Hotel (175 rooms), and 130,000 square feet of specialty retail, including California Pizza Kitchen, PF Changs, Mens Warehouse, 346 Brooks Brothers, Cheesecake Factory, and Keagan's Irish Pub, among others. In addition, Fountain Plaza, the Town Center "square" includes Ruth's Chris Steak House, Bravo Cucina Italian Trattoria, Sonoma Wine Bar and Bistro, Ann Taylor's Loft and The Funny Bone Comedy Club. Dick's Sporting Goods leased an ±84,000 SF free-standing building in Block 12 of the Town Center project in early 2004. The Cosmopolitan, a 341-unit, 12-story luxury apartment building with 850-space parking garage, opened in 2006.

The Westin Virginia Beach Town Center Residences Hotel opened in late 2007 and at 38-stories, is currently the tallest building in Hampton Roads. The hotel contains 215 guest rooms, restaurants and convention facilities, and is topped by 104 luxury condominium units ranging from \$300,000 to \$2+ million. Adjacent to the hotel, the \$50 million, 1,200-seat Sandler Center for the Performing Arts opened in late 2008. At build-out, Town Center will accommodate 4.3 million square feet of mixed-use space, and will have a living and working population of over 24,000.

Adjacent to the east side of Town Center is Columbus Village, including a few older retail facilities including Planet Music (10,817 SF), Barnes & Noble (27,500 SF), Bed Bath & Beyond, a 12-screen cinema, and Columbus Village East (63,000 SF) completed in 2000. In 2013 a portion of Columbus Village with Barnes & Noble and Planet Music was re-demised to allow more tenancy. Planet Music downsized its space from 31,395 square feet to 10,817 square feet. The residual available space was re-demised for multi-tenant occupancy and leased to Ulta (11,980 SF), an upscale cosmetics store and Five Below (7,505 SF), a discount retailer with price points from \$1.00 to \$5.00.

Near the intersection of Independence Boulevard and Interstate 264 is the vacant former Circuit City (38,400 SF) store, small shops and Best Buy (43,000 SF). The City of Virginia Beach purchased the Circuit City site for a possible light rail station, however, in 2012 the city leased the facility to Priority Auto Sales for interim use.

The Convergence Center Office Park is at the intersection of Bendix and Bonney Roads in Virginia Beach, just south of the Town Center but north of Interstate 264. The office park also fronts Interstate 264 and good visibility is provided from each of these roadways. This business park includes approximately 360,000 square feet of Class A office space within four buildings. In addition, a new mixed-use development known as City View is under development on the north side of Bonney Road including residential (apartments, condominiums), retail and office uses. When complete City View will contain approximately 800,000 square feet of space and two multi-level parking garages. The apartments and the first parking garage opened in 2009.

Access to major employment centers and neighborhood support facilities is readily available. Access is provided by public transportation (bus) and a well maintained system of local and regional roadways. Major east/west roadways include Interstate 264 and Virginia Beach Boulevard, north of the subject. The Norfolk Central Business District, the regional financial center of Hampton Roads, is on the east side of the Elizabeth River approximately 10 miles west of the subject via Interstate 264. The Virginia Department of Transportation (VDOT) has created a Park-N-Ride commuter station on Holland Road at its intersection with South Independence Boulevard.



Given the central location within Virginia Beach and the general southside Hampton Roads region, it is anticipated that the subject’s immediate vicinity will remain commercial in character for the foreseeable future with more service commercial uses concentrated along the primary transportation arteries including Independence Boulevard and Virginia Beach Boulevard. The area should continue to be an attractive location for residents and businesses due to the central location of the area and the city’s continued efforts to promote the Pembroke area in conjunction with the new Town Center as the Central Business District for the City with a “new urbanism - main street” style of development. As such, the subject market area should remain a desirable location for commercial development and property values should increase in conjunction with overall improvements in the economy.

**REAL ESTATE ASSESSMENT RATIOS AND PROPERTY TAX RATES**

The Office of the Assessor of Real Estate for Virginia Beach was consulted to confirm the current tax structure for the city. The city assesses at a ratio of 100% of market value. The fiscal year is from July 1 to June 30. The 2007-2008 through 2011-2012 real estate tax rate was \$0.89 per \$100 of assessed valuation. The real estate tax rate increased \$0.06 per \$100 of assessed valuation to \$0.95 per \$100 of assessed valuation for the 2012-2013 fiscal year but then decreased to \$0.93 per \$100 for the 2013-2014 and 2014-2015 fiscal years. The tax rate increased \$0.06 per \$100 of assessed valuation to \$0.99 per \$100 of assessed valuation for the 2015-2016 and 2016-2017 fiscal years. The tax rate increased to \$1.0025 per \$100 of assessed valuation for the 2017-2018 and 2018-2019 fiscal years. A summary of the subject’s recent assessments and taxes is as follows:

**5409 Virginia Beach Boulevard  
Virginia Beach, Virginia 23462  
GPIN #1467-57-2373-0000**

Year	2016-2017	2017-2018	2018-2019
Land	\$ 695,300	\$ 790,100	\$ 790,100
Improvements	172,900	179,200	171,600
Total	\$ 868,200	\$ 969,300	\$ 961,700
Tax Rate	x 0.0099	x 0.010025	x 0.010025
Taxes	\$ 8,595.18	\$ 9,717.23	\$ 9,641.04

The market value “as is” estimated herein of \$1,150,000 is somewhat greater than the 2018-2019 total assessment of \$961,700. The majority of the difference is in the valuation of the subject land estimated at \$950,000 in this Appraisal Report as compared to the 2018-2019 land assessment of \$790,100. A review of the assessments for comparable properties in the City of Virginia Beach indicates that the subject is assessed equitably. As such, the subject assessment and, therefore, real estate taxes, are reasonable and appropriate.

## **ZONING AND OTHER RESTRICTIONS**

### **Zoning**

The subject property is zoned B-2, Community Business District. The purpose of the B-2, Community Business District, is to provide land needed for community wide business establishments. It is intended for general application in the city. By creation of this district, business uses will be geographically concentrated. The minimum lot area is 20,000 square feet and the minimum lot width is 100 feet. The area of the subject site is 31,603 square feet and it fronts 235.06 feet adjacent to the south side of Virginia Beach Boulevard. As such, it is a legal, conforming lot. Motor vehicle sales are permitted on a conditional use basis, and it was reported that there is a conditional use permit to allow continued use of the subject for used car sales which permit reportedly runs with the land.

### **Other Restrictions**

The appraisers are not aware of any adverse easements, deed restrictions or encroachments.

### **Environmental Restrictions**

The appraisers requested, but were not provided, any environmental reports for the subject. Although we are not aware of any adverse environmental issues at the subject, the client should consult an expert in the environmental field if so desired. As improved, the subject is not affected by the Chesapeake Bay Preservation Act. The subject does not appear to be affected by wetlands.

## **SPECIAL FLOOD HAZARD ZONE**

The subject is in Zone X, an area of minimal flood hazard and is shown on Flood Insurance Rate Map - Community Panel #515531-0081G, revised January 16, 2015. An excerpt of the above referenced flood map is in the Addendum.

## **UTILITIES**

Public utilities available to the subject include municipal water and sewer, electricity, natural gas and telephone. All utilities and services appear to be adequate to support the development which exists in the area.

## **PROPERTY DESCRIPTION**

### **Description of the Site**

**Location:** South side of Virginia Beach Boulevard, between Sedgefield Avenue to the east and Toy Avenue to the west, in the City of Virginia Beach, Virginia.

**Address:** 5409 Virginia Beach Boulevard, Virginia Beach, Virginia 23462.

**Tax Map Number:** 1467-57-2373-0000

**Size:** 31,603 Square Feet; or 0.726 Acre, based on a review of a Resubdivision Plat by John E. Sirine & Associates, Ltd., dated September 20, 2004.

**Shape:** Generally rectangular, with no loss in utility as a function of shape.

**Frontage:** The subject fronts 235.06 feet adjacent to the south side of Virginia Beach Boulevard, 80.79 feet adjacent to the west side of Sedgefield Avenue and 143.77 feet adjacent to the east side of Toy Avenue.

**Access:** Access to the subject is provided via one curb cut from the south side of Virginia Beach Boulevard and one curb cut from the east side of Toy Avenue. There are no median breaks in Virginia Beach Boulevard opposite Toy and Sedgefield Avenues.

**Topography:** The site is generally level, approximately at street grade and appears to drain typical of the market area.

**Visibility:** The subject has average visibility from Virginia Beach Boulevard, Toy Avenue and Sedgefield Avenue.

**Summary:** The subject site is a 31,603-square foot parcel adjacent to the south side of Virginia Beach Boulevard with secondary corner appeal and average overall site utility potentially suitable for a wide variety of uses if it was vacant.

## **Description of the Building Improvements**

The subject improvements consist of a 1,749-square foot building which was originally developed in 1959 for use as a single-family dwelling. The building area includes an attached one-car garage. Basic construction components and physical details are summarized below.

Year Built:	1959, with the most recent remodeling for use as an office building in 2008.
Size:	1,749 square feet, which includes a one-car garage.
Foundation:	Crawl Space
Classification:	Class D (According to <i>Marshall Valuation Service</i> )
Framing:	Wood
Stories:	One
Exterior Finish:	Brick
Roof:	Gable-style, with asphalt shingles.
Interior Finish:	Upon taking occupancy in 2008, the tenant at the time (and now owner), removed all the interior finishes to the wood studs and finished the interior of the premises, with the exception of the one-car garage, for contemporary office use. Buildout features include a reception office and waiting area, one private office, six partitioned office areas, a centrally located lounge fronting a fireplace, and a restroom. In addition, there is a small break room. Finishes include ceramic tile floors, painted drywall interior walls and a painted drywall ceiling with suspended fluorescent lights.
HVAC:	Provided via heat pump.
Deferred Maintenance:	With the exception of the need to address minor deferred maintenance related to the roof drainage system (gutters and downspouts) and the need to replace some trim boards around the perimeter of the roof, no items of deferred maintenance were noted.

