

APPRAISAL OF REAL PROPERTY

Office Building
1700 N Main Street
Suffolk, Virginia 23434
Account Number 2530-66200

PREPARED FOR

Mr. Adam Edbauer
Market Manager of Land
4525 South Boulevard Suite 100
Virginia Beach, Va 23452

PREPARED BY

Michael Fine
Fine Valuations
Certified General Appraiser
1113 Ditchley Road
Virginia Beach, Va 23451

DATE OF VALUE ESTIMATE

August 01, 2026

DATE OF APPRAISAL

June 10, 2025

June 10, 2025

Mr. Adam Edbauer
Ryan Homes
4525 South Boulevard Suite 100
Virginia Beach, Va 23452

Re: Appraisal of Office Building
Acct. No. 52225
1700 N Main Street
Norfolk, Virginia 23513
Account Number 2530-66200

Dear Mr. Edbauer:

In regard to your request and for the purpose of estimating the market value, as completed, of the leased fee interest in the above referenced property, I have viewed the property and analyzed all data pertinent to the establishment of value.

The subject property consists of a hypothetical 2.5 acre site improved with a 32,266 SF office building and associated site improvements. The property has a street address of 1700 N Main Street, Suffolk, Virginia 23434. This narrative report summarizes my approach to value.

The analyses, opinions, and conclusions were developed, and this appraisal report has been prepared in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation's Appraisal Standards Board, the Code of Professional Ethics and the Standards of Professional Practice.

Mr. Adam Edbauer
Ryan Homes
June 10, 2025

Based on my analysis, and subject to the limiting conditions and definitions in this report, it is my opinion that the market value, as completed, of the leased fee interest in the subject property, as of August 1, 2026, will be:

**SIX MILLION TWO HUNDRED SEVENTY THOUSAND DOLLARS
(\$6,270,000)**

Thank you for this opportunity to be of service to you.

Respectfully submitted,

A handwritten signature in blue ink that reads "Michael Garrett Fine". The signature is written in a cursive style with a small "Fine" written at the end.

Michael Garrett Fine
VA Certified General Real
Estate Appraiser #4001018664

EXECUTIVE SUMMARY

Property	Office Building	
Location	1700 N Main Street, Norfolk, Virginia 23513	
Account Number	2530-66200	
Land Size	<u>Acres</u> 2.5	<u>SF</u> 108,900
Building Area (SF)	32,266 SF	
Year Built	1949	
Effective Age	10 years	
Remaining Economic Life	30 years	
Highest and Best Use		
As if Vacant	Commercial Development	
As If Improved	Existing Improvements	
Zoning	B-2, General Commercial	
Flood Zone	The Flood Insurance Rate Map Community Panel Number 5101560114E, revised August 3, 2015, indicates that the parcel is located in Flood Zone X.	
Property Rights Appraised	Leased Fee Estate	
Value Indications		
Land Value	Not Developed	
Cost Approach	Not Developed	
Income Approach	\$6,270,000	
Sales Comparison Approach	\$6,290,000	
Market Value	\$6,270,000	
Date of Value	August 1, 2026	
Date of Appraisal	June 10, 2025	
Exposure Time	6 months or less	

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Subject Photographs

Deed

Task Order

Qualifications of Michael Fine Certified General Appraiser/License

APPRAISAL PROBLEM

The subject property consists of a hypothetical 108,900 SF site improved with a 32,266 SF office building and associated site improvements. There is an extraordinary assumption that market conditions will continue to be similar to today's conditions. The property has a street address of 1700 N Main Street, Suffolk, Virginia 23434. This appraisal will estimate the market value, as completed, of the leased fee interest in the subject property.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value, as completed, of the leased fee estate in the land and improvements located at 1700 N Main Street, Suffolk, Virginia 23462. This is to help with NVR to make an acquisition decision.

PROPERTY RIGHTS APPRAISED

The Economic Development Authority of The City of Suffolk owns the fee simple interest in the subject property. The value estimate set forth in this appraisal report is the market value of the leased fee estate in the hypothetically subdivided and leased subject property that will be renovated to contemporary standards and code.

The leased fee estate is defined as:

“A leased fee estate is the ownership interest that a landlord or lessor retains in a property while it is leased to a tenant or lessee. The leased fee owner retains the right to receive rent and eventually the right to reoccupy the property upon the lease's expiration, while the tenant has the right to use and occupy the property.¹”

FUNCTION OF THE APPRAISAL

The function of this appraisal is to estimate the leased fee estate in the subject property for asset valuation purposes.

DATE OF THE VALUE ESTIMATE

The date to which the value estimate applies is August,1 2026.

DATE OF APPRAISAL

This appraisal was prepared on June 10, 2025.

COMPETENCY

Michael G Fine has significant experience in the valuation of income producing properties. These properties include but are not limited to large and small apartment complexes, central

¹ Appraisal Institute, The Dictionary of Real Estate Appraisal, Sixth Edition (Chicago, 2015), pg. 90.

business district and suburban office buildings, neighborhood shopping centers, industrial buildings, office/warehouse buildings, vacant land, and residential subdivisions.

Mr. Fine is licensed by the Commonwealth of Virginia as a Certified General Real Estate Appraiser.

DEFINITION OF MARKET VALUE

Market value, as used herein, is defined by OCC Rule 12 CFR 34.44 (f), and FDIC Rules and Regulations, Vol. 1, Part 323.2 as:

“The most probable price in terms of money which a property should bring in an open and competitive market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition are 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
1. Both parties are well informed or well advised, and acting in what they consider their own self-interests
1. A reasonable time is allowed for exposure in the open market,
1. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto
1. The price represents normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

COVID-19 PANDEMIC

The local and regional economy has and will be significantly impacted by COVID-19 pandemic. Therefore, the effects of COVID-19 can have varying effects on real estate each day depending on current events. Demand for certain types of retail and office properties has decreased from prospective tenants to prospective buyers. In contrast, demand for industrial properties has remained strong and may even benefit from the pandemic. The long-term impact on all property types is currently unknown.

EXPOSURE TIME

Exposure time, as used herein, is defined by the Appraisal Institute, The Dictionary of Real Estate Appraisal, Sixth Edition (Chicago, 2015), pg. 83, as:

“The time a property remains on the market; The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market.”

In reviewing the comparables used for this report, and considering the interviews held with lawyers, investors, and agents, there is a continued demand for the subject office property within Southside Hampton Roads, due to its lease and market conditions. If the subject property were to be offered on the market, I estimate an exposure time of 6 months or less.

EXTRAORDINARY ASSUMPTIONS

Extraordinary Assumption, as used herein, is defined by the Appraisal Institute, The Dictionary of Real Estate Appraisal, Sixth Edition (Chicago, 2015), pg. 83-84, as:

“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of the data used in an analysis.”

This appraisal is based on the extraordinary assumption that market conditions will remain similar on August 1, 2026 (the time of lease commencement and improvement completion) as the current (as of the date of this report's) overall market conditions.

HYPOTHETICAL CONDITIONS

Hypothetical condition is defined as follows:

“That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis².”

The valuation of the subject property is based on these hypothetical conditions:

- That the VDOT office building and its surrounding 2.5 acres of parking have been subdivided from the larger 86.84-acre parcel at 1700 N Main Street.
- The remaining acreage is assumed to have been developed into a residential community featuring modern amenities such as a park, signalized intersection, newly constructed streets, and signage.
- The improvements to the building will have been significantly renovated to a finish that is equivalent or better than contemporary office space. The landscaping and parking surfaces will be maintained and replaced if need be.
- The building will be leased to the City of Suffolk Department of Education for a 10 year term with rent paid at \$500,000 annually on a triple net lease with 3% annual escalations.

COMPLIANCE

² Appraisal Institute, The Dictionary of Real Estate Appraisal, Sixth Edition (Chicago, 2015), pg. 113.

This appraisal report conforms to the minimum standards set forth on 12 C.F.R. Part 1608, Standards 1 and 2 of the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation.

PROPERTY IDENTIFICATION

The subject property has a street address of 1700 N Main Street, Suffolk, Virginia. The Real Estate Assessor for the City of Suffolk identifies the subject property as Account number 253066200. The subject's legal description is presented below.

SCHEDULE A

All that certain lot, piece or parcel of land with all improvements thereon and appurtenances thereunto belonging, lying and being in the City of Suffolk, Virginia, containing 1.004 acres, more or less, being identified as a portion of Tax Map Parcel 25*45A, Account No. 253066200, and being more particularly shown on the plat of survey entitled "BOUNDARY LINE AGREEMENT BETWEEN PROPERTY OF COMMONWEALTH OF VIRGINIA, DEPARTMENT OF TRANSPORTATION (D.B. 156, PG. 501) (D.B. 296, PG. 663) AND ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF SUFFOLK, VIRGINIA (INSTRUMENT #150067435, PG 1-8)" made by MSA, P.C., dated March 21, 2022.

Being further described by metes and bounds on the MSA Plat as follows: beginning at a found pin along the easterly boundary of North Main Street (State Routes 460, 10 and 32) where the southwest corner of the parcel of land now or formerly belonging to the Economic Development Authority of the City of Suffolk meets the southwest corner of the parcel of land now or formerly belonging to the Commonwealth of Virginia, Department of Transportation, said pin being located at coordinates N 3439547.33, E 12044208.99; thence from said point of beginning N 32° 49' 46" E a distance of 248.95 feet to a found pin; thence continuing N 32° 49' 46" E a distance of 255.16 feet to a point; thence S 23° 35' 30" E a distance of 78.88 feet to a point; thence along a curve to the left having a radius of 92.00 feet, an arc length of 77.80 feet, and a bearing of S 3° 43' 11" W along a chord length of 75.50 feet; thence S 20° 30' 24" E a distance of 44.79 feet to a point; thence along a curve to the right having a radius of 39.00 feet, an arc length of 51.23 feet, and a bearing of S 17° 07' 28" W along a chord length of 47.62 feet; thence S 54° 45' 20" W a distance of 268.96 feet to a point; thence S 67° 53' 35" a distance of 88.48 feet to the point and place of beginning.

PROPERTY OWNERSHIP AND SALES HISTORY

The fee simple interest in the subject property is vested in the name of The Economic Development Authority of The City of Suffolk, which acquired the subject property by Deed from The Commonwealth of Virginia Department of Transportation, for \$800,000, recorded July 14th, 2023 as Instrument Number 230007994, on file in the Clerk's Office of the Circuit Court of Suffolk. A copy of the deed is included in the addendum of this report. The subject property is currently under contract.

TYPE OF APPRAISAL REPORT

This Appraisal Report was prepared in accordance with Standards Rule 2-2 (a) of the *Uniform Standards of Professional Appraisal Practice (2024)*. As such, it presents sufficient information to enable the client and other intended users, as identified, to understand it properly.

INTENDED USER

Ryan Homes is the intended user of this report. No other person or entity may use this report without the written consent of Ryan Homes and Fine Valuations.

INTENDED USE AND SCOPE OF THE APPRAISAL

This appraisal is intended to be used by Ryan Homes to aid in a purchase decision. The scope of this assignment included the following:

- Mr. Adam Edbauer, Market Manager of Land for Ryan Homes, engaged Fine Valuations on May 23, 2025 to estimate the market value, as is, of the subject property.
- Michael Fine viewed and photographed the subject property on June 2, 2025.
- The neighborhood and surrounding sections of Suffolk were also viewed on June 2, 2025.
- City records have been researched for information on ownership, real estate assessment, taxes, utility availability and zoning regulations. City departments and agencies have been consulted to determine compliance with applicable regulations, anticipated land use changes and proposed projects potentially impacting the subject and its neighborhood.
- New and proposed developments in the neighborhood were researched to determine the impact to the subject property.
- Rental rates for office, and flex, space within the subject's submarket and nearby submarkets were researched to determine a reasonable market rent for the subject property.
- Recent sales and listings of similar quality buildings within the neighborhood and beyond the immediate market were researched to determine the existing and proposed inventory, marketability and feasibility of uses within the subject's classification.
- Recent sales of office buildings with high credit tenants and long term leases were researched on the east coast to provide comparable sales of office buildings to investors.
- During the course of the research every effort was made to verify information through public records and personal interviews.

- The most pertinent data was assembled and analyzed in relation to the subject property.
- This information and analysis were then processed into an indication of value for the subject property using generally accepted appraisal principles and practices.

PRIVACY REQUIREMENTS

Collection and Use of Personal Information

In the course of providing appraisal services, we collect and utilize personal information that we determine to be reasonably necessary to perform such services. The categories of personal information collected may include, but are not limited to, information furnished by clients through engagement letters, written communications, electronic correspondence, and oral discussions, such as names, addresses, telephone numbers, income and expense data, financing information, and sales price details pertaining to the subject property.

Disclosure of Nonpublic Personal Information

Except as otherwise set forth herein, we do not disclose nonpublic personal information regarding our clients or former clients to any nonaffiliated third parties. We do not sell, rent, trade, or otherwise disseminate personal information to any party for marketing purposes, including telemarketing or direct mail solicitations.

We may disclose nonpublic personal information solely under the following circumstances:

- (i) As necessary to facilitate or complete a transaction or service authorized by the client, including but not limited to the processing of a loan or other financial transaction;
- (ii) As required or permitted by applicable law, regulation, or legal process, including but not limited to disclosures necessary to protect against fraud, unauthorized transactions, claims, or other liabilities, or in response to judicial process, regulatory inquiry, or law enforcement requests;
- (iii) To other financial institutions with whom we have joint marketing agreements, but only to the extent necessary to offer, endorse, or sponsor a financial product or service.

Safeguarding Information

We maintain appropriate physical, electronic, and procedural safeguards to protect the confidentiality and security of nonpublic personal information in accordance with applicable laws and regulations.

STATEMENT OF LIMITING CONDITIONS

The appraiser assumes no responsibility for matters pertaining to the legal status or title of the subject property, nor does the appraiser render any opinion regarding the condition of title. Title is presumed to be good, marketable, and free of encumbrances unless otherwise stated herein.

The subject property is appraised under the assumption that it is owned under responsible ownership and managed competently, and that it is free and clear of all liens and encumbrances, unless otherwise noted.

No survey of the subject property has been conducted by the appraiser, and no responsibility is assumed with respect to such matters. Any photographs, drawings, or sketches included in the report are provided solely for the purpose of assisting the reader in visualizing the subject property. The Site Summary section of this report is based upon a visual inspection conducted on June 2 2025, and data obtained from the Real Estate Assessor's Office of the City of Suffolk, VDOT officials, as well as an interior inspection from a prior appraisal of the subject. The Improvement Summary section is based upon the site inspections and information from the aforementioned source.

The information utilized in preparing this appraisal was obtained from sources customarily considered reliable within the industry, including, but not limited to, public records and third-party sources. However, such information is not guaranteed to be accurate or complete, and no warranty or representation as to its accuracy is made.

The appraiser shall not be obligated to provide testimony or appear in any legal proceedings with reference to this appraisal, unless prior contractual arrangements have been made. The fee for this appraisal does not include compensation for court testimony or additional consultation services.

