

"Angels Rest Hikers Haven"

204 Douglas Lane, Pearisburg, VA 24134



Effective Date
February 13, 2025

Prepared For
Pippa Chapman

Client File Number
N/A

Date of the Report
August 13, 2025

Internal File Number
1225

Report Type
Appraisal Report

PREPARED BY:



Table of Contents

Table of Contents	2
Transmittal Letter	3
Certification - John Johnson	5
Executive Summary	6
Introduction	11
Intended Use	11
Valuation Methodology	12
Assumptions and Conditions	13
Local Market Analysis	16
Neighborhood Analysis	22
Zoning	25
Subject Site	25
Site Description	26
Improvement Description	27
Summary	27
A) Bunkhouse	27
B) Bath House w/ Laundry and Kitchenette	29
C) Sleeping Cabin	30
D) Mobile Home	31
E) Check-In Office / Wings Mural	33
Ratios	34
Taxes and Assessment	35
Subject Photos	36
Highest and Best Use	39
Land Valuation	41
Cost Approach	42
Depreciation	44
Income Approach	46
Gross Income	46
Operating Expenses	47
Reconciliation	54
Final Estimate of Value	54
Addenda	55
1) Qualifications of the Appraiser	55
2) Glossary	57
3) Engagement Letter	64
4) Flood Map	66
5) Zoning Ordinance	67

Transmittal Letter



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Stuart, VA 24171

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August 13, 2025

Pippa Chapman
200, 204 Douglas Lane
Pearisburg, VA 24134

RE: Appraisal Report for the property located at 204 Douglas Lane, Pearisburg, VA 24134

Dear Pippa Chapman:

At your request, ValueTech has conducted the investigation necessary to form an opinion of value of the above captioned subject property. The report that follows is a summary of the analysis and conclusions. Supporting documentation concerning the data, reasoning, and analyses is retained in the file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in the report.

Per conversations with the client and the intended use of the report, the scope of work in this report is intended to be consistent with industry standards and has been performed so as to develop a credible report. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Value Conclusions

Description	Perspective	Type of Value	Premise	Property Interest	Effective Date	Indicated Value
Subject	Current	Market Value	As Is	Fee Simple	02/13/2025	\$200,000

This appraisal is prepared under the Uniform Standards of Professional Appraisal Practice (USPAP) and to the provisions of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Title IX (FIRREA), as well as, the supplemental standards required for use in a Federally Related Transaction (FRT) and the requirements of the Client.

Sincerely,
ValueTech Real Estate Appraisal

A handwritten signature in black ink that reads "John Johnson". The signature is written in a cursive, flowing style.

John Johnson
Certified General License, VA No. 4001017912
johnthomasjohnson@live.com

Certification - John Johnson

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 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- My license is in good standing and I have not been reprimanded or sanctioned by the licensing or regulatory authorities and not currently involved in any process that may result in sanctions or reprimands.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
- My license is in good standing and I have not been reprimanded or sanctioned by the licensing or regulatory authorities and not currently involved in any process that may result in sanctions or reprimands.

Value Conclusions

Description	Perspective	Type of Value	Premise	Property Interest	Effective Date	Indicated Value
Subject	Current	Market Value	As Is	Fee Simple	02/13/2025	\$200,000

- John Johnson performed the following type of inspection of the subject property: Interior and Exterior Inspection
- No one provided significant real property appraisal assistance to John Johnson.
- John Johnson has not provided prior services, as an appraiser or in any other capacity, within the three-year period immediately preceding acceptance of this agreement.



John Johnson

Certified General License, VA No. 4001017912

Effective Date of Appraisal: February 13, 2025

Date of Report: August 13, 2025

Executive Summary

Prepared for Pippa Chapman

"Angels Rest Hikers Haven"

Property Overview

Address
204 Douglas Lane, Pearisburg, Giles
County, VA 24134

Property Class/Type/Sub Type
Lodging & Hospitality, Other Lodging &
Hospitality, ---

Property Owner
Pippa Chapman

Valuations

Value Conclusions

Description	Perspective	Type of Value	Premise	Property Interest	Effective Date	Indicated Value
Subject	Current	Market Value	As Is	Fee Simple	02/13/2025	\$200,000

Indicated Values

Description	Indicated Value
Land Value	\$25,000
Cost Approach	\$175,000
Sales Comparison Approach	N/A
Income Approach	\$250,000

Site Characteristics

Site Characteristics			
Legal Description	Parcel 2 J W Lucas Lots	Parcel Identifier	40D-7-2
SF / Acres	152,460 / 3.5000	Shape	Irregular
Topography	Gently Sloping	Flood Zone	Low Risk - Zone X
Flood Map Effective Date	09/25/2009		