Site Improvements:

Site improvements at the subject include extensive asphalt paved parking with 13 free-standing light poles and appropriate landscaping. According to the Virginia Beach Real Estate Assessor's Office, the total area of the asphalt paving is 17,000 square feet. In addition, there is a metal canopy over an area utilized for automotive detailing.

**Comments**

The building improvements were originally constructed in 1959 for use as a single-family dwelling. In the interim, the subject has been remodeled for use as an office in support of a used car sales operation, with the buildout of the one-car garage unchanged. The remodeling of the single-family dwelling for use as a used car sales facility occurred in 2008. The overall condition of the subject is average with only minor deferred maintenance related to the roof drainage system and the need to replace some trim boards around the roof observed on the date of inspection. From a functional perspective, the subject appears to be appropriate for use as an office in support of a used car sales business. In addition, the subject is potentially suitable for alternate office use. From an external perspective, the subject market area is a strong commercial location with no adverse economic issues with the exception of the effects of the current economy.

## HIGHEST AND BEST USE

The determination of highest and best use is the foundation for valuing all types of real property. "An understanding of market behavior is essential to the concept of highest and best use. Market forces create market value, so the interaction between market forces and highest and best use is of crucial importance. When the purpose of an appraisal is to estimate market value, highest and best use analysis identifies the most profitable, competitive use to which the property can be put. Therefore, highest and best use is a market-driven concept."

Highest and Best Use may be defined 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."

Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015; Page 109.

The highest and best use of the property is analyzed first, as if vacant, and secondly, as improved. The four criteria studied in estimating the highest and best use of any property are 1) legally permissible, 2) physically possible, 3) financially feasible and 4) maximally productive.

### **Highest and Best Use, As If Vacant**

The subject is zoned B-2, Community Business District, which permits a wide variety of commercial uses by right. The appraisers are not aware of any adverse deed restrictions, easements or encroachments. The subject does not appear to be adversely impacted by wetlands legislation or the Chesapeake Bay Preservation Act. The 31,603-square foot parcel is adjacent to the south side of Virginia Beach Boulevard, has average site utility, and is potentially suitable for use by a wide variety of users. As such, a variety of commercial uses may be financially feasible, with the maximally productive use determined on a use-specific basis.

### **Highest and Best Use, As Improved**

The subject is improved with a 1,743-square foot single-family dwelling developed in 1959 which was remodeled for use as a used car sales office in 2008. Motor vehicle sales are permitted on a conditional use basis, and it was reported that there is a conditional use permit for the continued use of the subject for used car sales which runs with the land. On the date of inspection, the subject appeared to be in average condition with only minor deferred maintenance related to the roof drainage system and the need to replace some trim boards around the perimeter of the roof. From a functional perspective, the subject appears to be appropriate for use as an office in support of a used car sales business. In addition, the subject is potentially suitable for alternate office use. From an external perspective, the subject market area is a strong commercial location with no adverse economic issues with the exception of the effects of the current economy. Continued use of the subject as currently improved is financially feasible and the maximally productive use of the subject, as improved. In addition, although the subject is potentially suitable for alternate use, there does not appear to be an alternative use of the site or existing facility which would justify demolition or adaptive re-use of the existing development in light of current market conditions.

## APPROACHES TO VALUE

The three recognized approaches to estimate the value of real estate are the Cost Approach, the Income Capitalization Approach and the Sales Comparison Approach. The concept of these approaches are briefly described.

### **Cost Approach to Value**

The first consideration in the appraisal process entails an estimate of the subject's land value. Recent sales, offerings and contracts for similar properties within the area are collected, analyzed and compared to the subject site. This is the comparative approach to valuing land, commonly referred to as the Sales Comparison Approach. A potential purchaser, much like the appraisers, examines sales and listings of similar properties and compares them to the subject. The comparison of sales throughout the market area is the preferred method of valuing land. The advantages and disadvantages of the subject, as compared to the sales, can be identified through this process.

With this in mind, the depreciated cost of the subject improvements is estimated. This will provide an indication of value by the Cost Approach. The Cost Approach develops an estimate of Replacement Cost New for the improvements using information extracted from the local market and/or a nationally recognized cost index. When available, regional cost comparables are employed in order to provide a test of reasonableness. From cost new figures, estimates of accrued depreciation are deducted. Depreciation is considered from three sources: physical, functional and external.

The Cost Approach is most reliable when dealing with a relatively new or proposed structure. It is less reliable for older, mature properties where numerous items of depreciation are evident. It is also the preferred and oftentimes the only applicable approach when estimating use value for special-purpose properties. As the subject is a special-purpose property, a funeral home, the value estimated via the Cost Approach provides an indication of use value for the subject but not necessarily Market Value.

### **Income Capitalization Approach to Value**

In the Income Capitalization Approach, an analysis of the gross income potential of the subject is made and from the total income, estimates of vacancy, credit loss and annual expenditures are deducted. These expenditures are those typically being the responsibility of the owner or lessor. This results in an estimate of the subject's Net Operating Income.

The resulting Net Operating Income is converted into value by means of the capitalization process. This process uses market oriented information and results in a value which is considered to be indicative of the marketplace for this type of property. This approach is considered to be reliable in the analysis of income-producing properties because it takes into account the existing and potential income-producing capability of the property.

## **Sales Comparison Approach to Value**

The Sales Comparison Approach, as improved, is an appraisal method in which the estimated market value is predicated upon prices paid in actual market transactions and current offerings for sale. It is a process of analysis and correlation of similar recently sold properties.

A premise of the Sales Comparison Approach is that the market will determine a price for the property being appraised in the same manner that it determines the prices of comparable, competitive properties. As it relates to real estate, the comparison is applied to the unique characteristics of the economic factors that cause real estate prices to vary.

The reliability of this approach is dependent upon the degree of comparability of the sales to the subject property. The elements of comparison are the characteristics of the property and their transactions that cause prices to vary. These elements are property rights, financing terms, conditions of sale, market conditions (time), location, physical characteristics and income characteristics.

### **Summary**

After the development of the appropriate approaches to value, the appraisers must weigh the reliability and accuracy of the methods accomplished. The final reconciliation places the most credence on the best approach, weighted with the other value indications, to arrive at a final estimate of market value.

The market value “as is” of the subject has been estimated by the Cost and Sales Comparison Approaches to Value. The Income Capitalization Approach has not been accomplished due to the absence of sufficient market rental information as relatively small used car sales facilities similar to the subject are rarely leased or developed for its income-producing potential, and are typically owner-occupied. The appraisers are aware of only one rent for a truly comparable facility in the greater Hampton Roads market area. The absence of a value estimated via the Income Capitalization Approach does not adversely affect the reliability of this Appraisal Report.

After the development of the appropriate approaches to value, the appraisers must weigh the reliability and accuracy of the methods accomplished. The final reconciliation places the most credence on the best approach, weighted with the other value indications, to arrive at a final estimate of market value.



## LAND VALUE ANALYSIS

The most popular method of estimating land value is by the Sales Comparison Approach. The Sales Comparison Approach compares sales of parcels with similar highest and best uses to the subject. The most appropriate unit of comparison is the price per square foot. Adjustments for property rights, financing, conditions of sale, market conditions and physical factors have been made as discussed below. These sales are summarized at the top of the Land Sale Adjustment Chart. Additional information on the land sales is at the end of this section.

### **Explanation of Adjustments**

#### **Property Rights Appraised**

The market value “as is” of the fee simple estate is being estimated in this appraisal report. The land sales reflect transfers of the fee simple title and, therefore, no adjustments are necessary to these sales in this category.

#### **Financing**

The land sales were financed at market terms which are considered to be cash equivalent such that no adjustments for financing are necessary to these sales.

#### **Conditions of Sale**

To accurately estimate market value, each of the sales must represent arms-length transactions without undue stimulus on either the buyer or the seller. The land sales were unaffected by atypical motivation on the part of either the buyer or the seller and no adjustments for conditions of sale are required.

#### **Market Conditions (Time)**

In general, commercial land values similar to the subject have decreased since their peak in the middle of the previous decade and have stabilized somewhat beginning in 2008. The land sales occurred in the March 2015 to September 2018 timeframe under market conditions similar to market conditions which existed on the date of valuation of February 14, 2019. As such, the land sales are not adjusted for market conditions.

#### **Location**

The location appeal of the subject is good similar to Land Sales #2 through #6 and are not adjusted in this category. Land Sale #1 is the most recent sale of a relatively small parcels in the Virginia Beach Boulevard corridor within the City of Virginia Beach but is adjusted downward 30% for superior location appeal as it is within the Town Center section of Virginia Beach near the intersection of Virginia Beach and Independence Boulevards.

## **Size**

When valuing parcels based upon a price per square foot unit of comparison, relatively large parcels typically sell at lower unit values compared to relatively small parcels. Conversely, relatively small parcels typically sell at higher unit values compared to relatively large parcels. The subject site contains 31,603 square feet. Land Sales #2 through #6 range in size from 27,017 to 39,139 square feet, are similar to the subject in size appeal, and are not adjusted in this category. Land Sale #1, which contains 21,162 square feet, is adjusted downward 5% as a function of its relatively small size compared to the subject.

## **Zoning**

The subject is zoned B-2, Community Business District, which permits a wide variety of commercial uses by right and additional uses on a conditional use basis. The land sales are zoned to permit a wide variety of commercial uses generally similar in market appeal to the subject. As such, the land sales are not adjusted for zoning.

## **Corner Appeal**

The subject has average corner appeal adjacent to two secondary side streets which are not at signalized intersections with median breaks. Land Sales #3 and #6 are outparcels adjacent to shopping center access driveways, have similar corner appeal to the subject, and are not adjusted in this category. Land Sales #1 and #5 are interior (non-corner) sites and are adjusted upward 10% for inferior corner appeal compared to the subject. Land Sales #2 and #4 are at signalized intersections of major local roadways and are adjusted downward 20% each for superior corner appeal compared to the subject.

## **Site Utility**

The subject has good frontage along the 235.06 feet of Virginia Beach Boulevard frontage, but is relatively narrow in shape ranging from 80.79 feet adjacent to the west side of Sedgefield Avenue to 143.77 feet adjacent to the east side of Toy Avenue, such that the overall site utility of the subject is average. Each of the land sales has average site utility and are not adjusted in this category.