No testing or engineering studies have been conducted by the appraiser to determine the load-bearing capacity of the site, percolation rates, subsoil conditions, or drainage characteristics. No analysis or consideration has been given to the necessity for flood insurance coverage related to the property, nor to the impact of any flood zone designation on the property value.

Further, no evaluation has been made regarding the existence of any environmental restrictions, pollutants, or nuisances imposed by federal, state, or local government authorities or agencies. The appraiser assumes no responsibility for the detection of, or the effect on value caused by, the presence of hazardous materials, toxic wastes, urea formaldehyde foam insulation, asbestos, or any other potentially hazardous substances. In the event that such materials are subsequently discovered by a qualified expert, the appraised value stated herein may require revision.

Fine Valuations expressly reserves the right to amend, alter, or withdraw any opinion of value based upon information that was withheld, misrepresented, or otherwise not disclosed during the ordinary course of a diligent investigation.

Disclosure of the contents of this report is subject to the Bylaws, Regulations, and Code of Professional Ethics of the professional organizations with which the appraiser is affiliated.

The appraiser has not conducted a specific compliance survey or analysis of the subject property to determine whether it meets the requirements of the Americans with Disabilities Act ("ADA"), which became effective on January 26, 1992. It is possible that a detailed compliance survey and analysis would reveal deficiencies under the ADA that could adversely affect the value of the subject property. As the appraiser possesses no direct evidence concerning ADA compliance, no consideration has been given to potential ADA non-compliance in the valuation conclusions stated herein.

Restrictions on Disclosure and Use

Neither all nor any part of the contents of this report—including conclusions as to property

value, the identity of the appraiser, or Fine Valuations—shall be disseminated to the public through advertising media, news media, sales media, or any other public means of communication without the prior written consent and approval of Fine Valuations.

Acceptance of, and/or reliance upon, this report constitutes acknowledgment and agreement to all terms, conditions, and limitations set forth herein.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. The last appraisal made on this property was performed on May 14th, 2025 for 'as is' conditions.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
- The use of this report is subject to the requirements of the Commonwealth of Virginia relating to review by its duly authorized representatives.
- I have made a personal viewing of the property that is the subject of this report.
- No other person provided real property appraisal assistance to the person signing this certification.
- As of the date of this report, Michael Garrett Fine has completed the continuing education program to be up to date with state certification requirements.
- The market value, as is, of the leased fee interest in the subject property, as of August 1, 2026 (the date upon completion), is \$6,270,000.



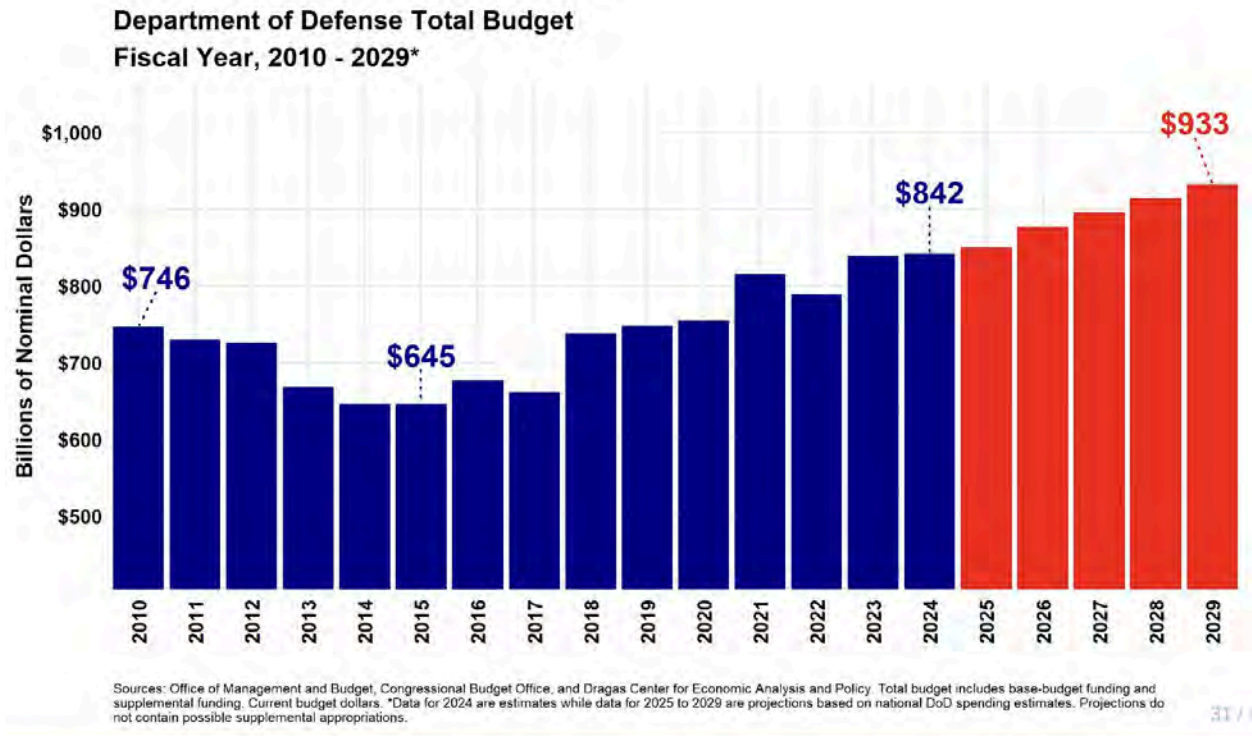
Michael Garrett Fine
VA Certified General
Real Estate Appraiser #4001018664

June 10, 2025

Date

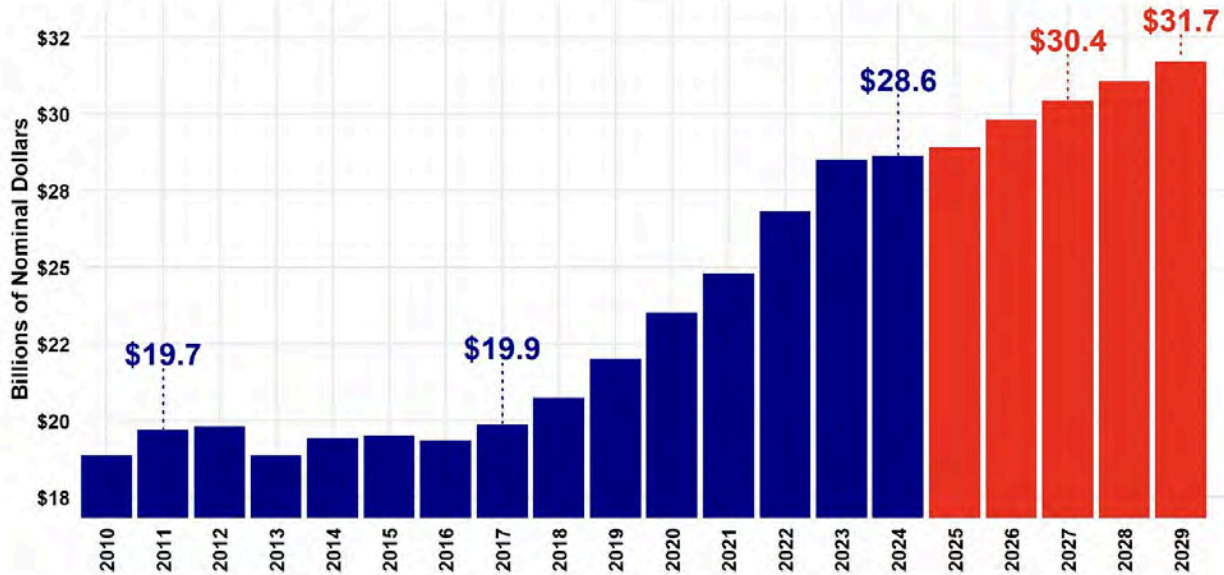
MARKET OVERVIEW

The Hampton Roads economy has long relied on three main pillars: the military, the Port of Virginia, and tourism. Among these, defense spending has historically been the most significant driver of economic activity. The region holds a unique and strategic position in the national security framework of the United States. As Department of Defense (DoD) budgets increase, so too does defense spending in Hampton Roads.



In 2022 alone, the DoD spent nearly \$26 billion in the region, generating close to \$40 billion in total economic activity. With the passage of the Fiscal Year 2024 National Defense Authorization Act (NDAA) and the omnibus appropriations bill, the base DoD budget rose to \$883.7 billion. Barring any major shifts in defense policy, direct defense spending in Hampton Roads is expected to surpass \$30 billion by the end of the decade.

**Estimated Department of Defense Direct Spending
Hampton Roads, 2010 - 2029***

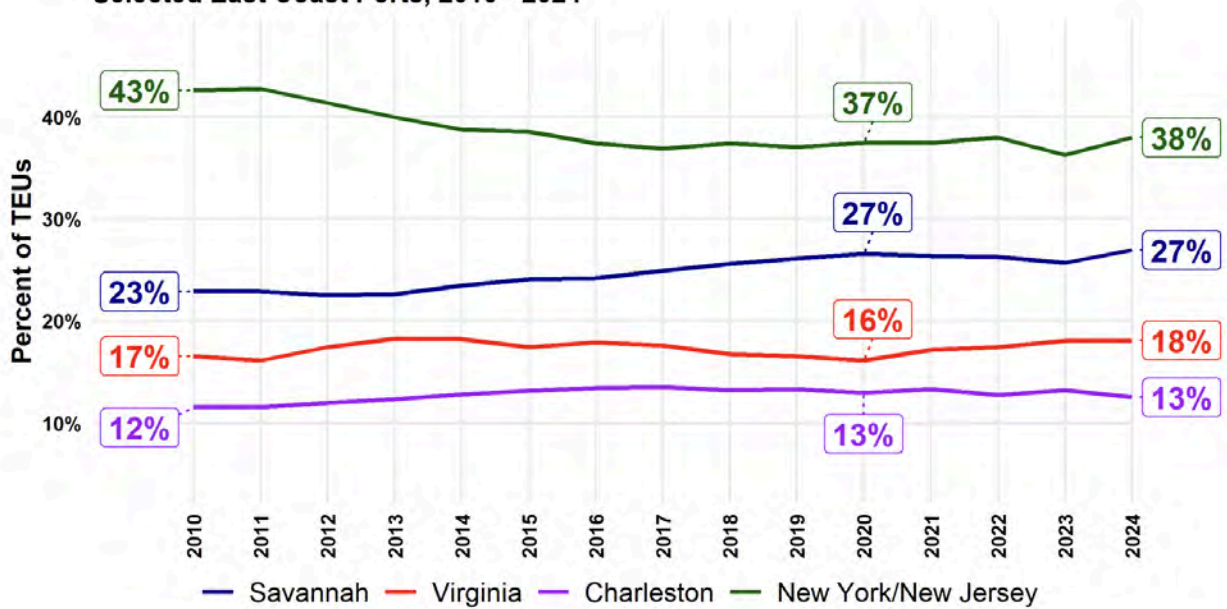


Sources: Department of Defense and the Dragas Center for Economic Analysis and Policy, Old Dominion University. Includes federal civilian and military personnel and procurement.
*FY 2010 – 2023 are actual expenditures, 2024 is our estimate, and 2025 – 2029 are our forecasts.

The Department of Defense (DoD) has a profound impact on the Hampton Roads economy, with approximately \$28.6 billion in direct spending in 2024, emphasizing the region’s strong economic dependence on military operations. DoD activities account for 22.8% of all regional economic activity, encompassing federal civilian payroll, contract awards, and other defense-related expenditures. Employment is heavily influenced by the military, with about 20% of the workforce made up of active-duty personnel, DoD civilian employees, and defense contractors, while another 15% of jobs are indirectly supported by defense-related activity. Although Hampton Roads captures a smaller portion of total DoD contract spending, it still receives 29% of Virginia’s share. Nationally, Hampton Roads represents 3.5% of all U.S. defense spending, including 5.1% of personnel costs and 2.9% of contract spending, highlighting its strategic importance to the country’s defense infrastructure.

Over the past decade, the Port of Virginia has proven to be a vital asset to the Hampton Roads economy. Unlike many other ports that faced challenges handling cargo in the past year, the Port of Virginia successfully increased traffic with minimal delays. The rise in cargo volume and return to profitability reflect stronger, more efficient management. Despite these gains, concerns about market share persist—likely tied to the region's economic performance.

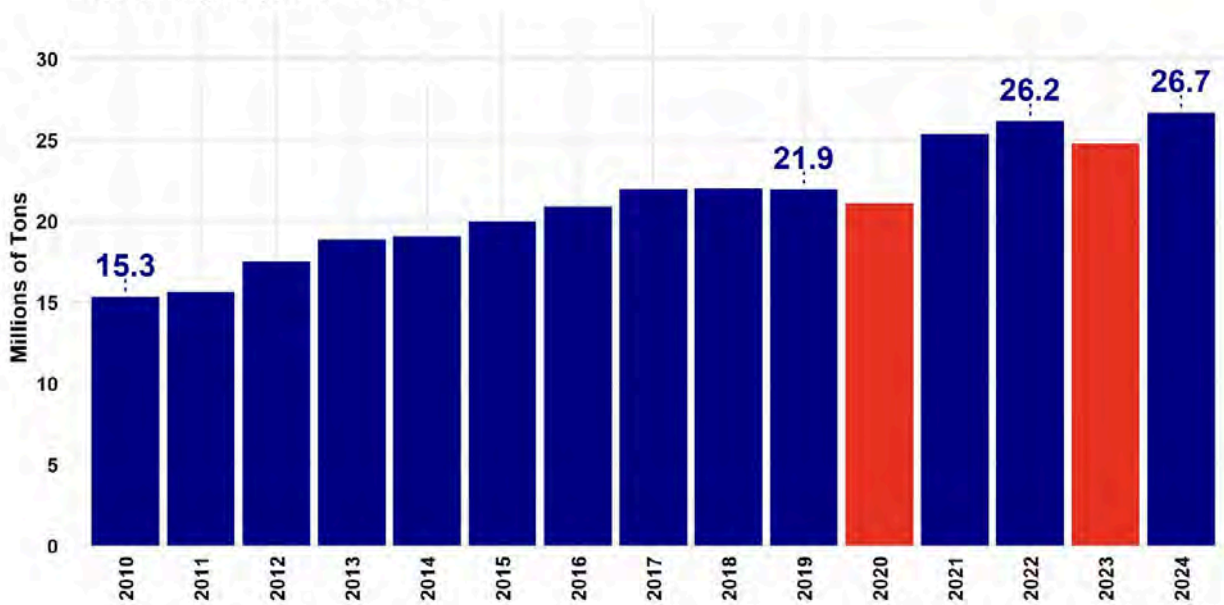
**Shares of Total Loaded TEUs
Selected East Coast Ports, 2010 - 2024***



Sources: American Association of Port Authorities, websites of ports and the Old Dominion University Economic Forecasting Project. Market shares are based on TEUs for Baltimore, Boston, Charleston, Virginia, New York/New Jersey, and Savannah. *Data for 2024 are through November 2024.