**Conclusion of Land Sales Analysis**

A Land Sale Adjustment Chart has been assembled below and incorporates the foregoing adjustments.

**LAND SALE ADJUSTMENT CHART**

Sale	1	2	3	4	5	6
Date	03/15	08/15	03/16	11/16	04/17	09/18
Price	\$1,485,000	\$1,600,000	\$916,000	\$900,000	\$1,075,000	\$1,140,000
Area (SF)	21,162	37,897	35,941	27,017	39,139	35,293
\$/SF	\$70.17	\$42.22	\$25.49	\$33.31	\$27.47	\$32.30
<u>Adjustments</u>						
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Market	Market	Market	Market	Market	Market
Conditions of Sale	Typical	Typical	Typical	Typical	Typical	Typical
Market Conditions	Similar	Similar	Similar	Similar	Similar	Similar
Adjusted \$/SF	\$70.17	\$42.22	\$25.49	\$33.31	\$27.47	\$32.30
<u>Other Adjustments</u>						
Location	-30%	0%	0%	0%	0%	0%
Size	-5%	0%	0%	0%	0%	0%
Zoning	0%	0%	0%	0%	0%	0%
Corner Appeal	+10%	-20%	0%	-20%	+10%	0%
Site Utility	0%	0%	0%	0%	0%	0%
Net Adjustment	-25%	-20%	0%	-20%	+10%	0%
Adjusted \$/SF	\$52.63	\$33.78	\$25.49	\$26.65	\$30.22	\$32.30
<u>Land Sales #2 through #6 Only</u>						
Average \$/SF:	\$29.69					
Standard Deviation:	\$3.18					
Indicated Statistical Range:	\$26.51 to \$32.87 Per SF					

After adjustments, the land sales range from \$25.49 to \$52.63 per square foot. However, Land Sales #2 through #6 are within the relatively narrow range from \$25.49 to \$33.78 per square foot, and have been selected for statistical analysis. Land Sales #2 through #6 reflect an average adjusted value of \$29.69 per square foot, with a standard deviation of \$3.18. As such, the indicated statistical range is \$26.51 to \$32.87 per square foot. Given the above, a unit value of \$30.00 per square foot is estimated for the subject site. As such, the estimated value of the subject site is \$948,090 (31,603 square feet x \$30.00 per square foot), rounded to \$950,000.

**Land Value ..... \$950,000**

# Land Sales Map



## LAND SALE #1

Location: 4452 Virginia Beach Boulevard  
Virginia Beach, Virginia  
DRA File Number: 055-19  
Tax Map Number: 1477-65-5469  
Grantor: Jefferson Dental Laboratories, Incorporated  
Grantee: Town Center Jewel, LLC  
Date Recorded: March 16, 2015  
Reference: 20150316000223660  
Consideration: \$1,485,000 (\$1,450,000 + \$35,000)  
Financing: Market Terms  
Land Size: 21,162 Square Feet  
Zoning: CBC, Central Business Core District  
Verification: Municipal Records, CoStar and Knowledgeable Third Party  
Previous Sale: 1978  
Price Per Unit: \$70.17 Per Square Foot

Comments: The purchase price for this interior (non-corner) parcel was \$1,450,000 and, with an estimated cost of \$35,000 to demolish an IHOP restaurant, the effective consideration was \$1,485,000. The site was purchased for redevelopment with a 7,867-square foot retail building occupied by Diamonds Direct.

## LAND SALE #2

Location: SWC Independence Boulevard and Witchduck Road  
Virginia Beach, Virginia  
DRA File Number: 055-19  
Tax Map Number: 1478-53-3223 and -4225  
Grantor: Witchduck Corner, LLC  
Grantee: IWC, LLC  
Date Recorded: August 13, 2015  
Reference: 20150813000781970  
Consideration: \$1,600,000  
Financing: Market Terms  
Land Size: 37,897 Square Feet  
Zoning: B-2, Community Business District  
Verification: Municipal Records, Grantee Agent and CoStar  
Previous Sale: 2008/2005  
Price Per Unit: \$42.22 Per Square Foot

Comments: At the time of sale, the improvements were limited to two concrete slabs for buildings which had been removed. The parcel was purchased for development with a two-suite retail building.

**LAND SALE #3**

Location: 1087 Military Highway  
Norfolk, Virginia  
DRA File Number: 055-19  
Tax Map Number: 34629707  
Grantor: Lowes Home Centers, LLC  
Grantee: 1081 Military Highway Holdings, LLC  
Date Recorded: March 18, 2016  
Reference: 16-0005438  
Consideration: \$916,000  
Financing: Market Terms  
Land Size: 35,941 Square Feet  
Zoning: C-2, Corridor Commercial District  
Verification: Municipal Records  
Previous Sale: None as a subdivided parcel.  
Price/SF: \$25.49

Comments: This is the sale of an outparcel of a Lowes which was purchased for development with a 7,735-square foot multi-tenant retail building anchored by Chipotles.

**LAND SALE #4**

Location: 1297 General Booth Boulevard  
Virginia Beach, Virginia  
DRA File Number: 055-10  
Tax Map Number: 2415-68-1452 and -2528  
Grantor: Fontaine Real Estate, LLC  
Grantee: JPM Real Estate VA, LLC  
Date Recorded: November 7, 2016  
Reference: 20151107001005720  
Consideration: \$900,000 (See Comments)  
Financing: Market Terms  
Land Size: 27,017 Square Feet  
Zoning: B-2, Community Business District  
Verification: Municipal Records  
Previous Sale: 2012 (Not Arms-Length)  
Price Per SF: \$33.31

Comments: This is the sale of a corner parcel at the northwest corner of General Booth Boulevard and Oceana Boulevard which was purchased for development with a Dunkin' Donuts. The purchase price was \$875,000 and, with an estimated cost of \$25,000 to raze a 2,628-square foot restaurant, the adjusted consideration is \$900,000.

## LAND SALE #5

Location: 1025 Battlefield Boulevard North  
Chesapeake, Virginia  
DRA File Number: 055-19  
Tax Map Number: 0361002000012  
Grantor: Boddie-Noell Enterprises, LLC  
Grantee: Halle Properties, LLC  
Date Recorded: April 18, 2017  
Reference: Deed Book 9777, Page 659  
Consideration: \$1,075,000 (See Comments)  
Financing: Market Terms  
Land Size: 39,139 Square Feet  
Zoning: B-1, Neighborhood Business District  
Verification: Municipal Records, CoStar and Seller's Agent (Rob Heavner)  
Previous Sale: 2002 (Not Arms-Length)  
Price/SF: \$27.47

Comments: This is the sale of an interior (non-corner) site adjacent to the east side of Battlefield Boulevard North, one lot south of Lenore Trail, which was improved with a 4,638-square foot restaurant at the time of sale. The purchase price was \$1,060,000 and, with an estimated cost of \$15,000 to raze the improvements, the adjusted purchase price was \$1,075,000 (\$1,060,000 and \$15,000). The site was purchased for redevelopment with an automobile service facility.

## LAND SALE #6 (Current Contract)

Location: Confidential  
Virginia Beach, Virginia  
DRA File Number: 055-19  
Tax Map Number: Confidential  
Seller: Confidential  
Buyer: Confidential  
Contract Date: September 2018  
Reference: Purchase Contract  
Purchase Price: \$1,140,000 (See Comments)  
Financing: Market Terms  
Land Size: 35,293 Square Feet  
Zoning: B-2, Community Business District  
Verification: Municipal Records and Buyer  
Previous Sale: 1986  
Price/SF: \$32.30

Comments: This is the contract for an interior (non-corner) outparcel of a neighborhood shopping center which is being acquired for an automotive-related commercial use. The purchase price is \$1,100,000 and, with an estimated cost to demolish the existing building improvements of \$40,000, the effective purchase price is \$1,140,000 (\$1,100,000 + \$40,000).

## COST APPROACH TO VALUE

The Cost Approach is the method in which the value of a property is derived by estimating the Replacement Cost New of the improvements, deducting an appropriate estimate of depreciation and then adding the value of the land. This approach is based on the Principle of Substitution which holds that a buyer would pay no more than the cost to construct a new, equivalent building without undue delay.

The initial step in the Cost Approach has been completed and concluded a land value for the subject of \$950,000. The Replacement Cost New of the improvements is estimated using *Marshall Valuation Service*, a nationally recognized cost index.

### Improvement Cost Estimate

The Calculator Section of the *Marshall Valuation Service* was used to derive a base cost new for the subject as outlined below.

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<i><b>MARSHALL VALUATION SERVICE</b></i>			
<b>Offices, Medical and Public Buildings - Office Buildings, Section 15, Page 17</b>			
<b>Class D, Good Quality, November 2017</b>			
Base Cost/SF		\$	107.00
Multipliers:			
Building Height	1.00		
Floor Area/Perimeter	1.19		
Local Cost	0.95		
Current Cost	<u>1.06</u>		
Composite Multiplier		x	<u>1.20</u>
Adjusted Base Cost/SF		\$	128.40
Total Building Area (SF)		x	<u>1,749</u>
Building Improvement Cost		\$	224,572
Site Improvements		+	<u>149,270</u>
Total Hard Costs		\$	373,842
Soft Costs (5%)		+	<u>18,692</u>
<b>Total Construction Costs</b>		<b>\$</b>	<b>392,534</b>
	<b>(Rounded)</b>	<b>\$</b>	<b>390,000</b>

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Information was taken from various sections of the manual. The base cost for the facility was taken from Section 15 entitled "Offices, Medical and Public Buildings." The quality of construction for the subject has been categorized as being average. The type of construction is in the Class D category which is based on construction techniques, materials, equipment and quality. It should be noted that these cost classifications are based on construction design, materials and fire resistance



ratings and do not reflect the class of properties as perceived in the general marketplace. The Total Improvement Cost, Plus Soft Costs, is \$392,534 (\$373,842 + 5%), rounded to \$390,000. Given the above, the total estimated cost new for the subject is \$390,000, of which \$235,000 is attributable to the building improvements and \$155,000 is attributable to the site improvements.