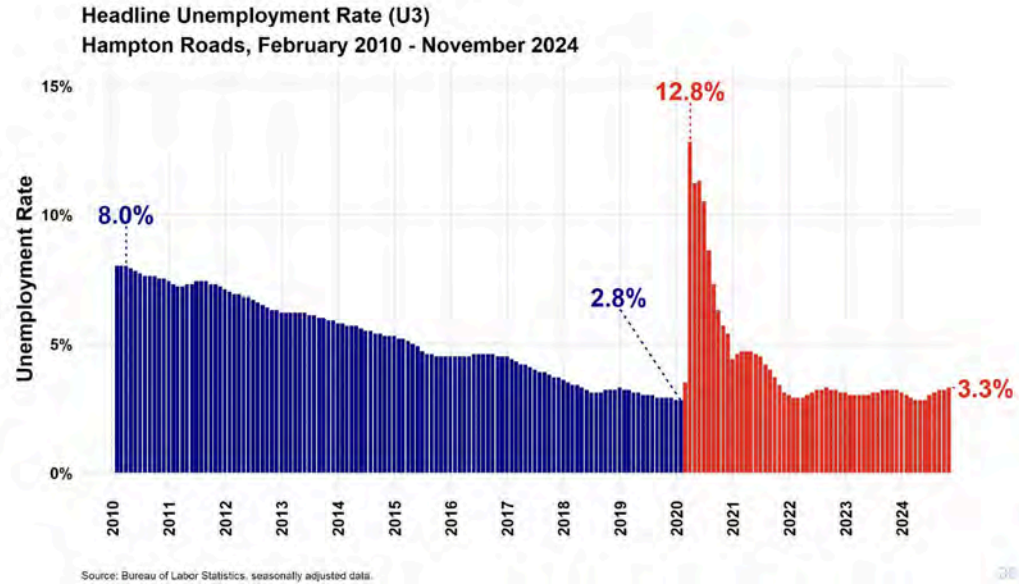
Cargo at the Port of Virginia saw a modest increase in 2024. Looking ahead, the port expects a rise in traffic in 2025, driven by the completion of a dredging project that will deepen and widen its shipping channels. This upgrade will allow the port to handle larger container ships and enhance the overall efficiency of cargo movement.

**General Cargo Tonnage
Port of Virginia, 2010 - 2024**

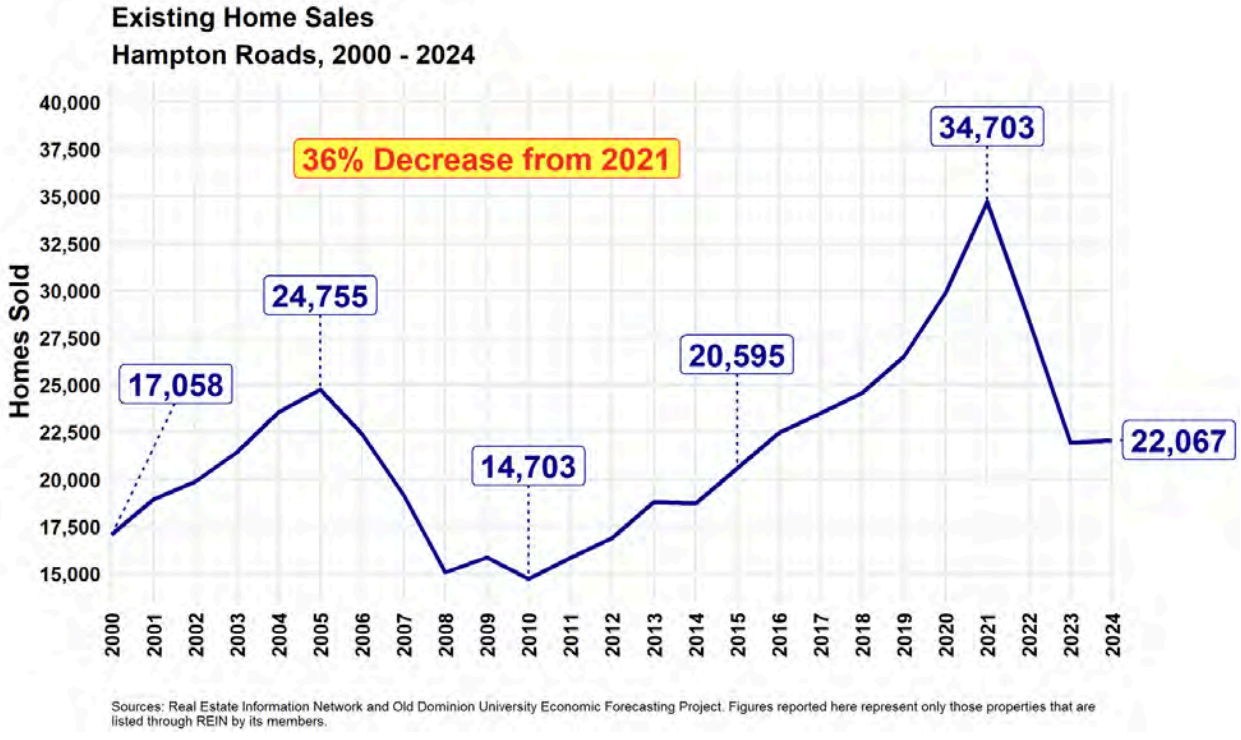


Sources: Virginia Port Authority and Dragas Center for Economic Analysis and Policy.

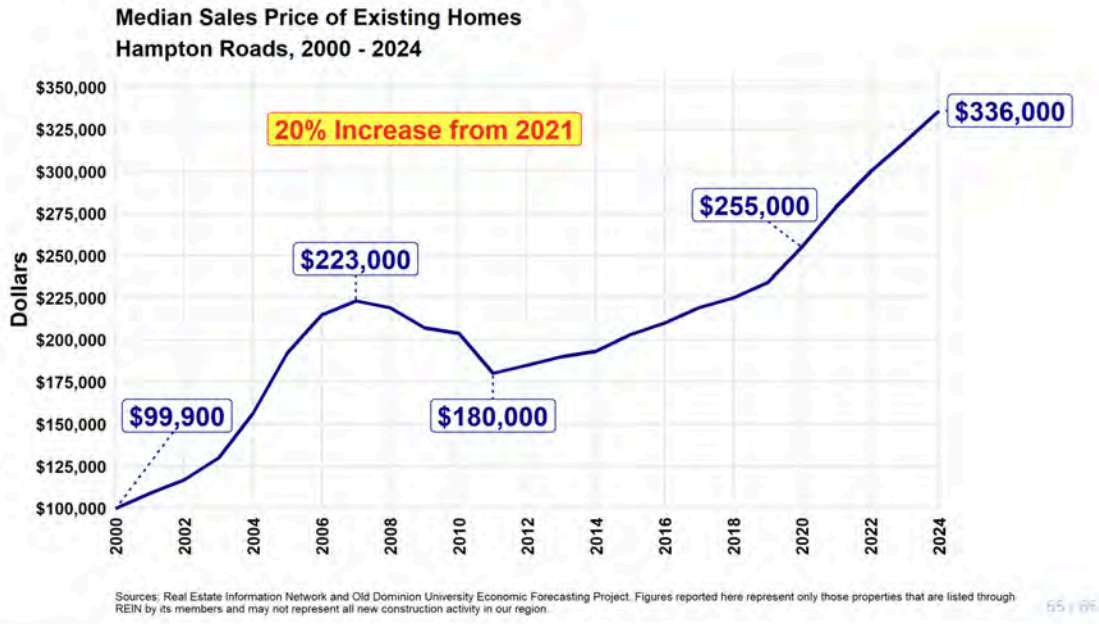
Before the pandemic, Hampton Roads trailed both Virginia and the nation in job growth, gaining only 9.4% from 2010 to early 2020. In February 2020, the region hit a record 803,300 jobs, but lost over 100,000 jobs within two months due to the pandemic. By the end of 2020, it was still down 40,200 jobs from its peak. Recovery was slow, with 29,800 fewer jobs by the end of 2021 and about 25,000 still missing by mid-2022. At the current pace, full recovery may take another 18–24 months. Between May 2019 and May 2022, job growth was limited to transportation, warehousing, utilities, and construction, while local government, manufacturing, and financial activities saw the largest declines. Unemployment has remained low over the last few years, hovering around 3.3%.



The unemployment rate in Hampton Roads has been on a downward trend, reaching a low of 3.1% in December 2023, but has recently shown signs of rising, climbing to 3.3% in the fourth quarter of 2024. Economic experts predict a potential slowdown in mid-2025, which could lead to higher unemployment. Factors such as economic growth, inflation, and interest rates continue to influence these trends. While job growth has been solid, a decrease in job openings suggests the previously tight labor market may be beginning to loosen.



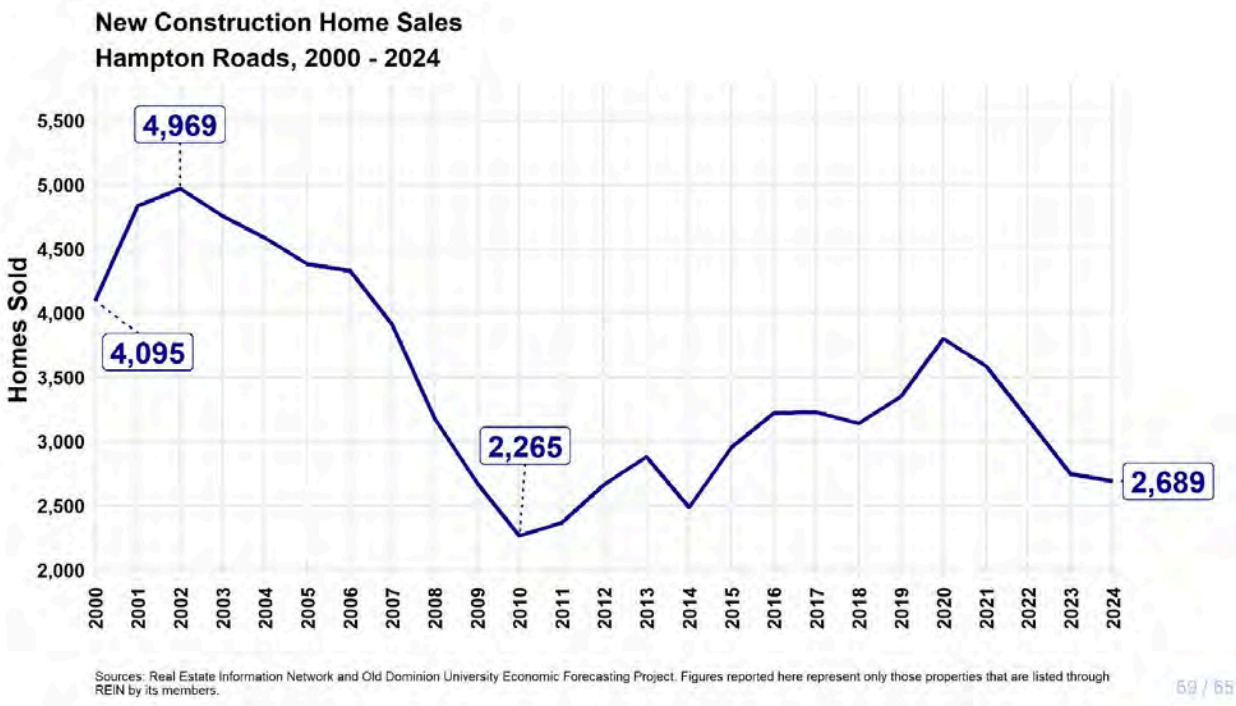
Hampton Roads is experiencing a housing shortage, with demand outpacing the supply of available homes. Although there has been a slight uptick in inventory in recent months, the number of active listings remains below historical levels. This shortfall is driving up both home prices and rental costs, with affordable housing being especially hard to find.



Hampton Roads Housing Factors:

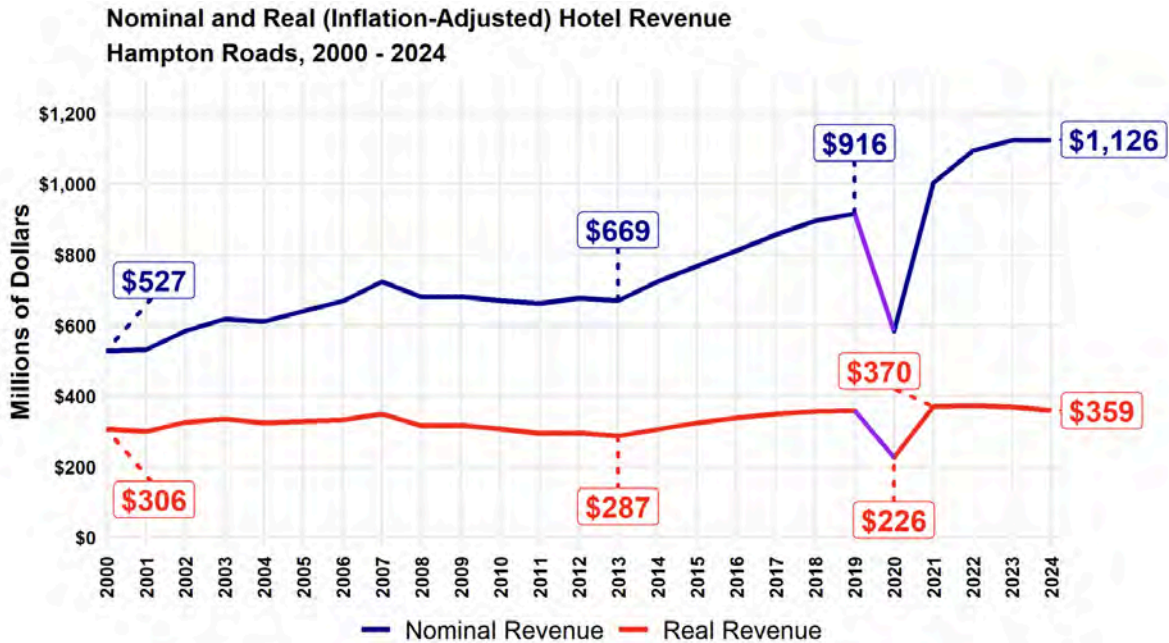
- Ongoing Shortage: Demand for housing continues to exceed supply across the region.
- Limited Inventory: Recent increases in listings have not been enough to offset historically low supply levels.
- Affordable Housing Strain: The shortage is most severe in the affordable housing segment, affecting low- and moderate-income households.
- Rising Prices: The tight supply is fueling higher home prices and rents.
- Economic Impact: The housing shortage is seen as a significant barrier to economic growth in Hampton Roads.

The Months' Supply of Inventory (MSI)—which shows how long the current supply of homes would last if no new homes were added—rose to 2.12 months from 1.72 months in January 2024. This means homes are still selling fairly quickly, but there's a bit more breathing room than before. Meanwhile, new construction home sales dropped, with only 170 newly built homes sold in January 2025 compared to 215 in January 2024.



The Hampton Roads hospitality sector is expected to continue limited growth in 2025. The region has largely recovered from the pandemic’s impact on the hotel industry, with some areas even surpassing pre-pandemic performance levels. A rise in leisure travel, along with a rebound

in group travel, is projected to further strengthen hotel performance across the region. Specific areas such as the Virginia Beach oceanfront are seeing particularly strong growth in hotel revenues, highlighting the overall positive momentum in the hospitality sector.

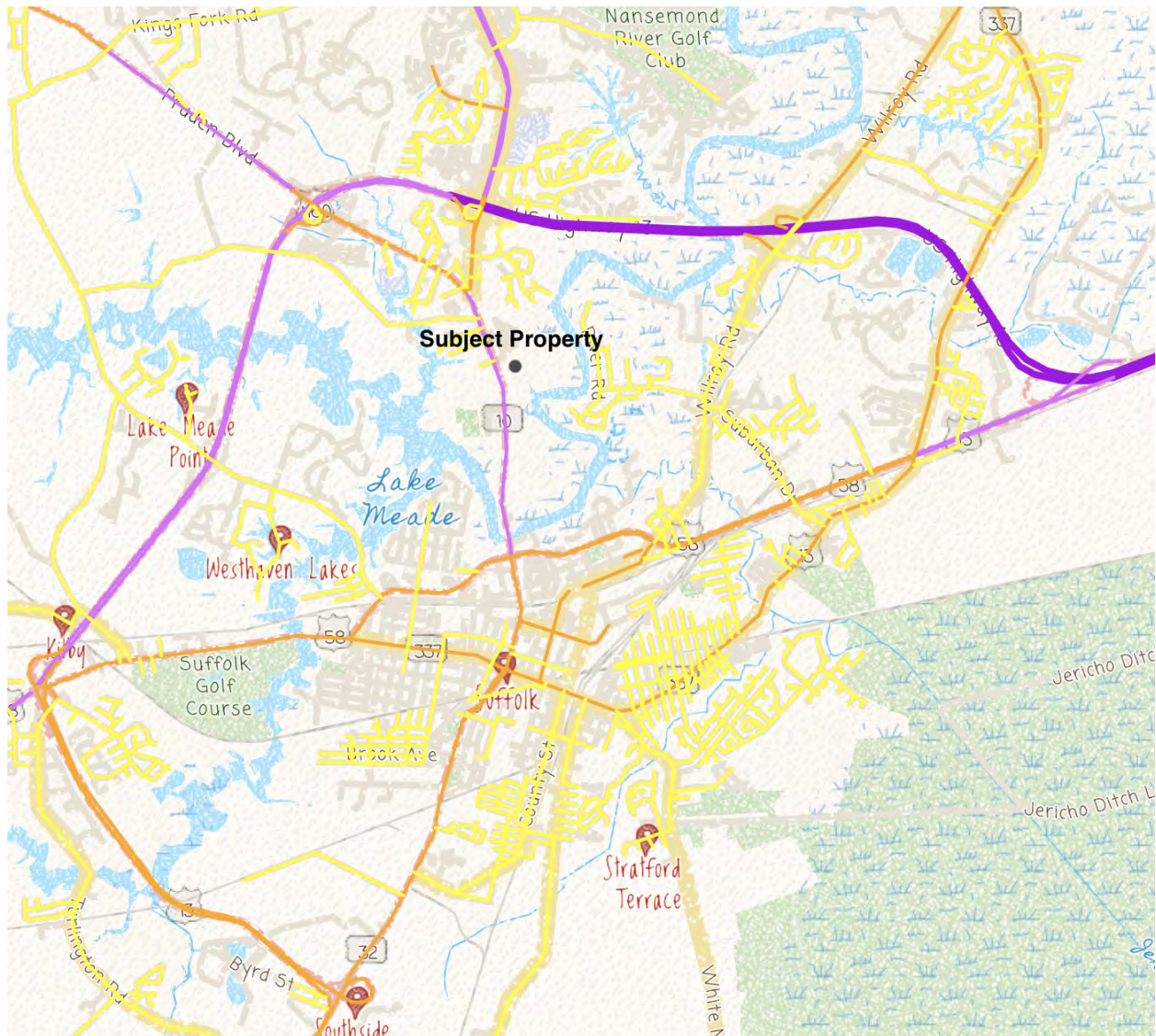


Sources: STR Trend Report January 2024, STR Monthly Report January 2025, Bureau of Labor Statistics (1982-84=100), and the Dragas Center for Economic Analysis and Policy.

In Summary, 2025 defense spending will continue to support the Hampton Roads economy. Home sales are expected to stabilize, while median home prices will likely keep rising. Going forward, uncertainty in Washington, especially on size and type of reduction in federal workforce, and increases in tariffs either by country, or by ownership or by commodities, will remain to be a major concern for the health and growth of the regional economy.

NEIGHBORHOOD SUMMARY

The subject is located within the South Suffolk/Downtown neighborhood in Suffolk Virginia. The immediate subject neighborhood is generally bounded by Route 58 on the east, north, and west, and Washington Street on the South. Research conducted for this section was obtained through REIN MLS, CoStar, ODU Economic Forecasts, and discussions with real estate agents who are familiar with this market.



Access to the neighborhood is generally convenient from route 58 and route 460. 58 connects the subject to all points in Hampton Roads via Interstate 64. North Main Street provides a retail corridor with ample traffic estimated at 26,000 vehicles per day in either direction. This immediate area on North Main Street is characterized by newer retail development, new multi-family development, car dealerships, second generation retail, and smaller office buildings.

Contiguous with the property toward the north, Meridian Obici is an apartment complex that was built in 2016, has 224 units, and was sold in 2018 for a reported \$32,000,000. On the southern side of the property, Barton Ford is a local car dealership selling Ford vehicles.

The surrounding retail within two miles includes Applebee's Grill + Bar, Chick-fil-A, Dunkin Donuts, Jersey Mike's Subs, Panera Bread, Papa Johns Pizza, Wawa, 7 Eleven, ALDI Grocery Store, Kroger, LOWE'S, Walmart Supercenter, and Planet Fitness. Lake Meade Park as well as other small parks give plenty of recreational opportunities for residents in the area.

Sentara Obici Hospital, located less than 1.5 miles north of the subject, is a modern, 175-bed, full-service medical facility located on Godwin Boulevard in Suffolk, Virginia. The hospital serves the Western Tidewater region designed with advanced healthcare technology. The facility provides a wide range of comprehensive medical services to meet the needs of the surrounding communities. Sentara Obici Hospital remains a healthcare resource for individuals and families across the region.

Less than two miles south of the subject is the Suffolk Court House and Downtown area. This area is characterized by office buildings built before 1975 and is populated mostly by government services from the aforementioned court to the Suffolk Educational department and other city services.

As of Q2 2025, the South Suffolk office submarket has a low vacancy rate of 2.6%, slightly below its five- and ten-year average of 3.8%. The vacancy rate has held relatively steady over the past year with a minor 0.1% decrease, due to no new deliveries and net absorption of -1,300 SF.

Currently, about 30,000 SF is listed as available, and there is no office space under construction, despite a historical average of 2,600 SF under development annually.

The submarket has a total inventory of 1.2 million SF, much smaller than the 56.6 million SF in the overall Hampton Roads area. Average asking rents in South Suffolk are \$21.00/SF (full service), slightly below the market average of \$22.00/SF. Rent growth over the past year was 0.5%, trailing both the market-wide growth of 1.2% and the submarket's own five-year average (3.3%) and ten-year average (2.8%).

A total of 636 single-family homes were sold within a 3 mile radius of the subject in the last year. The average home had 4 bedrooms, 2 bathrooms, 1,927 square feet of living space, and sat on 0.425 acres. List prices averaged \$353,209 (\$185.85/SF), and sale prices closely followed at an average of \$352,395 (\$185.07/SF), reflecting a strong average sale-to-list ratio of 99%. The median home featured 3 bedrooms, 2 bathrooms, 1,800 square feet, and sold for \$334,950, which was 100% of the \$330,000 list price. Homes were typically built around 1988 on average, with the median build year being 2000. Properties sold quickly, with a median of 25 days on market and an average of 35 days.

In summary, the subject property benefits from convenient access to major transportation routes, including Interstate 64 and Route 460. The surrounding area is well-supported by retail services and medical facilities, offering a full range of amenities suitable for both residential and office use. The City of Suffolk has continued to gentrify over the last 10-15 years and looks to

continue that trend with a lower cost of living and is attractive for those who desire a suburban lifestyle.

SITE SUMMARY

Location

The subject property is located on the east side of North Main Street.

Size/Shape/Frontage

The subject site is currently irregularly shaped and will hypothetically be subdivided into a rectangular 2.5 acre site(with improvements). The subject will sit behind a multifamily development fronting North Main Street.

Access/Visibility

The subject site will be provided with two curb cuts along an access road that connects to North Main Street. There will be a third curb cut on the north side of the site. Cross access is given to a shared parking lot as well that will also be used by proposed multi family. The visibility of the site is hindered from North Main Street by the proposed multi family development.

Easements

The subject site is not encumbered by any recorded easements.

Topography

The subject site is generally level, above street grade and appears to have adequate off-site drainage.

Flood Zone

According to The Flood Insurance Rate Map Community Panel Number 5101560114E, revised August 3, 2015, the parcel is located in Flood Zone X.

AICUZ

The subject property is not encumbered by AICUZ restrictions.

Transportation Linkages

Access to the neighborhood is generally convenient to most of Hampton Roads due to the proximity to Interstate 64. Route 460 provides access to the neighborhood from the western part of the state.

Utilities

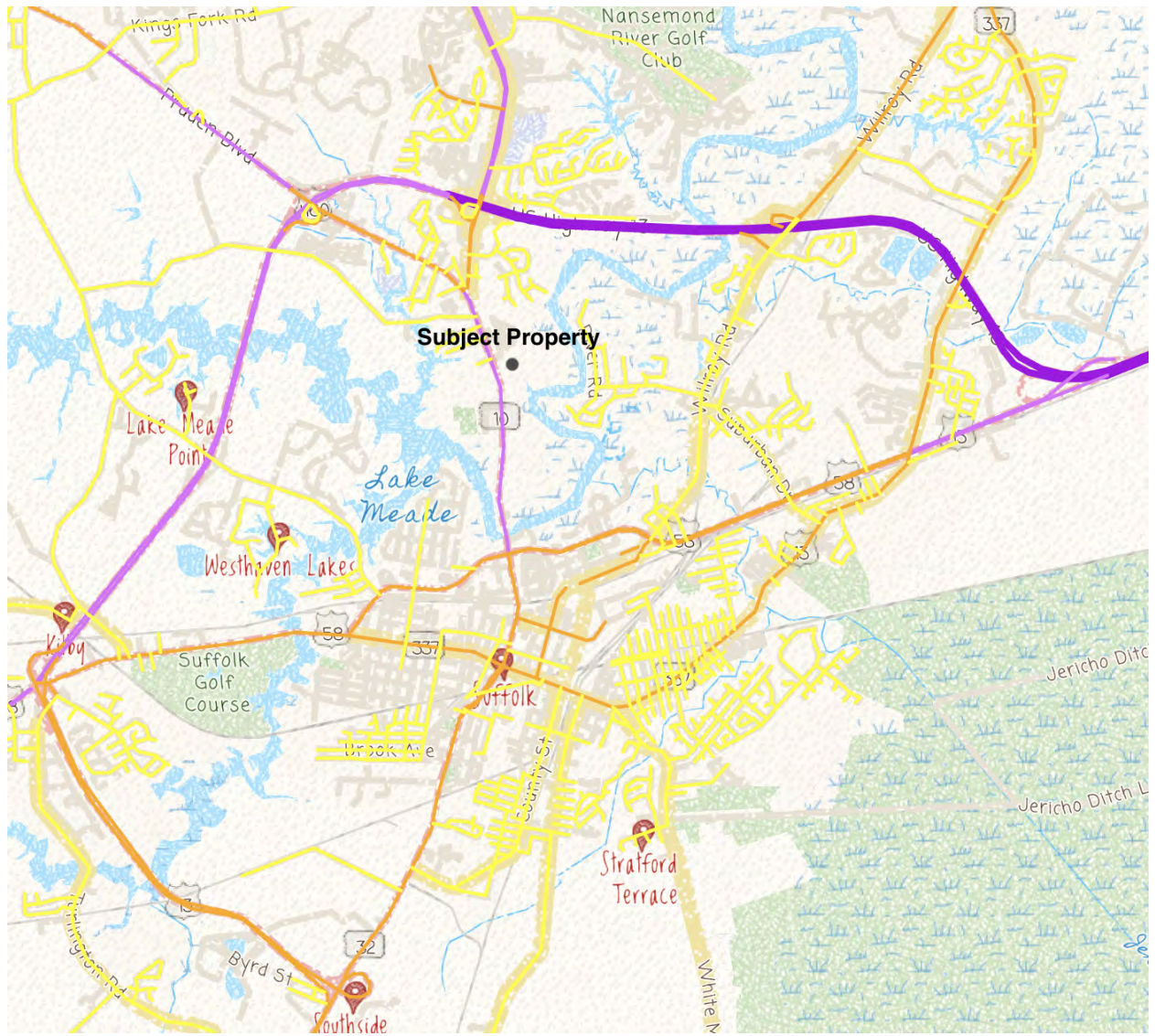
Utilities available to the property are water, sewer, electricity, natural gas, cable and telephone service.

Environmental Hazards

The existence of hazardous materials, which may or may not be present on or in the subject property, was not observed by the appraiser. The value estimate stated herein is subject to modification in the event that a qualified expert detects on or in the property any such potentially hazardous material. The value estimate stated in this appraisal report is predicated on the assumption that there is no such material on or in the property that would cause a loss in value.

Conclusion

The parcel is well situated within South Suffolk, between route 58 and downtown Suffolk. The site will contain 108,900 SF and benefits from its proximity to the interstate, Obici Hospital, retail services, housing, and Suffolk government offices. The site is provided with adequate curb cuts feeding to North Main Street. Considering the subject's size, location, and access, the parcel could appeal to a variety of users.



SUBJECT LOCATION MAP



AERIAL VIEW



TAX MAP

National Flood Hazard Layer FIRMette



76°35'15"W 36°45'28"N



0 250 500 1,000 1,500 2,000 Feet 1:6,000

76°34'38"W 36°44'59"N

FLOOD ZONE MAP

IMPROVEMENT SUMMARY

The subject site is improved with a two story plus basement office building constructed in 1949 and contains 32,266 SF. Site improvements will consist of an asphalt paved parking lot, overhead lighting, and attractive landscaping. The surrounding development will be improved in phases which will be a benefit to the subject.

The following is a description of the subject building based on the interior viewing on May 7th, 2025, a second exterior viewing on June 2nd, 2025, and hypothetical conditions proposed by the client.

Foundation

Concrete Basement

Frame

Steel and Brick

Roof

Ballasted Flat Roof- areas of the building suffered from leaks and will require either a new roof or

Exterior Walls

Red Brick

Windows

The building is provided with fixed, insulated glass in anodized frames, as well as single hung windows in some offices.