### **Entrepreneurial Profit**

Entrepreneurial profit is the return to the developer over and above the cost to construct a project. At financially feasible new investment projects, entrepreneurial profit must be added to bring the Cost Approach in line with the Income and/or Sales Comparison Approaches to Value. This is reasonable considering the profit motivations of developers. In most cases a developer would not expend time and talent to create a project which is worth no more than the actual cost to produce it. Entrepreneurial profit is therefore represented in the difference between value and cost and, in theory, can be derived from the market.

Entrepreneurial profit is an unknown until it actually occurs and, in fact, may never materialize. It occurs only after all expenses including interest charges are paid and it varies with the length of the development period. When projected as an amount based on a percentage of total replacement costs, it reflects the developer's anticipation in relation to the risk.

Although the building is functional and is in an economically viable location in the market, the profit in development (entrepreneurial profit) is oftentimes non-existent in properties similar to the subject. When a property is developed for owner-occupancy, the development motivations may not be typical of the investor market. The benefits to the owner-occupant may be a function of tax benefits, increased visibility and/or pride in ownership. Given the above, no allowance for entrepreneurial profit is estimated.

### **Accrued Depreciation**

There are three types of depreciation that can accrue to real property: physical deterioration, functional obsolescence and external obsolescence. Physical deterioration has two forms, curable and incurable. Functional obsolescence is also curable or incurable and can stem from a deficiency or superadequacy. External obsolescence may be either locational or economic.

### **Physical Deterioration**

Physical curable deterioration involves an estimate of deferred maintenance and is applicable to items subject to current repair. This includes all items of rehabilitation, if by accomplishing this, the subject would be brought to optimum condition. An appropriate program of continuing maintenance has been applied and no significant deferred maintenance was observed on the date of inspection. Nonetheless, the roof drainage system related to the gutters and downspouts should be repaired/replaced as needed and some trim boards surrounding the perimeter of the roof replaced. This is a relatively minor item which can be remedied with normal maintenance repairs. As such, a deduction for deferred maintenance is not warranted.

Physical incurable deterioration reflects a loss in value due to the wearing out of physical parts of the structure which are not reasonable nor feasible to correct. Typically, this form of depreciation is calculated by use of the age/life method where the effective age is divided by the life expectancy of the components to derive a percentage amount of depreciation. The subject was developed in 1959 for use as a single-family dwelling and has a chronological age of 60 years. In 2008, the subject was remodeled for use as an office for a used car sales operation. Based on an inspection, the effective age is estimated to be 25 years. *Marshall Valuation Service* indicates a typical economic life for a structure such as the subject to be approximately 45 years. The estimated remaining economic life is 20 (45 - 25 years). In consideration of this, the following estimate of physical incurable depreciation is offered.

$$25 \text{ Year Effective Life} / 45 \text{ Years Economic Life} = 56\%$$

Given the basic structure cost plus soft costs and profit (excluding site improvements) of \$235,000, physical depreciation is estimated at \$131,600 ( $\$235,000 \times 56\%$ ).

Site improvements have been classified as short-life items as they have a life that is less than the overall structure. Site improvements include, but are not limited to, paving, walkways, landscaping and exterior lighting. Typical economic lives for such items range between 8 and 15 years, depending upon the item. Based upon the quality of such items, we estimate site improvements as having an overall economic life of 12 years. In consideration of an average effective age of six years based on the observed condition of these items, the site improvements are subject to approximately 50% depreciation. The cost estimated for site improvements is \$155,000. This results in \$77,500 attributable to physical depreciation on these improvements ( $\$155,000 \times 50\%$ ).

Total physical depreciation on the structure and site improvements equals \$209,100 ( $\$131,600 + \$77,500$ ).

### **Functional Obsolescence**

This form of obsolescence reflects a loss in value due to poor floor plan, outmoded style or design, architectural superadequacy or inadequacy or the like. Since the cost method of the previously mentioned service estimates replacement cost new or the total cost of construction required to replace the subject building with a substitute of like utility, all items of functional obsolescence in the structure are excluded from the cost estimate. An adjustment is required for the functional obsolescence when using the replacement cost method on the basis of non-curable items which exist such as high ceilings, plaster walls and the like. The inspection found the subject structure to be functionally adequate and no estimate of functional obsolescence is necessary.

## External Obsolescence

This is a loss of value which can accrue to real property and is a form of obsolescence arising from factors external to the property. This form of obsolescence is almost always incurable as it is beyond the control of the owner. Area and neighborhood analyses revealed no adverse locational or environmental factors affecting the subject with the exception of the impact of the current economy. As such, there is no deduction for external obsolescence.

## Cost Approach Summary

Therefore, based on the foregoing analysis, the following summary conclusion of the Cost Approach is provided:

Replacement Cost New including Profit		\$	390,000
Less: Depreciation			
Physical	\$	209,100	
Functional		0	
External		<u>0</u>	
Total Depreciation			<u>- 209,100</u>
Total Depreciated Replacement Cost		\$	180,900
Add Land Value		+	<u>950,000</u>
<b>Cost Approach to Value - Use Value</b> .....		<b>\$</b>	<b>1,130,900</b>
		<b>(Rounded)</b>	<b>\$ 1,130,000</b>

## **SALES COMPARISON APPROACH TO VALUE**

The Sales Comparison Approach to value provides another indicator of value. It is based on the assumption that no rational, knowledgeable buyer would pay more for a property than the cost of purchasing a similar substitute, assuming no undue delay. When sufficient market data is available and the comparable sales share a high degree of similarity to the subject, this approach tends to be one of the better indicators of value.

The subject property has been analyzed utilizing the price paid per square foot methodology. In the price per square foot method, adjustments are made on the basis of market indicated differences based on property rights, financing, conditions of sale, market conditions and physical characteristics of the facility.

### **Explanation of Adjustments**

#### **Property Rights**

The fee simple estate in the subject property is being appraised. The improved sales reflect the sales of the fee simple estates such that no adjustments for property rights are required.

#### **Financing**

The financing for the improved sales are within market parameters and, as such, no adjustments are required.

#### **Conditions of Sale**

The market value definition assumes all transactions are arms-length and no unusual circumstances affected the sale price. The conditions of sale surrounding Improved Sale #3 are typical of the market; therefore, an adjustment for conditions of sale is not warranted. Improved Sale #1 was purchased by the adjacent property owner, an atypical influence on the sale, and is adjusted downward 5% for conditions of sale. Improved Sale #2 included additional income from a billboard and is adjusted downward 5% for atypical conditions of sale compared to the subject.

#### **Market Conditions (Time)**

The improved sales occurred in the December 2016 to November 2018 timeframe under market conditions similar to market conditions on the date of inspection/valuation and are not adjusted in this category.

#### **Location**

The location appeal of the subject is good similar to Improved Sale #1 which is not adjusted in this category. Improved Sales #2 and #3, which are adjacent to South Military Highway near the Virginia Beach/Chesapeake City Line and the Green Run area of Virginia Beach adjacent to Holland Road, respectively, are adjusted upward 25% each for inferior location appeal compared to the subject.

## **Size**

Typically, larger size properties sell at lower unit prices than smaller size properties due to economies of scale. Conversely, relatively small properties sell at higher unit prices. The subject building contains 1,749 square feet. The improved sales range in size from 2,107 to 3,166 square feet and are adjusted upward accordingly as a function of their relatively large sizes compared to the subject.

## **Age/Condition**

The subject was originally developed for use as a single-family dwelling in 1959, and was remodeled for use as an office for the sale of used cars in 2008. The overall condition appeal of the subject is average with limited deferred maintenance related to the need to repair/replace the roof drainage system and roof trim boards. Improved Sales #1 and #2, which were developed in 1995 and 1999, respectively, are adjusted downward 5% each for superior age/condition appeal compared to the subject. Improved Sale #3, which was developed in 1975, is adjusted upward 5% for inferior age/condition appeal compared to the subject.

## **Land-to-Building Ratio**

With a site size of 31,603 square feet and a building area of 1,749 square feet, the land-to-building ratio is 18.1-to-1. Improved Sale #3, with a land-to-building ratio of 20.9-to-1, is similar to the subject and is not adjusted in this category. Improved Sale #1, with a land-to-building ratio of 11.5-to-1, is adjusted upward 10% for inferior land-to-building ratio and Improved Sale #2, with a land-to-building ratio of 30.5-to-1, is adjusted downward 10% for superior land-to-building ratio compared to the subject.

## **Corner Appeal**

The subject has average corner appeal similar to Improved Sales #1 and #2 which are not adjusted in this category. Improved Sale #3 is an interior (non-corner) parcel and is adjusted upward 10% for inferior corner appeal compared to the subject.

**Conclusion of Improved Sales Analysis**

An Improved Sale Comparison chart which summarizes the adjustments is provided below.

**IMPROVED SALE COMPARISON CHART**

Sale	1	2	3
Date	12/16	12/16	11/18
Price	\$1,850,000	\$1,250,000	\$944,400
Size (SF)	3,166	2,128	2,107
\$/SF	\$584.33	\$587.41	\$448.22
<u>Adjustments</u>			
Property Rights	Fee Simple	Fee Simple	Fee Simple
Financing	Market	Market	Market
Conditions of Sale	-5%	-5%	Typical
Market Conditions	Similar	Similar	Similar
Adjusted \$/SF	\$555.11	\$558.04	\$448.22
<u>Other Adjustments</u>			
Location	0%	+25%	+25%
Size	+15%	+5%	+5%
Age/Condition	-5%	-5%	+5%
L/B Ratio	+10%	-10%	0%
Corner Appeal	0%	0%	+10%
Net Adjustment	+20%	+15%	+45%
Adjusted \$/SF	\$666.13	\$641.75	\$649.92
Average \$/SF:	\$652.60		
Standard Deviation:	\$10.13		
Indicated Statistical Range:	\$642.47 to \$662.73 Per SF		

After adjustments, the sales reflect unit values ranging from \$641.75 to \$666.13 per square foot, with an average of \$652.60 per square foot. With a standard deviation of \$10.13, the indicated statistical range is \$642.47 to \$662.73 per square foot. Given the relative appeal of the improved sales compared to the subject, a unit value of \$650.00 per square foot is estimated for the subject. As such, the estimated market value “as is” of the subject is estimated to be \$1,136,850 (1,749 square feet x \$650.00 per square foot), rounded to \$1,140,000.