Access

The building has a double-door entrance facing North Main Street. Numerous access points surround the building's rear.

Floor Plan

The building will have a more contemporary floor plan that accommodates the proposed tenant.

Interior Finishes

The interior will have contemporary finishes including LED lighting, LVT flooring, painted drywall, and similar bathroom finishes.

HVAC

The building is served with multiple HVAC units. The new buildout will likely include new systems. It is assumed that this will be in good working order.

Sprinkler System

The building was not designed with a sprinkler system.

Plumbing

Each floor is served with both men's and women's restrooms. Hypothetically these restrooms will be renovated in some fashion to be brought up to today's standards. Each floor also has janitorial closets allowing for a mop and bucket as well as a floor sink.

Electrical System

The building is provided with ample power for office use. In the interior inspection there were numerous electrical rooms and an abnormal amount of breaker boxes. The renovation should address this with consolidation.

Site Improvements

The site will include a resurfaced and modified parking lot with LED pole lighting. The landscaping will be maintained.

Parking

The subject currently has adequate parking. The proposed re-development will use some of the existing parking as well as share parking for other mixed use buildings.

Effective Age

The building was constructed in 1949 with multiple additions in the decades following its initial build. The building will be renovated with a new floor plan, contemporary interior finishes, new roofing, and a new resurfaced parking lot. The building will have an estimated effective age of approximately 10 years with a remaining economic life (as-is) of 30 years.

Conclusion:

The subject building was constructed in 1949 with good quality materials and designed for the VDOT. The building has curable functional design flaws for general use, but will be renovated for contemporary office use. The building could accommodate a variety of businesses that desire a location within this section of Suffolk.

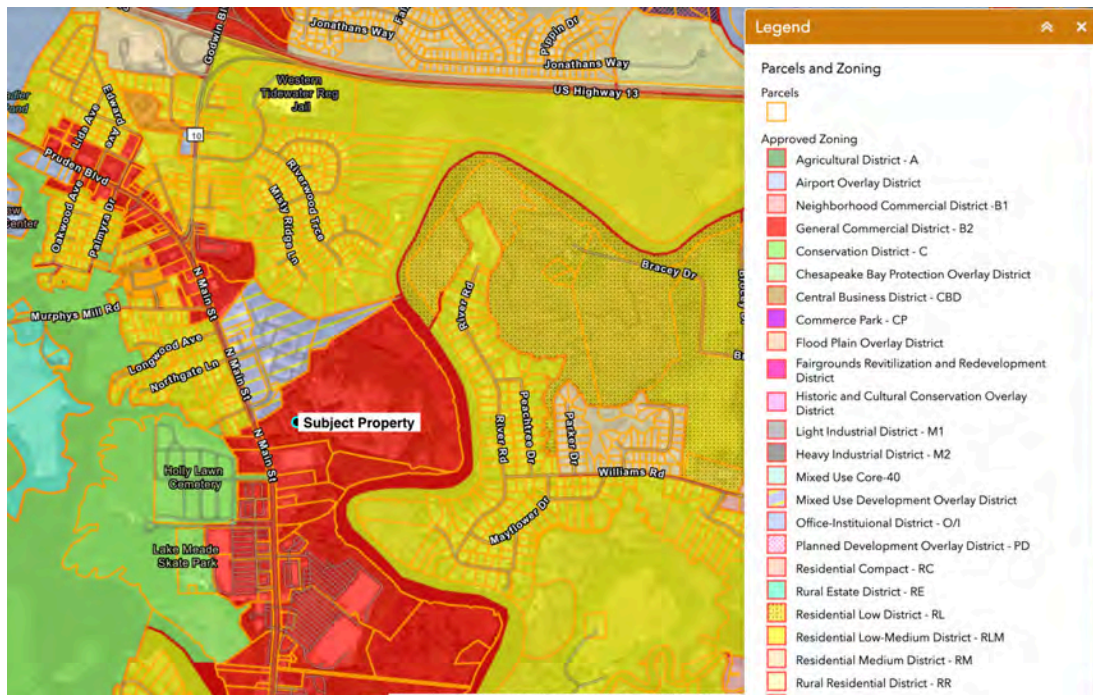
ZONING

The property is zoned **B-2, General Commercial**. The city of Suffolk’s description of this zoning is as follows: “B-2 (GENERAL COMMERCIAL). General commercial activities designed to serve the community such as repair shops, wholesale businesses, warehousing and general commercial sales with some outdoor display of goods but with limited outdoor operations. The redevelopment of existing shopping centers to eliminate large expanses of surface parking and to promote a "Main Street" appearance is encouraged. This district promotes a broad range of commercial operations and services necessary for large regions of the City, providing community balance. Applicable Place Types: Downtown/Town Center, Traditional Neighborhood Center, Suburban Center, Corridor, and Special District.”

Dimensional requirements for the B-2 zoning district including minimum lot size and lot width are shown in the chart below, along with the subject’s actual lot dimensions.

DIMENSIONAL REQUIREMENTS FOR B-2 ZONING DISTRICT			
	B-2	Subject	Complies (Yes or No)
Minimum Lot Size	5,000 SF	108,900 SF	Yes
Minimum Front Yard Setback	10 FT	>10 FT	Yes
Minimum Side Yard Setback	20 FT	>20 FT	Yes
Minimum Rear Yard Setback	30 FT	>30 FT	Yes

The subject site and building improvements conforming with the B-2 zoning regulations.



ZONING MAP

REAL ESTATE ASSESSMENT AND TAX LIABILITY

Property in Suffolk is assessed annually at a purported 100% of market value; with annual reassessments made to keep valuations current. The tax year is a fiscal year from July 1 through June 30. The tax rate for the 2024/25 tax year is \$1.07/\$100 of assessed value.

The subject property is identified by the City of Suffolk Real Estate Assessor as Account Number 2530-66-200. The subject's real estate assessment and tax liability for the current and previous two years is presented below.

Real Estate Assessment and Tax Liability			
Tax Year	2022/2023	2023/2024	2024/2025
Land	\$12,305,300	\$12,305,300	\$12,305,300
Improvements	<u>\$3,772,300</u>	<u>\$3,772,300</u>	<u>\$3,772,300</u>
Total	\$16,077,600	\$16,077,600	\$16,077,600
Tax Rate	<u>\$0.0107</u>	<u>\$0.0107</u>	<u>\$0.0107</u>
Liability	\$172,030.32	\$172,030.32	\$172,030.32
% Change		0.0%	0.0%

HIGHEST AND BEST USE

In the process of determining the highest and best use of a property, the highest and best use of the land *as though vacant* and available for development to its highest and best use must be considered first. Then the highest and best use of the property *as improved* is considered.

Highest and Best Use is defined by the Appraisal Institute, The Dictionary of Real Estate Appraisal, Sixth Edition (Chicago, 2015), pg. 108, as:

“The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value.”

HIGHEST AND BEST USE-AS THOUGH VACANT

Legally Permissible: The property is zoned **B-2, General Commercial**. B-2 (General Commercial) zoning allows a broad mix of commercial uses, including retail, repair shops, warehousing, and wholesale businesses, with limited outdoor operations and displays. It encourages redevelopment of shopping centers into walkable, "Main Street"-style environments and supports commercial activity that serves larger areas of the city. Suitable locations include Downtowns, Neighborhood Centers, Corridors, and Special Districts.

The minimum lot size is 5,000 square feet. The subject site contains 108,900 SF. The subject will be subdivided into a legal conforming use.

Physically Possible: The size, shape, terrain and accessibility of the land and the risk of natural disasters such as floods or earthquakes affect the uses under which the property may be developed. The utility of the property may also depend on its frontage and depth. Irregularly shaped parcels may cost more to develop and, after development, may have less utility than regularly shaped (e.g., rectangular) parcels of the same size. Ease of access enhances the utility of the site.

The subject site will be mostly rectangularly shaped, containing 108,900 SF, and in close proximity to North Main Street. While the size of the subject is adequate for general commercial development, the utility would increase(if vacant) if assembled with the surrounding adjacent land.

Financially Feasible and Maximally Productive: The uses which are physically possible and legally permissible are examined to determine if they are financially feasible. All uses which generate sufficient income to meet or exceed operating expenses and provide an adequate return on investment are considered financially feasible.

Vacant commercial land varies greatly in Suffolk depending on proximity to neighborhoods, business districts, and use. The general range of ‘commercially’ zoned land in Suffolk ranges from \$200,000-\$400,000 per acre. The range of multi-family land has a higher value toward \$800,000 per acre. Considering the proposed development of the surrounding parcel into

multi-family and mixed use, the subject property would be best utilized - as vacant- as assembled with the surrounding parcels for multi-family development.

Conclusion to Highest and Best Use –As Vacant: Therefore, after considering the legally permissible, physically possible, financially feasible and maximally productive uses, the highest and best use of the subject site as though vacant is for assemblage with the adjacent land for further multifamily development. The likely buyer of the subject would be a local or regional developer.

HIGHEST AND BEST USE-AS IMPROVED

The same tests apply to the analysis as improved as were examined in the as if vacant analysis.

Legally Permissible: The subject improvements are conforming within the B-2 zoning regulations.

Physically Possible: The building was constructed in 1949 and designed for VDOT office use. The building contains 32,266 SF, and has a floor plan that reflects that era. The hypothetical condition of this appraisal is that the building is renovated to reflect contemporary office standards. The building will have a functional design, adequate on-site parking, and good access from its connections to North Main Street.

Financially Feasible and Maximally Productive: The research indicated that there is good demand for office space in the immediate and adjacent sub-markets. There were few available units for lease. The subject is owner occupied.

As of Q2 2025, the South Suffolk office submarket has a low vacancy rate of 2.6%, slightly below its five- and ten-year average of 3.8%. The vacancy rate has held relatively steady over the past year with a minor 0.1% decrease, due to no new deliveries and net absorption of -1,300 SF.

Currently, about 30,000 SF is listed as available, and there is no office space under construction, despite a historical average of 2,600 SF under development annually.

The submarket has a total inventory of 1.2 million SF, much smaller than the 56.6 million SF in the overall Hampton Roads area. Average asking rents in South Suffolk are \$21.00/SF (full service), slightly below the market average of \$22.00/SF. Rent growth over the past year was 0.5%, trailing both the market-wide growth of 1.2% and the submarket's own five-year average (3.3%) and ten-year average (2.8%).

In the hypothetical condition of this report, the subject will be subject to a 10 year lease with annual rents starting at \$15.50/SF (NNN) and escalating at 3% annually. This rent is deemed to be market considering the hypothetical conditions of the improvements for the tenant. Whereas the above paragraph states that the Full Service rent is \$21/SF in South Suffolk, a triple net (NNN) lease typically cuts out \$7-8 dollars of expense to the landlord. The new condition of the space more than makes up for the difference in rent (\$15.50-\$14).

Conclusion: There is currently no alternate use that could financially justify a removal of the existing improvements and a re-use of the site. The current proposed use is considered the highest and best use as improved. The likely buyer of the subject property would be a regional or national investor.

APPROACH TO VALUE

Typically, property is valued by application of the three standard approaches to value: Cost Approach, Income Capitalization Approach and Sales Comparison Approach.

1. The principle of the **Cost Approach** embodies the concept of substitution. By principle, no one will pay more for a property than the amount for which he could acquire a comparable site and construct a building with similar utility. The technique of this approach, therefore, is to value the land as if vacant and available for immediate development to its highest and best use and to add the replacement cost new less accrued depreciation of the improvements. The Cost Approach is generally a good indicator of value for newly constructed properties. Its reliability is severely reduced when valuing older buildings. This is primarily due to the difficulty in estimating accrued depreciation.
2. The **Income Approach** to value is applied to properties, which are attractive to investors. These properties are bought and sold on the basis of their income producing potential. This approach is the basic tool for the valuation of income producing real estate because it is related to investor thinking and motivation. The principle of the Income Approach is anticipation: an investor in real estate is trading a sum of money for the right to future income streams. In the Income Approach, the sources of revenue and expenses have been analyzed to arrive at a net operating income for the property. This net operating income has then been capitalized into a value estimate indicative of the market value of the subject.
3. The **Sales Comparison or Market Data Approach** is a systematic process of comparing the properties, which have sold to the property being appraised. This approach involves accumulating information on sales of properties judged to be comparable to the property under analysis. The data is reduced to a common denominator, or in appraisal terminology, units of comparison which, when applied to the subject, give an indication of market value.

The approaches are interrelated as well as tied to underlying and emerging trends identified in the area neighborhood and competitive market analysis considerations of this appraisal report. Judgments are made regarding the reliability and quality of the data, with each approach weighted and analyzed in light of the property being appraised. The final step involves a reconciliation of the value indications into one final value estimate.

The purpose of the appraisal is to estimate the market value, as is, of the leased fee estate in the subject property. The Income and Sales Comparison Approaches have been developed for estimating the market value, as is. The approaches to value are presented on the following pages.

INCOME CAPITALIZATION APPROACH

The Income Approach is based on the theory that the value of a property is the present worth of the net income it will produce during the remainder of its productive life.

The Income Approach is a method of estimating value by capitalization of the net income produced by a given property. The procedure includes: (1) estimation of economic rent predicated on rental data, giving consideration to the rental rates being achieved for similar properties in the subject market area; (2) estimation of vacancy and credit losses; (3) estimation of expenses, including a reserve for replacement; (4) selection of applicable interest and capitalization rates; and (5) translation of the estimated net income into a value indication by the use of capitalization techniques.

Economic or market rent may be defined as what the space would bring in the open market at the time of appraisal. It is best estimated in this report by an analysis of rental data on similar properties. Vacancy and credit loss, as well as expenses, can best be estimated in the same manner. Care is necessary in analyzing this data because most owners tend to overlook the necessity to provide reserves, which are a legitimate expense.

Income producing real estate derives value from its ability to pay expenses and generate income. The income generated is valued by converting or capitalizing the projected net income into value. This procedure is known as the Income Capitalization Approach. There are two different types of capitalization - direct and yield - which can be applied to the net income to arrive at an estimate of value via the Income Approach. For this report that there was enough available data to use direct capitalization which gives the best market derived estimate of a capitalization rate. Yield Capitalization was not used.

Direct capitalization is a method used to convert a single year's estimate of income into a value indication. This is accomplished in one step by either dividing the income estimate by an appropriate income rate or by multiplying the income estimate by an appropriate income factor. The income rates and factors express the relationship of income and value and are derived from market data. It is essential that the market comparables reflect risk, income, expenses and physical and locational characteristics similar to those of the property being appraised.