**Sales Comparison Approach ..... \$1,140,000**

# Improved Sales Map



**IMPROVED SALE #1**

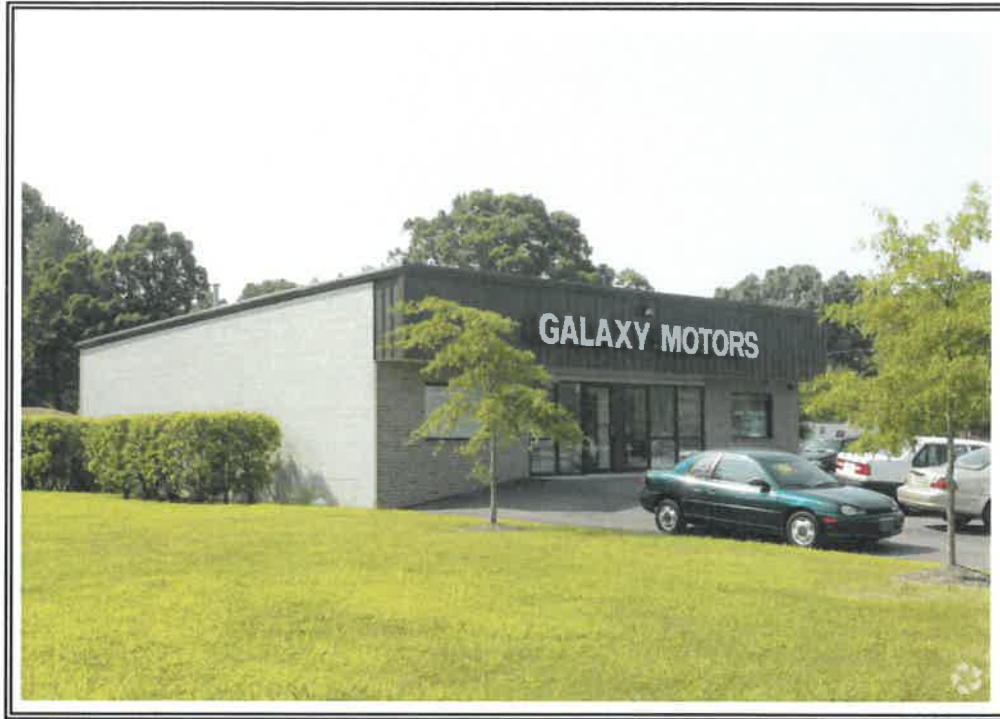


Location:	2677 Virginia Beach Boulevard Virginia Beach, Virginia
DRA File Number:	055-19
Tax Map Number:	1495-55-2196 and -2133
Grantor:	Wells Fargo Bank, NA
Grantee:	AT Associates, LLP
Reference:	20161221001157180
Date Recorded:	December 21, 016
Consideration:	\$1,850,000
Financing:	Market Terms
Land Size:	36,496 Square Feet
Building Size:	3,166 Square Feet
Land-to-Building Ratio:	11.5-to-1
Year Built:	1995
Zoning:	B-2, Community Business District
Price/SF of Building:	\$584.33
Verification:	Municipal Records, CoStar and Grantor's Agent
Previous Sale:	1998

Comments: This is the sale of a former branch bank which was purchased by the adjacent property owner who operates a new car dealership. The building remains in place and the site is utilized for the display of commercial tracts for sale. The property is at the southeast corner of Virginia Beach Boulevard and Mustang Trail.



## IMPROVED SALE #2



Location:	1122 South Military Highway Chesapeake, Virginia
DRA File Number:	055-19
Tax Map Number:	0206001002530
Grantor:	Cappo Properties, LLC
Grantee:	Carmen and Charlene Cerza
Date Recorded:	December 28, 2016
Reference:	Deed Book 9738, Page 1310
Consideration:	\$1,250,000
Financing:	Market Terms
Land Size:	1.492 Acres
Building Size:	2,128 Square Feet (See Comments)
Year Built:	1999
Land/Building Ratio:	30.5-to-1
Zoning:	B-3, Highway Service District
Price/SF of Building:	\$587.41
Verification:	Municipal Records, CoStar and Agent for the buyer.
Previous Sale:	2010 (Not Arms-Length)

Comments: This is the sale of the former location of Peebles Golf Carts which was purchased for use as a used car sales facility. The improvements consist of a 1,728-square foot main building and a 400-square foot detached garage built in 2014, for a total building area of 2,128 square feet. There is additional value attributed to the long-term lease of a billboard on the site which is leased at a rate of \$1,000 per month. The parcel fronts Webber Avenue to the south and Speedy Avenue to the north.

### IMPROVED SALE #3



Location:	3336 Holland Road Virginia Beach, Virginia
DRA File Number:	055-19
Tax Map Number:	1486-90-2768
Grantor:	Daniel E. Posten
Grantee:	PMG Investors, LLC
Date Recorded:	November 15, 2018
Reference:	20181115000941000
Consideration:	\$944,400
Financing:	Market Terms
Land Size:	1.012 Acres
Building Size:	2,107 Square Feet
Year Built:	1975
Land/Building Ratio:	20.9-to-1
Zoning:	B-2, Community Business District
Price/SF of Building:	\$448.22
Verification:	Municipal Records, CoStar and Seller's Agent
Previous Sale:	2007

Comments: This is the sale of a used car facility located in the Green Run market area of Virginia Beach. It is an interior (non-corner) parcel.

## RECONCILIATION AND FINAL VALUE ESTIMATE

The preceding analysis has resulted in the following indications of value for the subject property.

Land Value .....	\$950,000
Cost Approach to Value, Including Land Value .....	\$1,130,000
Income Capitalization Approach to Value .....	N/A
Sales Comparison Approach to Value, Including Land Value .....	\$1,140,000

Each approach is a comparative analysis of the data in the marketplace which is significant and applicable to the use of the respective approach. The accuracy and reliability of each approach is dependent upon the quality and quantity of the market data available, the type of property being appraised and the definition of market value.

The first step in the analysis was estimating the value of the subject land. Land sales were researched throughout the market area which were representative of the highest and best use of the subject parcel. These sales were reasonably current and represent the most comparable activity to the subject in the marketplace. They result in a defensible estimate of market value of the site.

The Cost Approach is considered to be reasonably reliable when the improvements are not very old and only nominal amounts of physical depreciation exist. The problem associated with this approach is the measurement of entrepreneurial profit and depreciation. In addition, development similar to the subject are typically constructed for owner occupancy and designed to reflect an image for the respective owner. Thus, in the final analysis, this approach is typically given secondary consideration when valuing properties similar to the subject.

The Income Capitalization Approach is most appropriate in the analysis of an investor owned property. The subject would appeal primarily to an owner-user and not to an investor. Research uncovered only one lease for a comparable used car sales facility. The Income Approach is generally not utilized in the appraisal of this property type. The absence of a value estimated via the Income Capitalization Approach does not adversely affect the reliability of the appraisal.

The Sales Comparison Approach typically represents the actions of buyers and sellers in the marketplace and is a reliable indicator when the sales are similar to the subject. It is especially appropriate when the property is owner-user oriented. The sales were considered the best data available. Sales were analyzed on a comparable unit basis. In the final analysis, this approach results in a reasonable estimate of value which is supported by the sales data.

In the final analysis, greatest weight is given to the value estimated via the Sales Comparison Approach, with support provided by the value estimated via the Cost Approach.

Based on our analysis of the data, subject to the assumptions, definitions and limiting conditions set forth in this report, it is our opinion that the market value “as is” of the fee simple estate in the subject, as February 14, 2019, was:

**ONE MILLION ONE HUNDRED FORTY THOUSAND DOLLARS . . . . . \$1,140,000**

Of which \$950,000 was attributable to the land.

### **MARKET EXPOSURE/MARKETING TIME**

The Uniform Standards of Professional Appraisal Practice (USPAP) has acknowledged that there is a distinct difference between market exposure and marketing time relative to a given investment vehicle. In the case of real property, market exposure is historical in nature and is the amount of time necessary to expose a property prior to the date of value. Marketing time has been determined to be the practical period of time which the property would need to be exposed into the future based upon anticipated trends and conditions. Each is mindful of the concluded value estimate.

The basis for determining market exposure is by investigating actual sales that have occurred and verifying the amount of time which was required between the date of the listing and the closing or by interviewing professionals to obtain their experience with such sales. Marketing period is specifically geared towards interviewing active professionals knowledgeable of a given property type in a particular marketplace in order to estimate future trends. It is recognized that both exposure time and marketing time are subjective and judgmental in many ways; however, it is reasonable to generate survey data to attempt to quantify these components.

Theoretically, when the market is at equilibrium, exposure time and marketing time should be the same. Many variables could cause a deviation between exposure time and marketing time which include the supply of money in the future, anticipated economic recovery and the like. Thus, it is difficult to pinpoint future trends which may result in marketing time being different from exposure time. Further, the prudence of management, pricing and/or brokerage would have an effect. The underlying principle is that prudent professionals are expeditiously making efforts to trade properties in the marketplace in a reasonable time frame and at a reasonable price.

The Appraisal Standards Board (ASB) has developed the concept of exposure time verses marketing time in an effort to help quantify the difference between future trends and recent historical occurrences. The anticipated marketing period acts as a benchmark for evaluating the potential performance of a given property and the reasonableness of the value estimate. This also relates to the concept of "fair value" which is a value estimate tied directly to marketing time.

The best method of estimating exposure time is based upon data from actual transfers that have occurred in the relevant marketplace. This information could be obtained from transfers of comparable properties but, given the absence of comparable sales, is not available through this method. Furthermore, if such information were available it would be necessary to determine the appropriateness of each of the original list prices and their effects on market exposure. Estimates of market exposure and marketing time can also be compiled based on interviews with active brokerage professionals. Although less specific than historical data, this is also valid. The

fundamental underlying principal in the above responses in that the property is correctly priced for sale. The subject is believed to be well priced at the previously estimated value conclusion.