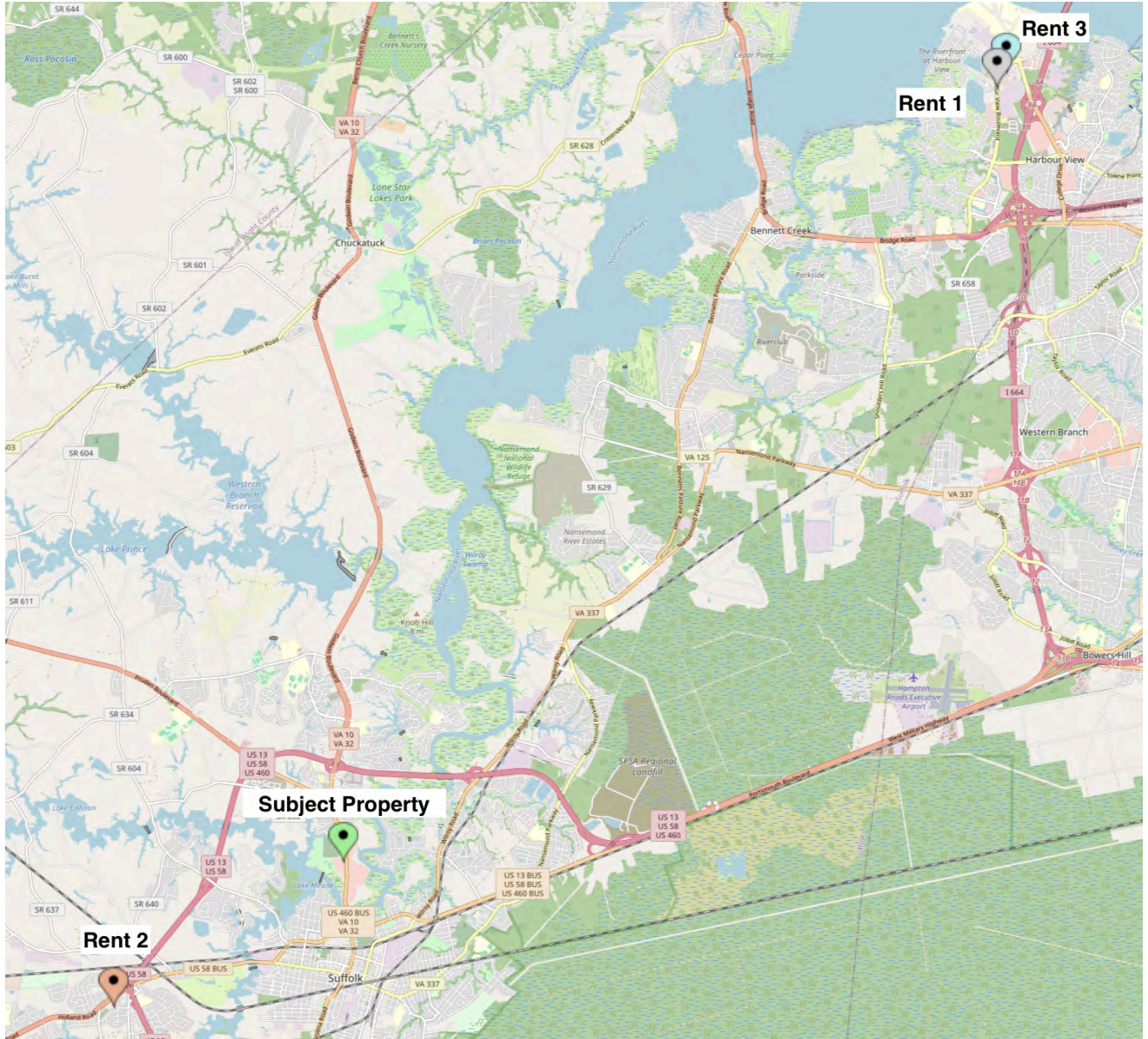
In *yield capitalization*, future benefits are converted to present value by applying an appropriate yield rate. In yield capitalization, an appraiser (1) selects a holding period, (2) identifies all future cash flows or patterns and relationships between present and future cash flows, (3) selects an appropriate yield (discount) rate, and (4) converts the future benefits to value by discounting each annual future benefit or by developing an overall rate that reflects the income pattern, value change, and the yield rate. Yield capitalization procedures consist of the application of capitalization rates that reflect an appropriate yield rate and use of present value factors such as in discounted cash flow analysis. Mortgage-equity formulas and yield rate/value change formulas may be used to derive overall capitalization rates.

Direct capitalization will be used to value the property.

Leasing Structure

The leasing structure for single tenant office space in this section of Suffolk is commonly triple net. A triple net lease will require the tenant to be responsible for paying the real estate tax liability, insurance premium, storm water management fee, utilities and maintenance expense. The landlord would be responsible for paying the management/leasing fee and maintaining a reserve for replacement account. In some instances, the landlord will provide free rent while the tenant completes the interior build-out or pay the upfront expense for the build-out and amortize the expense of the lease term.

For this analysis, and as is typical of the lease information researched for this assignment, a triple net rental rate will be estimated for the 32,266 SF of building. The rent comparables are presented on the following pages.



RENT COMPARABLES MAP

Office Building Rent

Comparable #1

Location/Address: 7025 Harbour View Blvd
Neighborhood Harbour View
City: Suffolk
Date: 6/19/22
Lessor: Bridgeway 7025 LLC
Lessee: Confirmed
Terms: \$14.00 NNN
Building Size 122,936
Leased Area 6,471
Year Built: 2001
Rent (SF): \$14.00
Rent (Monthly): \$7,550
Expenses Paid By...
Taxes: T **Insurance:** T **W/S:** T **Electricity:** T **Janitorial:** T
Maintenance (int): T **Maintenance (ext):** O

Building Remark: This is a single story multi tenant office building with ample parking. Tenants include contractors and service businesses.

Lease Remark: The agent indicated the commencement rent is \$14/SF, NNN. The landlord would be responsible for the roof and other exterior maintenance.



Office Building Rent

Comparable #2

Location/Address: 1514 Holland Road
Neighborhood South Suffolk
City: Suffolk
Date: 1/1/2024
Lessor: 1514 Holland Road LLC
Lessee: Confirmed
Terms: \$16/SF NN
Building Size 11,782
Leased Area 4,480
Year Built: 2000
Rent (SF): \$16.00
Rent (Monthly): \$5,973
Expenses Paid By...
Taxes: **Insurance:** **W/S:** **Electricity:** **Janitorial:**
Maintenance (int): **Maintenance (ext):**

Building Remark: This is a single story office building. The 1-story building is located in Southwest Suffolk. There is ample parking with retail contiguous to the site.

Lease Remark: The agent confirmed that the tenant signed a multi year lease starting at \$16/SF NN.



Office Building Rent

Comparable #3

Location/Address: 7007 Harbour View Blvd
Neighborhood Harbour View
City: Suffolk
Date: 2/22/2024
Lessor: Continental Technology Associates LP
Lessee: Confirmed
Terms: 5 years, \$15/SF NNN
Building Size 71,306
Leased Area 9,448
Year Built: 2006
Rent (SF): \$15.00
Rent (Monthly): \$11,810
Expenses Paid By...
Taxes: T **Insurance:** T **W/S:** T **Electricity:** T **Janitorial:** T
Maintenance (int): T **Maintenance (ext):** O

Building Remark: This is a single story office building in Suffolk. The building is occupied by multiple tenants.

Lease Remark: The tenant signed a 5 year lease. The owner has minimal responsibilities including the roof and other exterior maintenance.



MARKET RENT ANALYSIS

The surrounding Suffolk sub-markets were researched to provide a general rental rate range for the subject property. The comparables have been adjusted, if necessary, to reflect a triple net rental rate.

Rent Comparable #	Subject	1	2	3
Location	1700 N Main St	7025 Harbour View Blvd	Holland Rd	7007 Harbour view Blvd
Neighborhood	South Suffolk	North Suffolk	South Suffolk	North Suffolk
City	Suffolk	Suffolk	Suffolk	Suffolk
Date	NA	6/19/2022	1/1/2024	2/22/2024
Rental Rate	NA	\$14.00	\$16.00	\$15.00
Year Built/Renovated	1949/2025	2001	2000	2006
Building Area (SF)	32,266	122,936	11,782	71,306
Leased Area	32,266	6,471	4,480	9,448
Lease Type	NNN	NNN	NN	NNN
Rent Adjustments				
Real Estate Taxes		\$0.00	\$1.20	\$0.00
Building Insurance		\$0.00	\$0.25	\$0.00
Water/Sewer		\$0.00	\$0.00	\$0.00
Electricity		\$0.00	\$0.00	\$0.00
Janitorial		\$0.00	\$0.00	\$0.00
Maintenance (Ext.)		\$0.00	\$0.25	\$0.00
Maintenance (Int.)		\$0.00	\$0.00	\$0.00
Condition		\$1.00	\$1.00	\$1.00
Total Adjustment		\$1.00	\$0.70	\$1.00
Adjusted Rent	NNN	\$15.00	\$15.30	\$16.00

Rent #1 is the rent for office space in a large single story office building. The asking rent was \$14.00/SF, NNN for 6,476 SF with ample on-site parking. Comparable #2 is the lease information for a smaller office building. The building includes adequate parking and is adjacent to a retail shopping center. Comparable #3 is for 9,446 SF of space in a similar single story office building in an office park near Comparable #1. The space rented for \$15 NNN with tenant buildout.

The subject property will be rented at \$15.50/SF NNN. This rent is within market standards, especially considering the level of tenant buildout expected and the surrounding amenities to the building.



The subject property benefits from its proximity to 64, surrounding amenities, and buildout. Based on the rent comparables used for this analysis, coupled with the design and size of the subject building, a market rent of **\$15.50/SF, NNN**, is estimated for the 32,266 SF subject.

Vacancy and Credit Loss

As of Q2 2025, the South Suffolk office submarket has a low vacancy rate of 2.6%, slightly below its five- and ten-year average of 3.8%. The vacancy rate has held relatively steady over the past year with a minor 0.1% decrease, due to no new deliveries and net absorption of -1,300 SF.

Currently, about 30,000 SF is listed as available, and there is no office space under construction, despite a historical average of 2,600 SF under development annually.

The submarket has a total inventory of 1.2 million SF, much smaller than the 56.6 million SF in the overall Hampton Roads area. Average asking rents in South Suffolk are \$21.00/SF(full service), slightly below the market average of \$22.00/SF. Rent growth over the past year was 0.5%, trailing both the market-wide growth of 1.2% and the submarket’s own five-year average (3.3%) and ten-year average (2.8%).

This information- the clear lack of high quality office space in the subject’s submarket- coupled with the hypothetical lease in place to a government entity would give any investor a high level of confidence in the subject.

Based on the market information researched for this report and considering the subject's location, the subject is estimated to have no vacancy or credit loss. The subject's effective gross income is presented below.

Gross Annual Income:						
Building Area						
32,266	SF	@	\$15.50	/SF	=	\$500,000
<i>Less Vacancy/Credit Loss; est.</i>		@	0%		=	<u>\$0</u>
Effective Gross Income						\$500,000

Operating Expenses

A triple net lease assigns the tenant to be responsible for paying the real estate tax liability, insurance premium, storm water management fee, utilities, trash removal, and interior maintenance. The landlord is responsible for a reserve for replacement fund on major capital items, paying a management/leasing fee (typically), and the roof and structure. The landlord expenses are discussed below.

Reserves

A reserve for replacement fund of **3%** of effective gross income has been estimated for this analysis.

Management & Professional Fees

Management and leasing charges are proper expenses of operation where property managers and services are contracted or provided by the property owner. Typical commercial management and leasing fees for Office Buildings are in the 3% to 6% range. A management/professional fees expense of **3%** is considered reasonable and has been used for this expense analysis.

NET OPERATING INCOME

The projected net operating income for the subject building is estimated to be \$470,000. The income and expense pro-forma are presented below.

**Office Building
1700 N Main Street
Suffolk Va**

Gross Annual Income:						
Office Building						
	32,266	SF	@	\$15.50 /SF	=	\$500,000
<i>Less Vacancy/Credit Loss; est.</i>			@	0.0%	=	<u>\$0</u>
Effective Gross Income						\$500,000
Less Expenses:						
				<u>\$/SF</u>		
Real Estate Taxes		(Tenant)		\$0.00		\$0
Insurance		(Tenant)		\$0.00		\$0
Storm Water Mgmt. Fee		(Tenant)		\$0.00		\$0
Utilities		(Tenant)		\$0.00		\$0
Janitorial		(Tenant)		\$0.00		\$0
Trash Removal		(Tenant)		\$0.00		\$0
Landscaping/Grounds		(Tenant)		\$0.00		\$0
Repairs & Maint.		(Tenant)		\$0.00		\$0
Reserves		(Owner)		3% of EGI		\$15,000
Management/Leasing		(Owner)	@	<u>3%</u> of EGI		<u>\$15,000</u>
Total Expenses				\$0.93		<u>\$30,000</u>
Net Operating Income						\$470,000
<i>(Before Deprec., Inc Taxes or Debt Service)</i>						

CAPITALIZATION

Capitalization is the process of converting income into value. There are two commonly accepted types of capitalization: Direct Capitalization is defined as *a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step -either by dividing the income estimate by an appropriate income rate or by multiplying the income estimate by an appropriate factor.* (The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago: Appraisal Institute, 2015.)

Direct capitalization will be used to value the subject property.

Market Derived Capitalization Rates

Buildings like the subject are typically owner occupied. Sales of similar government leased commercial properties purchased by regional or national investors have been researched to provide an indication of market derived capitalization rates. The indicated rates are summarized in the following table.

Address	Column1	State	Sale Date	Sale Price	Cap Rate	Rent	NOI	Term	Lease	Rent Increases	Tenant
219 Arch Ave	Waynesboro	VA	Feb-25	\$ 1,000,000	6.27%	\$ 65,000	\$ 62,700	5	NN	10% in Options	VA ABC
201 Chowan Dr	Portsmouth	VA	Aug-24	\$ 725,000	7.07%	\$ 56,870	\$ 51,290	3.5	NN	5% in Options	USPS
3281 Peoples Dr	Harrisonburg	VA	Jun-24	\$ 2,000,000	7.20%	\$ 180,367	\$ 144,054	10	NN	2% Annual	DMV
1121 Mall Dr	Richmond	VA	May-24	\$ 2,025,000	6.51%	\$ 147,291	\$ 131,868	5	NN	10% in Options	USPS
155 Ponce DeLeon Blvd	De Leon Springs	FL	Jun-24	\$ 1,540,000	6.99%	\$ 114,150	\$ 107,645	4	NN	10% in Options	USPS

The sales occurred between February 2024 and August 2024 and suggest a capitalization rate range from 6.27% to 7.2%. The sales were encumbered by long-term leases, which provided an attractive return to the buyers. The subject is a general office building which will be encumbered by a 10 year lease.

The Boulder Group provides ranges of capitalization rates for institutional sales throughout the country and indicates overall rates ranging from **6.5% to 7.8%** for retail and office properties during the 1st quarter of 2025. Trying to correlate these national surveys to the subject property may be misleading. That being said, the trend can be telling.

NET LEASE CAP RATE TRENDS



Conclusion

An Overall Capitalization rate of **7.50%** is estimated for the subject property via the market derived rates with considering the Boulder Group capitalization rate study. Applying the capitalization rate (Ro) of **7.50%** derived above, to the previously estimated net operating income for the property, will calculate a value estimate.

Capitalized Value of Property	\$470,000	Capitalized	@	7.50%	=	\$6,266,667
TOTAL INDICATED VALUE - INCOME					(rounded)	\$6,270,000

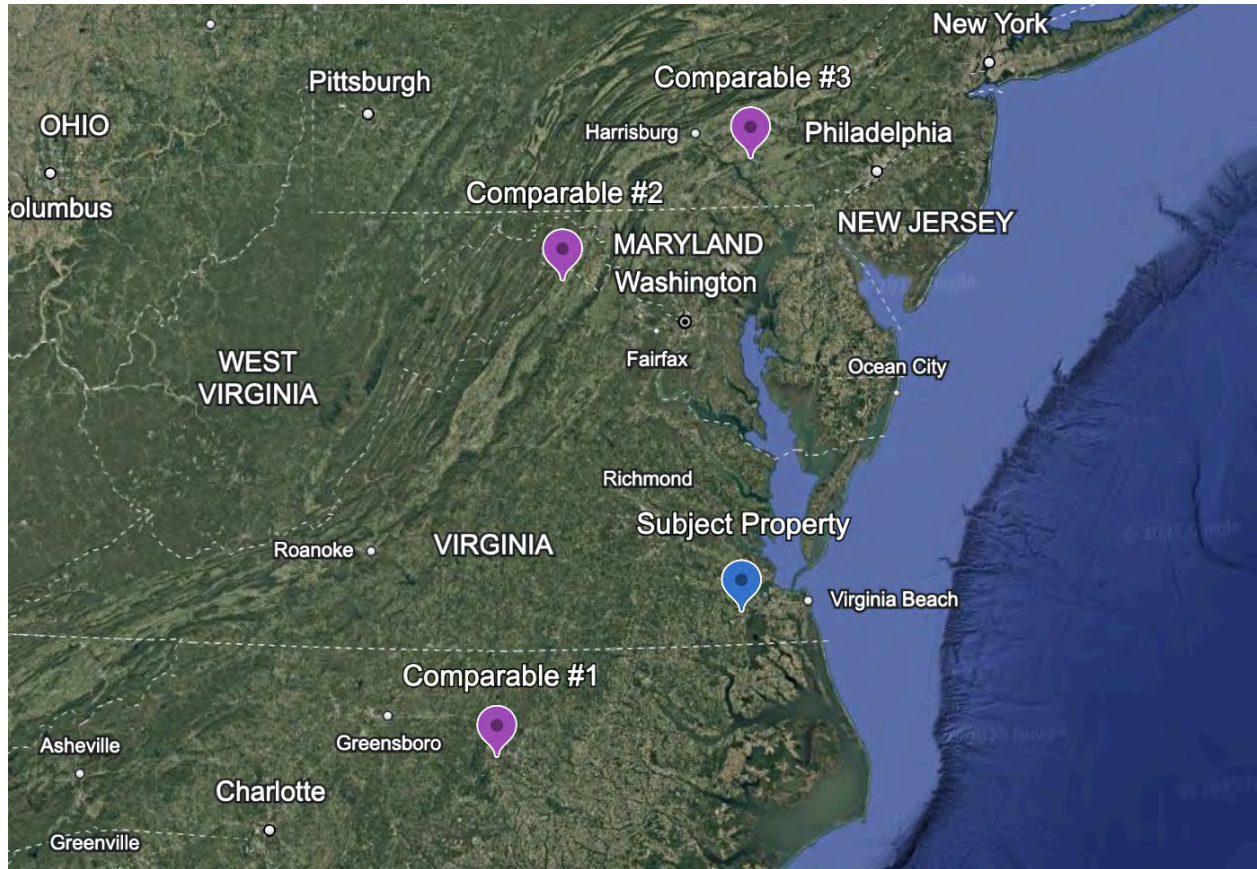
Therefore, based on the Direct Capitalization analysis, the market value, as is, of the leased fee interest in the subject property, via the Income Approach, as of August 1, 2026, was (rounded) **\$6,270,000**.

SALES COMPARISON APPROACH

The Sales Comparison Approach, also known as the Market Data Approach, is an application of the principle of substitution. This method of estimating value is accomplished by comparing the prices paid for similar properties, with adjustments made for dissimilarities which a typical purchaser would recognize. Generally speaking, many buyers and sellers arrive at their opinion of value by this method. Before purchasing a property, they usually acquaint themselves with various properties that are available or have recently been sold and compare the different features of each along with the sales prices.

Caution must be exercised in evaluating the market from a comparable sales approach. Even if a physically identical property sells, the comparison would at best be a rough indication of value unless every factor influencing the sale can be verified. These factors include buyer/seller motivation, complete income and expense information, physical differences etc. It is frequently difficult to obtain accurate insights into all these factors.

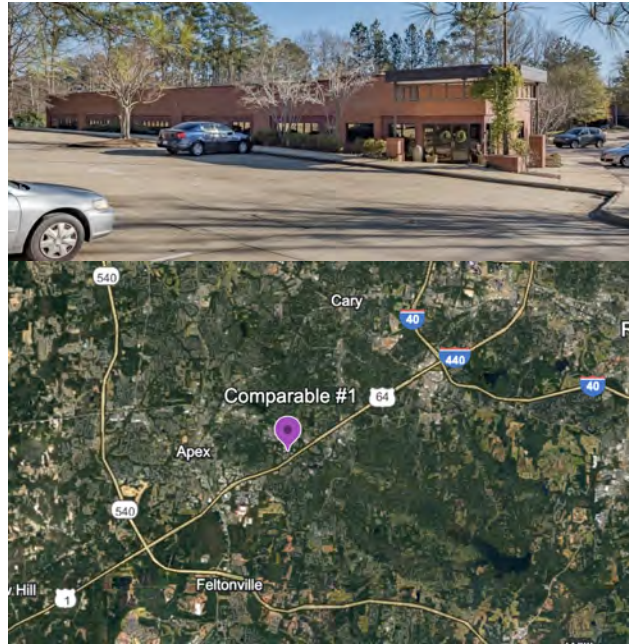
The three office building sales presented on the following pages have been selected as being the most comparable to the subject property.



IMPROVED SALES MAP

Comparable Sale # 1

Property: Mackenan
Location/Address: 201 Mackenan Dr
Neighborhood: MacGregor Park
City/County: Cary, NC
Zoning: ORD
Tax Reference: 0193-191
Grantor: Hamilton Mackenan LLC
Grantee: ITAC 551 LLC
Deed Date: 6/11/2024
Document Number: 019646-00821
Rights Conveyed: Leased fee
Condition of Sale: Arm's Length
Sale Price: \$3,250,000
Cap Rate: 7.59%
Land Size (AC): 1.93 Acres
Building Size: 13,283
Year Built: 1992
Price per square foot: \$244.67



This is a single story brick building. It is built into a hillside. The building is inside Interstate 540 adjacent to Hwy 64 on the border between Cary and Apex. The building is occupied by a single tenant with a long term triple net lease.

Comparable Sale # 2

Property: Bank of Clarke
Location/Address: 202 N Loudoun Street
Neighborhood: Winchester
City/County: Winchester City, Va
Zoning: CBD
Tax Reference: 173-01-N1
Grantor: Bank of Clarke
Grantee: Dave Holland Rentals LLC
Deed Date: 12/18/2024
Document Number: 24000507
Rights Conveyed: Leased fee
Condition of Sale: Arm's Length
Sale Price: \$8,000,000
Cap Rate: 6.50%
Land Size (AC): .69
Building Size: 43,780
Year Built: 1986
Price per square foot: \$182.73



This is a multi story brick building on the corner of East Piccadilly Street and N Loudoun Street. The bank building square footage includes finished basement space. The Bank of Clarke occupies the entire building and the lease that encumbers the building is triple net. That, coupled with the 10 year term made this building attractive to investors.

Comparable Sale # 3

Location/Address: 2124 Ambassador Circle
Neighborhood: Lancaster
City/County: Lancaster County, Pa
Zoning: C-O
Tax Reference: 290-37763-0-0000
Grantor: RRA Manheim, LLC
Grantee: Ambassador Circle Partners LLC
Deed Date: 2/14/2025
Document Number: 20250005593
Rights Conveyed: Leased fee
Condition of Sale: Arm's Length
Sale Price: \$3,250,000
Cap Rate: 6.23%
Land Size (AC): 3.2
Building Size: 15,277
Year Built: 1994
Price per square foot: \$212.74



This is a single story split face block building. It is surrounded by high credit worthy retail buildings as well as residential. The property was encumbered by a private Elementary and Secondary school. It was founded in 2005. The property had 5 years remaining on the lease with a 5 year option.

Improved Sales Analysis

The following discussion references the chart below. The three buildings are all on the east coast, all have triple net leases, and were all investment grade. Prior to adjustments, the three comparables ranged in unit value from \$182.73/SF to \$244.67/SF.

Improved Sale #	Subject	1	2	3
Location	1700 N Main St	Mackenan Dr	Loudoun St	Ambassador Cir
Neighborhood	Downtown Suffolk	MacGregor Park	Winchester City	Lancaster
City, State	Suffolk	Cary, NC	Winchester, Va	Lancaster, Pa
Date	NA	6/11/2024	12/18/2024	2/14/2025
Consideration	NA	\$3,250,000	\$8,000,000	\$3,250,000
Zoning	B-2	ORD	CBD	CO
Year Built/Renovated	1949	1992	1986	1994
Land Size (AC)	2.50	1.93	0.69	3.20
Building Area (SF)	32,266	13,283	43,780	15,277
Price/SF	NA	\$244.67	\$182.73	\$212.74
Cap Rate		7.59%	6.50%	6.23%
Property Rights Appraised		Leased Fee	Leased Fee	Leased Fee
Adjustment		0%	0%	0%
Adjusted Price/SF		\$244.67	\$182.73	\$212.74
Financing		Market	Market	Market
Adjustment		0%	0%	0%
Adjusted Price/SF		\$244.67	\$182.73	\$212.74
Condition of Sale		Arm's Length	Arm's Length	Arm's Length
Adjustment		0%	0%	0%
Adjusted Price/SF		\$244.67	\$182.73	\$212.74
Market Conditions				
Adjustment	0% /year	0.00%	0.00%	0.00%
Adjusted Price/SF		\$244.67	\$182.73	\$212.74
Other Adjustments				
Location		-5%	0%	0%
Building Size - SF		0%	0%	0%
Age/Condition		0%	0%	0%
Net Adjustment		-5%	0%	0%
Adjusted Unit Value Range - \$/SF		\$232.44	\$182.73	\$212.74
Adjusted Sale Price		\$3,087,500	\$8,000,000	\$3,250,000

EXPLANATION OF ADJUSTMENTS

Property Rights Conveyed

The transaction price of a property is generally based on the type of real property interest being transferred. Buyer motivations can vary depending on whether a leased fee interest or a leased fee interest is being acquired, which can in turn affect the property's price. In the case of the three comparable sales, all interests conveyed were leased fee. Therefore, no adjustment was necessary for differences in property rights.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financing arrangements. The research did not reveal unusual financing terms for the comparable sales, therefore, no other adjustment was necessary.

Conditions of Sale

Adjustments for conditions of sale must be made to accurately reflect the motivations of the seller and the buyer if it is determined that the sale was not truly an arm's length transaction. An arm's length transaction is defined as a transaction between unrelated parties under no duress. (The Dictionary of Real Estate Appraisal, Fifth Edition, Chicago: Appraisal Institute 2010). The Comparables were arm's length transfers and required no adjustment.

Market Conditions

Market conditions change over time due to inflation, deflation, changes in supply and demand, etc. This adjustment, often referred to as an adjustment for "time", takes these changes into consideration. In the past 2 years there is no evidence that office building sales have increased. Therefore no market condition adjustments have been applied.

Physical & Other Attributes

Location

Sale #1 was downward adjusted due to its superior location in Cary, North Carolina. Sales #2 and #3 did not warrant a location adjustment, as they have similar market dynamics.

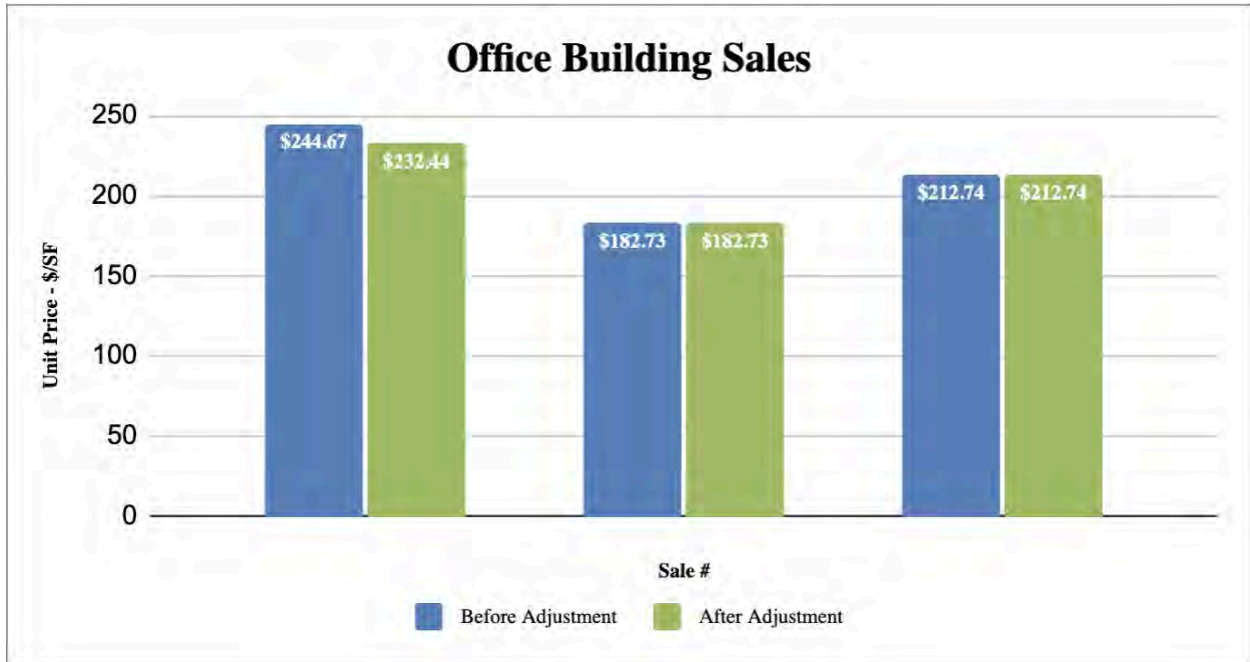
Building Size

As buildings get larger, construction economies can often be realized because typically there are only small or no increases in building costs or site costs. The size differences between the comparable buildings and subject property were not large enough to warrant a size adjustment.

Age/Condition

As newer and higher-quality buildings will have potentially less maintenance expense, prospective purchasers will most likely be willing to pay a premium for them (or less for older or lower-quality buildings). All of the comparable buildings are within the market norms for contemporary building conditions and therefore do not need to be adjusted.