Marketing time estimates are provided by surveys conducted for the PriceWaterhouseCooper’s *PwC Real Estate Investor Survey*. As reported in the most recent edition of this publication, the majority of investment grade *commercial improved property types* have been trading generally within a 1- to 12-month horizon as indicated in the following table. In comparison, Development Land experienced much longer marketing times of 3- to 36-months, with an average of 16 months.

***PwC Real Estate Investor Survey - Fourth Quarter 2018***  
**Marketing Time in Months**

Property Type	Range	Average
Regional Mall	3 - 15	9.0
Power Center	2 - 18	6.8
Strip Retail Center	2 - 18	7.0
CBD Office	2 - 18	6.5
Suburban Office	1 - 12	6.4
National Medical Office	1 - 12	4.7
Warehouse	1 - 9	3.8
Apartment	1 - 9	3.7
Net Lease	2 - 12	5.4
Development Land	3 - 36	16.0

Based upon the data presented, a reasonable market exposure based on historical trends and the subject’s particular attributes including location, physical characteristics, pricing and market conditions, is estimated at approximately 6 to 12 months. Similarly, based on current and anticipated market conditions, availability of financing, economic conditions, and the subject’s particular characteristics, we have estimated a marketing time of 6 to 12 months for the subject property.

## **ADDENDUM**

## **QUALIFICATIONS**

## **QUALIFICATIONS**

**David E. Richards, MAI, Principal  
Dominion Realty Advisors, Inc.**

### **Experience:**

Entered RE appraisal field in 1974 with the City of Waynesboro, Virginia. Entered fee appraisal field in 1978. Active in the appraisal profession as a licensed Certified General Real Estate Appraiser in the Commonwealth of Virginia, #4001-001053, and the State of North Carolina, #A4512.

### **Education:**

Graduate of Christopher Newport College in Newport News, Virginia in December of 1973 with a B.S. in Business Administration.

### **Appraisal Education:**

Successfully completed required courses sponsored by the Appraisal Institute (former American Institute of Real Estate Appraisers) as prerequisites for the MAI designation which was awarded in February 1989.

Continuing education completed includes the following courses/seminars:

Senior Living - Nursing Home Appraisal - June 2018

National USPAP Update - February 2018

Review Theory - General - May 2017

Fundamentals of Separating Real, Personal Property, and Intangible Business Assets - March 2012

Discounted Cash Flow Model - November 2010

Litigation Skills for the Appraiser - October 2010

Appraising Distressed Commercial RE - April 2009

### **Memberships:**

Member Appraisal Institute (MAI), Continuing Education Requirements Met

### **General Appraisal Experience:**

Adult care facilities, apartments, automobile dealerships, banks, churches, commercial properties including retail and service commercial uses, hotels, golf courses, industrial buildings including mini-warehouses and warehouses, vacant land including commercial, industrial and residential land uses, motels, office buildings, residential dwellings including duplex, single and multi-family dwellings, condominium and townhouse developments, residential subdivisions, restaurants, marinas, service stations, shopping centers and mobile home parks.



COMMONWEALTH of VIRGINIA  
Department of Professional and Occupational Regulation  
9960 Mayland Drive, Suite 400, Richmond, VA 23233  
Telephone: (804) 367-8500

EXPIRES ON  
02-29-2020

NUMBER  
4001001053



REAL ESTATE APPRAISER BOARD  
CERTIFIED GENERAL REAL ESTATE APPRAISER

DAVID E RICHARDS  
115 ALGONQUIN RD  
HAMPTON, VA 23661



*David E Richards*  
Director

Status can be verified at <http://www.dpor.virginia.gov>

(SEE REVERSE SIDE FOR PRIVILEGES AND INSTRUCTIONS)

**DPOB** COMMONWEALTH of VIRGINIA  
Department of Professional and Occupational Regulation

REAL ESTATE APPRAISER BOARD  
CERTIFIED GENERAL REAL ESTATE APPRAISER  
NUMBER: 4001001053 EXPIRES: 02-29-2020

DAVID E RICHARDS  
115 ALGONQUIN RD  
HAMPTON, VA 23661



Status can be verified at <http://www.dpor.virginia.gov>

DPOB-PC (02/2017)

DPOB-LIC (02/2017)  
(DETACH HERE)

**QUALIFICATIONS**  
**David L. Stankus, Associate**  
**Dominion Realty Advisors, Inc.**

**Experience:**

Real estate appraiser concentrating on commercial property valuation since 1986. Appraisal assignments include residential, commercial, industrial and other income-producing properties, as well as the valuation of vacant land. Qualified as an expert witness in the Circuit Court of Virginia Beach.

**Education:**

Master of Business Administration, Rensselaer Polytechnic Institute, Troy, New York - 1985; Bachelor of Science, Business Administration, West Virginia University, Morgantown, West Virginia - 1979.

**Appraisal Education:**

Successfully challenged the following Appraisal Institute examinations:

Exam 1A-1/8-1 Real Estate Appraisal Principles  
Exam 1A-2 Basic Valuation Procedures  
Exam 1B-B Capitalization Theory and Techniques, Part B

Attended the course and successfully passed the following Appraisal Institute examinations:

Exam 1B-A Capitalization Theory and Techniques, Part A  
Exam SPP Standards of Professional Practice  
Exam 2-1 Case Studies in Real Estate Valuation  
Exam 2-2 Valuation Analysis and Report Writing

**Military Experience:**

Separated from United States Air Force after six years honorable service at rank of Captain.

**Professional Affiliations:**

Licensed as a Certified General Real Estate Appraiser in the Commonwealth of Virginia - Certification #4001-003158.  
Licensed as a Certified General Real Estate Appraiser in the State of North Carolina - Appraiser Number A6716.

**Clientele:**

Local and state agencies, local and national corporations, insurance companies, regional and national banking and financial institutions, accountants, attorneys, developers, investors and private individuals.

**COMMONWEALTH of VIRGINIA**

Department of Professional and Occupational Regulation  
9960 Mayland Drive, Suite 400, Richmond, VA 23223  
Telephone: (804) 367-8500

**EXPIRES**  
**11-30-2019**

**NUMBER**  
**4001006158**

**REAL ESTATE APPRAISER BOARD**

**CERTIFIED GENERAL REAL ESTATE APPRAISER**



**DAVID L STANKUS**  
**1616 WATERVIEW CIRCLE**  
**CHESAPEAKE, VA 23322**



*James W. DeLoach*  
Director

Status can be verified at <http://www.dpor.virginia.gov>

(SEE REVERSE SIDE FOR PRIVILEGES AND INSTRUCTIONS)

DPOR-LIC (02/2017)



**LIA Administrators & Insurance Services**



**APPRAISAL AND VALUATION  
PROFESSIONAL LIABILITY INSURANCE POLICY**

**DECLARATIONS**

**ASPEN SPECIALTY INSURANCE COMPANY**  
(A stock insurance company herein called the "Company")  
175 Capitol Blvd. Suite 100  
Rock Hill, CT 06067

Date Issued	Policy Number	Previous Policy Number
03/07/2018	ASI000290-04	ASI000290-03

**THIS IS A CLAIMS MADE AND REPORTED POLICY. COVERAGE IS LIMITED TO LIABILITY FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND THEN REPORTED TO THE COMPANY IN WRITING NO LATER THAN SIXTY (60) DAYS AFTER EXPIRATION OR TERMINATION OF THIS POLICY, OR DURING THE EXTENDED REPORTING PERIOD, IF APPLICABLE, FOR A WRONGFUL ACT COMMITTED ON OR AFTER THE RETROACTIVE DATE AND BEFORE THE END OF THE POLICY PERIOD. PLEASE READ THE POLICY CAREFULLY.**

Item

<p><b>1. Customer ID:</b> 110739 <b>Named Insured:</b> DOMINION REALTY ADVISORS, INC. 5360 Robin Hood Road, Suite 101 Norfolk, VA 23513</p>	<p>This contract is a surplus lines contract, and is not protected by the Virginia Guarantee Fund.</p>
<p><b>2. Policy Period:</b> From: 04/10/2018 To: 04/10/2019 12:01 A.M. Standard Time at the address stated in 1 above.</p>	
<p><b>3. Deductible:</b> \$2,500 Each Claim</p>	
<p><b>4. Retroactive Date:</b> 04/10/1997</p>	
<p><b>5. Inception Date:</b> 04/10/2015</p>	
<p><b>6. Limits of Liability:</b>   A. \$1,000,000 Each Claim   B. \$2,000,000 Aggregate</p>	
<p><b>7. Mail all notices, including notice of Claim, to:</b> LIA Administrators &amp; Insurance Services 1600 Anacapa Street Santa Barbara, California 93101 (800) 334-0652; Fax: (805) 962-0652</p>	
<p><b>8. Annual Premium:</b>           \$5,411.00</p>	
<p><b>9. Forms attached at issue:</b> LIA002S (12/14) ASPCO002 0715 LIA012 (12/14) LIA013 (10/14) LIA018 (10/14) LIA025A (11/14)</p>	

This Declarations Page, together with the completed and signed Policy Application including all attachments and exhibits thereto, and the Policy shall constitute the contract between the Named Insured and the Company.

03/07/2018  
Date

By   
Authorized Signature

LIA-001S (12/14)

Aspen Specialty Insurance Company

**Appraisal and Valuation  
Professional Liability Insurance Policy**



**Named Insured:** DOMINION REALTY ADVISORS, INC.

**Policy Number:** ASI000290-04

**Effective Date:** 04/10/2018

**Customer ID:** 110739

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADDITIONAL COVERED APPRAISERS ENDORSEMENT**

In consideration of the premium charged, it is agreed that Section IV. DEFINITIONS (I) "Insured" is amended to include:

"Insured" means:

The persons identified below, but only while acting on behalf of the Named Insured:

Name	Coverage Effective Date	Principal/Owner, Appraiser or Trainee
David E. Richards	04/10/2018	Principal/Owner
Bradley R. Sanford	04/10/2018	Principal/Owner
Peter M. McCrary	04/10/2018	Appraiser
David L. Stankus	04/10/2018	Appraiser
Lauren S. Leffler	04/10/2018	Appraiser
Eric C. Richards	04/10/2018	Appraiser

All other terms, conditions, and exclusions of this Policy remain unchanged.

**Appraisal and Valuation  
Professional Liability Insurance Policy**



**Named Insured:** DOMINION REALTY ADVISORS, INC.

**Policy Number:** ASI000290-04

**Effective Date:** 04/10/2018

**Customer ID:** 110739

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**COMMERCIAL APPRAISAL ENDORSEMENT**

In consideration of the premium charged, it is agreed that the **Insureds** identified below have been approved by the Company to perform **Professional Services** involving **Commercial Property**.

**Insured**

**Effective Date of Approval**

David E. Richards  
Bradley R. Sanford  
Peter M. McCrary  
David L. Stankus  
Lauren S. Leffler

04/10/2018  
04/10/2018  
04/10/2018  
04/10/2018  
04/10/2018

Exclusion (N) remains unchanged and effective, however, unless the **Insured** identified is approved for **Professional Services** involving undeveloped or vacant land whose proposed use is for multiple unit single-family housing developments, condominium developments, co-operative housing developments or apartment developments consisting of 10 units or more.

All other terms, conditions, and exclusions of this Policy remain unchanged.

**APPRAISAL AND VALUATION  
PROFESSIONAL LIABILITY INSURANCE POLICY**



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**Named Insured:** DOMINION REALTY ADVISORS, INC.

**Policy Number:** ASI000290-04

**Effective Date:** 04/10/2018

**Customer ID:** 110739 / 1b

---

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADDITIONAL COVERED APPRAISERS ENDORSEMENT**

In consideration of the premium charged, it is agreed that Section IV. **DEFINITIONS (I) "Insured"** is amended to include:

**"Insured"** means:

The persons identified below, but only while acting on behalf of the Named **Insured**:

Name	Coverage Effective Date	Principal/Owner, Appraiser or Trainee
Smith S. Worthy	04/10/2018	Appraiser

Additional Premium: \$759.00

All other terms, conditions, and exclusions of this Policy remain unchanged.

**APPRAISAL AND VALUATION  
PROFESSIONAL LIABILITY INSURANCE POLICY**



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**Named Insured:** DOMINION REALTY ADVISORS, INC.

**Policy Number:** ASI000290-04

**Effective Date:** 04/10/2018

**Customer ID:** 110739 / lb

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**COMMERCIAL PROPERTY APPRAISAL ENDORSEMENT**

In consideration of the premium charged, it is agreed that the **Insureds** identified below have been approved by the Company to perform **Professional Services** involving **Commercial Property**.

<u>Insured</u>	<u>Effective Date of Approval</u>
Smith S. Worthy	04/10/2018

Exclusion (N) remains unchanged and effective, however, unless the **Insured** identified is approved for **Professional Services** involving undeveloped or vacant land whose proposed use is for multiple unit single-family housing developments, condominium developments, co-operative housing developments or apartment developments consisting of 10 units or more.

All other terms, conditions, and exclusions of this Policy remain unchanged.



## **ENGAGEMENT**

**DOMINION REALTY ADVISORS, INC.**

5360 Robin Hood Road, Suite #101, Norfolk, Virginia 23513; Phone: 757-858-1818; Fax: 757-858-1619

**AUTHORIZATION AND AGREEMENT  
FOR REAL ESTATE APPRAISAL SERVICES**

**Client:** **Mr. Jody Midgette**  
5409 Virginia Beach Boulevard  
Virginia Beach, Virginia 23462  
[jody@midgetteauto.com](mailto:jody@midgetteauto.com)

**Appraiser:** **Dominion Realty Advisors, Inc.**  
Real Estate Appraisers and Consultants  
5360 Robin Hood Road, Suite 101  
Norfolk, Virginia 23513

The Client agrees to employ Dominion Realty Advisors, Inc., to provide an Appraisal Report estimating the market value of the fee simple estate in the property referenced below.

Used Car Dealership  
5409 Virginia Beach Boulevard  
Virginia Beach, Virginia 23462

Dominion Realty Advisors, Inc., is prepared to exercise independent judgment and to complete the appraisal in accordance with sound appraisal practice, the Codes of Professional Ethics and Standards of Professional Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice.

Our fee to provide an appraisal report on the above-reference property is \$2,400 of which a 50% retainer (\$1,200) is due upon acceptance/execution of the Agreement. The report will be delivered within 3 weeks from receipt of the signed Agreement and retainer, subject to unforeseen circumstances or conditions beyond the control of Dominion Realty Advisors, Inc.

The concluded valuations and analyses will be the opinion of Dominion Realty Advisors, Inc., and the fee or the payment thereof is in no way contingent upon any particular conclusions. The fee for the assignment is for the service rendered and not necessarily for the time spent on the physical reports.

Jody Midgette  
[jody@midgetteauto.com](mailto:jody@midgetteauto.com)


Dominion Realty Advisors, Inc.  
[drichards@domreal.com](mailto:drichards@domreal.com)

  
\_\_\_\_\_  
Jody Midgette Date

 Feb. 5, 2019  
\_\_\_\_\_  
David E. Richards, MAI Date

**SUBJECT DEED (GPIN REFERENCE IS INCORRECT)**

Prepared By: Jeffrey C. Flax, Esq.  
Virginia State Bar#: 19530  
Consideration: \$ 1,050,000.00  
Tax Assessed: \$869,900.00  
Title Insurance underwritten by Old Republic National Title Insurance Company

  
20150424000366660 1/2  
City of Virginia Beach  
04/24/2015  
02:15:16 PM DEED  
Tina E. Sinnen, Clerk  
Grantor Tax Pd - \$1050.00  
State Tax Pd - \$2625.00

## DEED OF BARGAIN AND SALE

THIS DEED OF BARGAIN AND SALE is made this 17<sup>th</sup> day of April, 2015, by and between SHORELINE INVESTMENTS, LLC, a Virginia limited liability company, GRANTOR and M&W HOLDINGS, LLC, a Virginia limited liability company, GRANTEE, whose mailing address is 5409 Virginia Beach Boulevard, Virginia Beach, Virginia 23462.

### WITNESSETH:

That for and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt of which is hereby acknowledged, the Grantor does hereby grant and convey with General Warranty and English Covenants of Title, unto the Grantee, the following described property to-wit:

ALL THAT certain piece or parcel of land known as Parcel A, containing 31,603 S.Q. Ft./ .0726 Acres, as shown on that certain plat entitled, "RESUBDIVISION OF THE REMAINING PART OF LOT 'A', SUBDIVISION OF PROPERTY OF LIBERTY V. CLAUSEN (M.B. 46, P. 15) LOT 30 AND THE REMAINING PART OF LOT 31 PLAT OF BOULEVARD MANOR, SECTION TWO (M.B. 34, P. 11), VIRGINIA BEACH, VIRGINIA SCALE 1" = 25", DATED SEPTEMBER 20, 20014, "made by John E. Sirine and Associates, Ltd., which said plat is recorded in the Clerk's Office of the Circuit Court of the City of Virginia Beach, Virginia in Plat Instrument Number 200501180007861.

IT BEING the same property conveyed to Shoreline Investments, LLC by deed from Halabi One, LLC dated April 26, 2004 and recorded May 5, 2004 as Instrument Number 2004050500070490, in the Clerk's Office of the Circuit Court of the City of Virginia Beach.

PROPERTY ADDRESS: 5409 Virginia Beach Boulevard, Virginia Beach, VA 23462.

GPIN #: PARCEL A 1487-76-0442-0000  
PARCEL B 1467-57-3239-0000

This conveyance is conveyed subject to all restrictions, conditions, reservations and easements of record constituting constructive notice, if they shall be.

WITNESSETH the following signatures:

SHORELINE INVESTMENTS, LLC

By: [Signature] (SEAL)  
Sarandis Karathanasis, Member/Manger

County STATE OF New Hampshire  
~~City~~ OF Merrimack, to-wit:

The foregoing instrument was acknowledged before me this 17<sup>th</sup> day of April, 2015, by SARANDIS KARATHANASIS, Member/Manger of Shoreline Investments, LLC.

GIVEN under my hand this 17<sup>th</sup> day of April, 2015.

[Signature] (SEAL)  
Notary Public



GPIN #: PARCEL A 1487-76-0442-0000  
PARCEL B 1467-57-3239-0000

**FLOOD MAP EXCERPT**

# National Flood Hazard Layer FIRMette



36°51'14.50"N



## Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS		Without Base Flood Elevation (BFE) Zone A, V, AB9
		With BFE or Depth Zone AE, AD, AH, VE, AR
		Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD		0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
		Future Conditions 1% Annual Chance Flood Hazard Zone X
		Area with Reduced Flood Risk due to Levee. See Notes. Zone X
		Area with Flood Risk due to Levee Zone D

OTHER AREAS		Area of Minimal Flood Hazard Zone X
		Effective LOMRs
		Area of Undetermined Flood Hazard Zone D

GENERAL STRUCTURES		Channel, Culvert, or Storm Sewer
		Levee, Dike, or Floodwall

OTHER FEATURES		20.2 Cross Sections with 1% Annual Chance
		47.8 Water Surface Elevation
		Coastal Transect
		Base Flood Elevation Line (BFE)
		Limit of Study
		Jurisdiction Boundary
OTHER FEATURES		Coastal Transect Baseline
		Profile Baseline
		Hydrographic Feature

MAP PANELS		Digital Data Available
		No Digital Data Available
		Unmapped

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 2/13/2019 at 9:15:45 AM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

## **SURVEY**



I, JEFFREY D. WILLIAMS, A CERTIFIED LAND SURVEYOR, DO HEREBY CERTIFY THAT THIS PLAT WAS MADE BY ME, THE UNDERSIGNED, AT THE DIRECTION OF THE OWNERS, AND THAT THIS RESUBDIVISION IS ENTIRELY WITHIN THE BOUNDARIES OF LAND COVERED BY DEEDS DESCRIBED BELOW AND THAT CONCRETED STEEL PINS AS SPECIFIED BY THE SUBDIVISION REGULATIONS OF THE CITY OF VIRGINIA BEACH, VIRGINIA ARE ACTUALLY IN PLACE AT POINTS MARKED THUS "S", AND THAT THEIR LOCATIONS ARE CORRECTLY SHOWN.