Reconciliation



After adjustments, the three comparables range in unit price from \$182.73/SF to \$232.44/SF and provide a general range of unit prices for single tenant triple net buildings on the east coast. The greatest weight was given to comparable sale #2 based on the similarities in square footage, basement square footage, lease term, and submarket dynamics. Based on the buildings analyzed for the Sales Comparison Approach, a unit value of \$195/SF has been estimated for the subject building.

Therefore, based on the Sales Comparison Approach the market value, as is, of the leased fee interest in the subject, as of August 1, 2026, was:

<u>Size (SF)</u>	x	<u>Unit Value (\$/SF)</u>	=	<u>MV</u>
32,266	x	\$195	=	\$6,291,870
			Rounded	\$6,290,000

RECONCILIATION AND FINAL VALUE ESTIMATE

Each of the approaches to value described herein has been allowed to draw its own logical conclusion without conscious bias or manipulation on the part of the appraiser.

With regard to reconciling the value indications of each of the approaches, each indication has been analyzed and weighed in light of its dependability as an indication of the probable actions of buyers and sellers on the open market.

These indications are summarized as follows:

Cost Approach	Not Developed
Income Approach	\$6,270,000
Sales Comparison Approach	\$6,290,000

The appraiser did not develop the Cost Approach to value for this property due to the age and construction quality of the building. The appraiser believes the primary approaches to value are the Sales Comparison and Income Approaches.

The Income Approach is an accurate method of estimating value of income producing properties. The Income Approach was developed to estimate the market value, to be completed, of the 32,266 SF building. The building is being appraised as renovated, with a 10 year lease, renting for \$500,000 annually with 3% annual increases. The tenant will be the City of Suffolk, giving high credibility. A market rent of **\$15.50/SF, triple net** was estimated based on asking and actual rental rate for nearby space. A stabilized occupancy of 100% was estimated for the building based on tenant credit and market vacancy rate. Operating expenses reflected the modified gross lease arrangement and totaled \$.93/SF. A capitalization rate of 7.50% was estimated for the building and was based on recent transfers of buildings. The Income Approach is well-supported, but has been supported by the Sales Comparison Approach.

When properly developed, the Sales Comparison Approach is an excellent indicator of value since it represents the actions of buyers and sellers in the market place. This approach is largely based upon the principle of substitution as a prudent investor will not pay more for a property than it will cost to buy a comparable substitute property. In this analysis price comparisons were based on price per square foot of building area. The sales occurred between June 11, 2024 and February 2025 and provided a good range of unit prices for similar utility buildings. For these reasons, the Sales Comparison Approach is considered a good indication of value for the subject property.

There is a small difference in value between the Sale Comparison Approach and the Income Approach. The biggest reason for this is that buyer motivations for the Sales Comparison Approach and Income Approach were similar. The subject building- as proposed in the hypothetical condition- matches what investors in the marketplace are looking for, and therefore a similar price would be expected.

After considering the factors pertinent to the valuation of the subject, it is my opinion that the best indication of the market value, as is, of the leased fee interest in the subject property, is the **Income Capitalization Approach**, with support from the **Sales Comparison Approach**.

Based on my analysis, and subject to the limiting conditions and definitions in this report, it is my opinion that the market value, as is, of the leased fee interest in the subject property, as of August 1, 2026, was:

SIX MILLION TWO HUNDRED SEVENTY THOUSAND DOLLARS
(\$6,270,000)

ADDENDUM

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

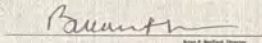
EXPIRES ON
09-30-2026

NUMBER
4001018664

REAL ESTATE APPRAISER BOARD
CERTIFIED GENERAL REAL ESTATE APPRAISER



MICHAEL GARRETT FINE
1113 DITCHLEY RD
VIRGINIA BEACH, VA 23451



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

(SEE REVERSE SIDE FOR PRIVILEGES AND INSTRUCTIONS)

DPOR-LIC (02/2017)



















VIRGINIA LAND RECORD COVER SHEET

Commonwealth of Virginia VA CODE § 57-1-20, 22, 1-24

FORM A - COVER SHEET CONTENT

Instrument Date: 7/14/2021

Instrument Type: 000

Number of Parcels: 1 Number of Pages: 1

City County: SUFFOLK COUNTY

Tax Exempt: VIRGINIA FEDERAL CODE SECTION

Grantee: 58.1-211(A) (1) 58.1-211(C) (4)

Grantee: 58.1-211(B) (1) 58.1-211(C) (4)

Business/Name

X Grantee: COMMONWEALTH OF VIRGINIA, DEPARTMENT OF TRANSPORTATION

Grantee:

X Grantee: ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF SUFFOLK

Grantee:

Grantee Address:

Name: ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF SUFFOLK

Address: 440 HAZARD STREET

City: SUFFOLK State: VA Zip Code: 23134

Consideration: \$400,000.00 Existing Debt: \$0.00 Actual Value/Assessed: 1991,000.00

VEVA INSTRUMENT UNDER PARAGRAPH

Original Protocol: \$0.00 Fee Method Value Increase: \$0.00

Original Book No.: Original Page No.: Original Instrument No.:

Prior Recording At: City County Percentage In This Jurisdiction: 100%

Book Number: Page Number: Instrument Number:

Parcel Identification Number/Tax Map Number: 253064220

Short Property Description: PT 440, BRICO, BRICI HOSPITAL

Current Property Address: 470 N WALK STREET

City: SUFFOLK State: VA Zip Code: 23134

Instrument Prepared By: OFFICE OF THE ATTORNEY GENERAL Recording Paid By: XXXXXX

Recording Released To: WACY FIDELITY TITLE & SETTLEMENT

Address: 181 STONES HILL ROAD

City: ORANGE State: VA Zip Code: 22962



AUG-1 '21 @10:28
FILED CITY OF SUFFOLK, VA
W. RANDOLPH CARTER, JR
CLERK OF CIRCUIT COURT
FILED Aug 05, 2021 AT 10:32:02 am
INSTRUMENT # 230007994
TOTAL PAGES 408 8

(Area Above Reserved For Deed Stamp Data)

This document prepared by: OFFICE OF THE ATTORNEY GENERAL
 Consideration: \$800,000.00
 Actual Value: \$450,000.00
 Tax Map Parcel: Part of 25*45A
 Title Company: N/A
 Tax ID No: portion of 253066200

THIS DEED IS EXEMPT FROM RECORDING TAXES PURSUANT TO §§ 58.1-811(A)(3) and 58.1-811(C)(4) OF THE CODE OF VIRGINIA (1950), AS AMENDED, AND (II) FROM THE PAYMENT OF CLERK'S FEES PURSUANT TO §§ 17.1-266 AND 17.1-279.E OF SAID CODE.

DEED

This DEED, dated the 14th day of July, 2023, by and between the **COMMONWEALTH OF VIRGINIA, DEPARTMENT OF TRANSPORTATION** (the "Grantor,"), and the **ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF SUFFOLK**, a political subdivision of the Commonwealth of Virginia (the "Grantee"), recites and provides as follows:

WITNESSETH

WHEREAS, the Commonwealth of Virginia (the "Commonwealth") owns certain real property, with improvements thereon, in the City of Suffolk, Virginia, being more particularly described in Schedule A, attached hereto and incorporated herein (the "Property"), which Property has been in the possession of the Commonwealth of Virginia, Department of Transportation; and

WHEREAS, 2017 Session Virginia Acts of Assembly, Chapter 836 (House Bill 1506) provides in Item C-41.10 that Grantor is "authorized to market, sell and convey all or a portion of the Hampton Roads District Headquarters in Suffolk, Virginia, containing 88,463 acres, more or less" of which the Property forms a part;

NOW, THEREFORE, FURTHER WITNESSETH:

That for and in consideration of the sum of Ten Dollars (\$10.00), paid by Grantee to Grantor, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and with authority of Virginia Code § 2.2-1150 and other applicable laws, the Grantor does hereby grant and convey to the Grantee, without warranty of title, the Property more particularly described as follows:

All that certain lot, piece or parcel of land with all improvements thereon and appurtenances thereunto belonging, lying and being in the City of Suffolk, Virginia, containing 1.004 acres, more or less, being identified as a portion of Tax Map Parcel 25*45A, Account No. 253066200, and being more particularly shown on the plat of survey entitled "BOUNDARY LINE AGREEMENT

TRANSPORTATION (D.B. 156, PG. 501) (D.B. 296, PG. 661) AND ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF SUFFOLK, VIRGINIA (INSTRUMENT #150067435, PG 1-8)" made by MSA, P.C., dated March 21, 2022, a copy of which is attached hereto and to be recorded herewith in the Clerk's Office of the Circuit Court of the City of Suffolk in Plat Book _____, at page _____. *Recorded Simultaneously immediately prior to this deed.*

The Property is conveyed in its "AS IS WHERE IS, WITH ALL FAULTS" condition, without warranty or representation as to its acreage, boundary lines, condition, value, or permitted use, and without any warranty or representation with regard to the presence of any toxic or hazardous substances or materials of any nature (including but not limited to petroleum, lead, radon, asbestos or asbestos-containing materials).

This conveyance is made expressly subject to the exceptions set forth on the attached "EXHIBIT A"

This transaction has been approved by the Governor of Virginia, acting through the Secretary of Administration, pursuant to 2017 Session Virginia Acts of Assembly, Chapter 836 (House Bill 1500) and other applicable law, as evidenced by the following or attached approval, which is incorporated herein by reference.

(Signatures begin on next page.)

WITNESS the following signatures and seals

GRANTOR:

COMMONWEALTH OF VIRGINIA,
DEPARTMENT OF TRANSPORTATION

By: *William C. Ferguson, P.E.*
William C. Ferguson, P.E., Director
Division of Capital Outlay and Facility Management

COMMONWEALTH OF VIRGINIA
CITY OF RICHMOND, to-wit:

The foregoing Deed was acknowledged before me this 14 day of July, 2023 by
William C. Ferguson, acting in his capacity as Director of Capital Outlay and Facility Management,
Commonwealth of Virginia, Department of Transportation, on behalf of the Department.

My commission expires: 11/30/2026

My commission number: 7794538

Nguyễn Diễm Kiều
Notary Public



GRANTEE'S ADDRESS:
City of Suffolk
c/o Kevin Hughes
442 West Washington St.
Suite 2017
Suffolk, VA 23434

OFFICE OF THE ATTORNEY GENERAL
Approved as to Form:

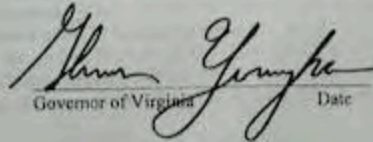
By: 
Senior Assistant Attorney General

RECOMMEND APPROVAL:
DEPARTMENT OF GENERAL SERVICES

By: 
Director

APPROVAL BY THE GOVERNOR:

Pursuant to 2017 Session Virginia Acts of Assembly, Chapter 836 (House Bill 1500), I hereby approve the conveyance of the Property described in the attached or foregoing Deed, and the execution of this instrument.


Governor of Virginia

7-14-23

Date

SCHEDULE A

All that certain lot, piece or parcel of land with all improvements thereon and appurtenances therunto belonging, lying and being in the City of Suffolk, Virginia, containing 1.003 acres, more or less, being identified as a portion of Tax Map Parcel, 25*45A, Account No. 253066200, and being more particularly shown on the plat of survey entitled "BOUNDARY LINE AGREEMENT BETWEEN PROPERTY OF COMMONWEALTH OF VIRGINIA, DEPARTMENT OF TRANSPORTATION (D.B. 156, PG. 501) (D.B. 296, PG. 663) AND ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF SUFFOLK, VIRGINIA (INSTRUMENT #150067435, PG 1-8)" made by MSA, P.C., dated March 21, 2022.

Being further described by metes and bounds on the MSA Plat as follows: beginning at a found pin along the easterly boundary of North Main Street (State Routes 460, 10 and 32) where the southwest corner of the parcel of land now or formerly belonging to the Economic Development Authority of the City of Suffolk meets the southwest corner of the parcel of land now or formerly belonging to the Commonwealth of Virginia, Department of Transportation, said pin being located at coordinates N 3439547.33, E 12044208.99; thence from said point of beginning N 32° 49' 46" E a distance of 248.95 feet to a found pin; thence continuing N 32° 49' 46" E a distance of 255.16 feet to a point; thence S 23° 35' 30" E a distance of 78.88 feet to a point; thence along a curve to the left having a radius of 92.00 feet, an arc length of 77.80 feet, and a bearing of S 3° 43' 11" W along a chord length of 75.50 feet; thence S 20° 30' 24" E a distance of 44.79 feet to a point; thence along a curve to the right having a radius of 39.00 feet, an arc length of 51.23 feet, and a bearing of S 17° 07' 28" W along a chord length of 47.62 feet; thence S 54° 45' 20" W a distance of 268.96 feet to a point; thence S 67° 53' 35" a distance of 88.48 feet to the point and place of beginning.

EXHIBIT A

This conveyance is made expressly subject to the following exceptions: (i) any and all rights, privileges, covenants, easements, conditions, restrictions and agreements as are of record, insofar as they may be lawfully applicable to the Property; (ii) any unrecorded utility easements, including any relocated easements for utilities and any relocated utility lines and related facilities, located upon, under, above or across the Property; and (iii) any and all prior grants, conveyances and/or reservations of the coal, oil, gas, including coal methane gas, stone, sand, minerals, and/or other subsurface rights or interest, as are of record, insofar as they may be lawfully applicable to the Property; and, to the extent of any such prior grants, conveyances and/or reservations of coal, oil, gas, including coal methane gas, stone, sand, minerals and/or other subsurface rights and interests therein, the same shall not be included with the Property.

VIRGINIA STATE BUDGET

2017 Session
Budget Bill - HB1500 (Chapter 836)
Bill Order & Office of Transportation - Item C-41.10
Department of Transportation

Item C-41.10

Notwithstanding any provisions of Chapter 11 of Title 22 of the Code of Virginia to the contrary, the Virginia Department of Transportation (VDOT) is hereby authorized to market, sell and convey all or a portion of the Hampton Roads District Headquarters in Suffolk, Virginia, containing 88.463 acres, more or less, as shown on a plot of survey entitled, "Boundary Survey Of Tax Parcels 25-45A & 26B F-G-PT-1 Property Of Commonwealth Of Virginia," by Andrew T. Brady, L. S., dated September 22, 2014. In addition, VDOT is authorized to lease from the successful purchaser all or part of the Hampton Roads District Headquarters property, following its conveyance, in order to continue operations until all necessary facilities are available, in the judgment of VDOT, to begin full-time operations at the chosen replacement site. Any proceeds from the sale not needed for the acquisition, construction and other expenses related to the relocation shall be deposited in the Transportation Trust Fund.

INSTRUMENT # 230007994
RECORDED IN CLERK'S OFFICE OF SUFFOLK ON
Aug 01, 2023 AT 10:32:02 am
W. RANDOLPH CARTER, JR. by NDB