SIGNED: Jeffrey D. Williams  
JEFFREY D. WILLIAMS, L.S. #2045

THE PROPERTIES EMBRACED WITHIN THE LIMITS OF THIS RESUBDIVISION WERE CONVEYED TO SHORELINE INVESTMENTS, LLC, A VIRGINIA LIMITED LIABILITY COMPANY FROM HALABI ONE, LLC, A VIRGINIA LIMITED LIABILITY COMPANY BY DEED DATED APRIL 28, 2004 AND RECORDED IN INSTRUMENT NUMBER 20040505070490 IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF THE CITY OF VIRGINIA BEACH, VIRGINIA.

THE PLATTING OR DEDICATION OF THE FOLLOWING DESCRIBED LAND "RESUBDIVISION OF THE REMAINING PART OF LOT 'A', SUBDIVISION OF PROPERTY OF LIBERTY V. CLAUSEN AND LOT 30 AND THE REMAINING PART OF LOT 31, PLAT OF BOULEVARD MANOR, SECTION TWO," LOCATED IN THE CITY OF VIRGINIA BEACH, VIRGINIA, IS MADE WITH THE FREE CONSENT AND IN ACCORDANCE WITH THE DESIRE OF THE UNDERSIGNED OWNERS AND TRUSTEES WHO CERTIFY THAT THEY ARE THE FEE SIMPLE OWNERS OF SAID LANDS AND THAT THERE ARE ENCUMBRANCES ON THE PROPERTY, THE DEDICATION OF THE STREETS AND EASEMENTS ARE SUBJECT TO THE RIGHTS OF THE CITY OF VIRGINIA BEACH, VIRGINIA AND ARE FOR THE PURPOSE REFERENCED ON THE PLAT AS WELL AS FOR SURFACE AND UNDERGROUND DRAINAGE AND UTILITIES.

WITNESS THE FOLLOWING SIGNATURES:

SIGNED BY: Robert A. Howes DATED: 12/23/04  
ROBERT A. HOWES, MANAGING MANAGER  
SHORELINE INVESTMENTS, LLC (OWNER)

SIGNED BY: Stuart L. Nachman DATED: 1/04/2005  
STUART L. NACHMAN, TRUSTEE, OR  
BLAIR E. SMIRONA, TRUSTEE, FOR  
HALABI ONE, LLC (LEIN-HOLDER)  
(EITHER OF WHOM MAY ACT)

STATE OF Virginia  
CITY/COUNTY OF Virginia Beach, TO WIT:  
I, Jeffrey D. Williams, A NOTARY PUBLIC, IN AND FOR THE STATE AND CITY/COUNTY AFORESAID, DO HEREBY CERTIFY THAT ROBERT A. HOWES, WHOSE NAME AS SUCH IS SIGNED TO THE FOREGOING WRITING BEARING DATE ON THE 23 DAY OF December, 2004 HAS ACKNOWLEDGED THE SAME BEFORE ME IN MY STATE AND CITY/COUNTY AFORESAID.

GIVEN UNDER MY HAND THIS 23 DAY OF December, 2004.

MY COMMISSION EXPIRES 12/23/06  
NOTARY PUBLIC

STATE OF Virginia  
CITY/COUNTY OF Virginia Beach, TO WIT:  
I, John E. Sirine, A NOTARY PUBLIC, IN AND FOR THE STATE AND CITY/COUNTY AFORESAID, DO HEREBY CERTIFY THAT Robert A. Howes, WHOSE NAME AS SUCH IS SIGNED TO THE FOREGOING WRITING BEARING DATE ON THE 23 DAY OF December, 2004 HAS ACKNOWLEDGED THE SAME BEFORE ME IN MY STATE AND CITY/COUNTY AFORESAID.

GIVEN UNDER MY HAND THIS 23 DAY OF December, 2004.

MY COMMISSION EXPIRES 9-31-06  
NOTARY PUBLIC

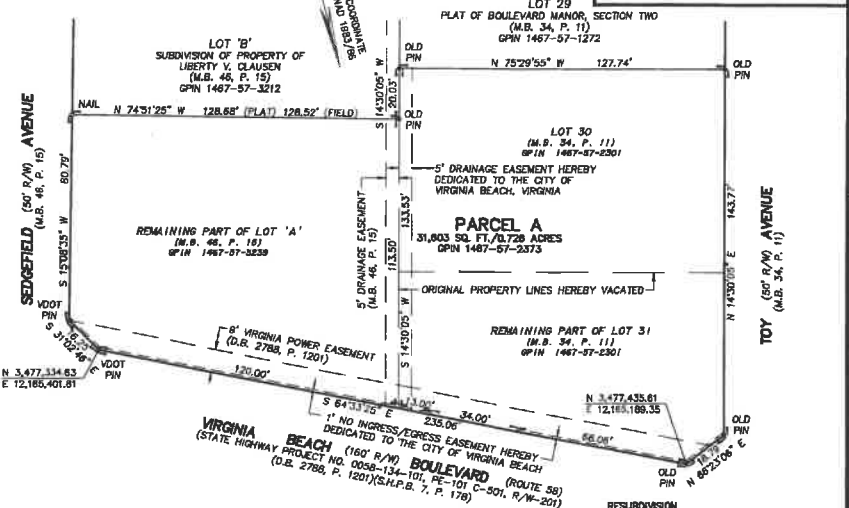
THE UNDERSIGNED CERTIFY THAT THE RESUBDIVISION AS IT APPEARS ON THIS PLAT CONFORMS TO THE APPLICABLE REGULATIONS RELATING TO THE SUBDIVISION OF LAND AND IS ACCORDINGLY APPROVED.

APPROVED: Chris Offner DATE: 10/05  
PLANNING DIRECTOR, CITY OF VIRGINIA BEACH, VIRGINIA

APPROVED: Richard A. Overmire DATE: 1/11/2005  
DIRECTOR OF PUBLIC WORKS, CITY OF VIRGINIA BEACH, VIRGINIA

**NOTES:**

1. THE MERIDIAN SOURCE OF THIS PLAT IS BASED ON THE VIRGINIA STATE PLANE COORDINATE SYSTEM, SOUTH ZONE, NAD 1983/88. COORDINATE VALUES SHOWN ARE EXPRESSED IN INTERNATIONAL FEET (ONE FOOT EQUALS 0.3048 METERS).
2. THIS PROPERTY LIES WITHIN AIRCRAFT ACCIDENT POTENTIAL ZONE "A/A" AND/OR NOISE ZONE "LESS THAN 85 dB Ldn" AND MAY BE SUBJECT TO AIRCRAFT ACCIDENTS AND/OR ABOVE AVERAGE NOISE LEVELS DUE TO ITS PROXIMITY TO AIRPORT OPERATIONS. NOISE ZONE ATTENUATION MEASURES FOR NEW CONSTRUCTION MAY BE REQUIRED IN ACCORDANCE WITH THE AIRPORT NOISE ATTENUATION AND SAFETY ORDINANCE AND HEIGHT RESTRICTIONS HAVE BEEN IMPOSED IN ACCORDANCE WITH SECTION 222(b) OF THE CITY ZONING ORDINANCE.
3. FURTHER DEVELOPMENT OF THIS PARCEL INCLUDING ANY FILLING OR PHYSICAL ALTERATIONS OF THIS PARCEL MAY REQUIRE ADDITIONAL PERMITS FROM THE CITY OF VIRGINIA BEACH, OR OTHER GOVERNMENTAL AGENCIES.
4. ALL OR A PORTION OF THIS SUBDIVISION IS LOCATED IN THE CHESAPEAKE BAY PRESERVATION AREA AND IS SUBJECT TO THE PROVISIONS OF THE CHESAPEAKE BAY PRESERVATION AREA ORDINANCE.
5. THE CITY OF VIRGINIA BEACH IS NOT REQUIRED BY LAW TO MAINTAIN THE PUBLIC EASEMENTS DEDICATED HEREIN EXCEPT TO THE EXTENT SAID EASEMENTS ARE CURRENTLY BEING UTILIZED FOR PUBLIC PURPOSES.



RESUBDIVISION OF THE REMAINING PART OF LOT 'A', SUBDIVISION OF PROPERTY OF LIBERTY V. CLAUSEN (M.B. 48, P. 15) AND LOT 30 AND THE REMAINING PART OF LOT 31 PLAT OF BOULEVARD MANOR, SECTION TWO (M.B. 34, P. 11) VIRGINIA BEACH, VIRGINIA SEPTEMBER 20, 2004

SCALE: 1"=25'

JOHN E. SIRINE AND ASSOCIATES, LTD.  
SURVEYORS-ENGINEERS-PLANNERS  
4317 BONNEY ROAD  
VIRGINIA BEACH, VIRGINIA 23452

GRAPHIC SCALE: 0 25 50 75 100 FEET

SHEET 1 OF 1

TOTAL AREA ENCOMPASSED WITHIN THIS RESUBDIVISION = 31,603 SQUARE FEET/0.726 ACRES



\*\*\*LEGEND\*\*\*  
PROPERTY CORNER FOUND \*  
PROPERTY CORNER SET / \*  
CONCRETED STEEL PIN

REVISED: DECEMBER 6, 2004

## **PROPERTY PHOTOGRAPHS**

**PROPERTY PHOTOGRAPHS**



Camera Facing West  
Along Virginia Beach Boulevard



Camera Facing East  
Along Virginia Beach Boulevard



Camera Facing North  
Along Sedgefield Avenue



Camera Facing North  
Along Toy Avenue



Camera Facing Southwest



Camera Facing Southeast

## PROPERTY PHOTOGRAPHS



Camera Facing Northeast



Camera Facing Northwest



Damaged Trim Boards and Gutter



Damaged Trim Boards



Reception/Central Hallway



Lounge/Central Hallway

## PROPERTY PHOTOGRAPHS



Lounge



Restroom



Garage