Zoning Characteristics

Zoning Characteristics			
Zoning Codes	AR-1, Agricultural/Residential	Zoning Description	This district covers portions of the Town which are occupied by various open uses. The district is established for the specific purpose of facilitating existing and future agricultural operations, conservation of natural resources, and to provide for the orderly expansion of urban development.
Conformity Conclusion	Conforming		

Improvement Characteristics

Improvement Characteristics			
Gross Building Area (SF)	2,208	Rentable Area (SF)	2,208
# of Stories	1, 2, 1, 1, 1	# of Tenants	0
Year Built (Weighted Average)	1995	Building Condition	Average
Type of Parking	Surface	# of Parking Spaces	0
Land to Bldg Ratio (x:1)	69.05		

Real Estate Taxes

2025

Assessed Value

\$54,200

Current Taxes

\$369

Subject Summary

The subject is the "Angels Rest Hikers Haven" lodging facility located at 204 Douglas Lane Pearisburg, Virginia. It is regulated as a campground. On the same 5.00-acre parcel is a single-family residence (200 Douglas Lane) regulated as a Hotel/Motel/Bed Breakfast (no food).

The zoning ordinance allows for parcel sizes of less than half an acre. Therefore, 200 and 204 Douglas Lane could be subdivided. Based on our review of the location of improvements on the site, we estimate that 1.50 acres be allocated to 200 Douglas Lane and 3.50 acres be allocated to 204 Douglas Lane. This appraisal report only includes 204 Douglas Lane.

The subject is comprised of the following improvements that, collectively, function as a hostel serving hikers traveling the Appalachian Trail:

Summary of Improvements (Buildings)					
Description	Size (SF)	Age	Condition	Effective Age	Remaining Economic Life
Bunkhouse @204 Douglas Lane	576	Unknown	Average	9	30-40 Years
Bath House w/ Laundry and Kitchenette	400	9	Average	9	30-40 Years
Sleeping Cabin	140	4	Average	4	40-50 Years
Single-Wide Mobile Home	952	55	Average	20	20-30 Years
Check-In Office / Wings Mural	140	9	Average	9	30-40 Years
	2,208				

The rectangular-shaped subject site features gently rolling topography with average access and exposure along Douglas Lane. **Site improvements include seven RV hookup sites and 30 tent sites installed at a cost of \$15,000.** The property is accessed via a paved and gravel driveway with gravel parking areas. Zoning is AR-1, Agricultural / Residential District.

Sales History

Sales History - To my knowledge, the property has not sold or transferred in the past three years.

Pending Contracts - I am not aware of any other agreements of sale, options, or listings that are current as of the Effective Date of the appraisal.

Scope of Work

Scope of Work Information	
Client Name	Pippa Chapman
Report Type	Appraisal Report
Intended Use	Estimate market value for potential sale
Intended User	Pippa Chapman

Highest and Best Use as Vacant	
The highest and best use of the site is to develop for residential use.	

Highest and Best Use as Improved

The highest and best use as improved is to for continued use as presently developed.

Assumptions

As part of this appraisal, I assume there are no environmental conditions that would negatively impact the marketability of the property. If such conditions exist, it could negatively impact the opinion of market value.

This appraisal assumes that the income and expense information contained in the tax documents provided to the appraiser is accurate and complete. The financial data relied upon within this report was provided by the owner, the Client, the tenants, or others believed to be reliable. An extraordinary assumption of this appraisal is that the provided financial data is representative of the actual financial position of the subject property.

In my estimates of improvements, I relied upon the size and age information from the property visit and public records. I assume this information to be accurate. If information is provided that contradicts this assumption, I reserve the right to modify the analysis.

Conditions

This appraisal does not employ any hypothetical conditions.

If the above-listed assumptions and/or conditions are not met, the estimate of value may be impacted.

Scope of Work Included:

1. Analysis of the regional, city, county, and market area. I gathered available and applicable market data for use in a sales comparison approach to value and if appropriate, cost and income capitalization approaches.
2. Visual on-site observation of the subject site, improvements, comparable sales/rents, market, neighborhood to note the characteristics that are relevant to the subject property and its valuation.
3. Reviewed relevant supporting data. I analyzed data found and reached conclusions regarding the market value, as defined in the report, of the subject property as of the date of value using the appropriate valuation approach(s).
4. Reviewed data regarding taxes zoning, utilities, easements, and city services. It is the client's responsibility to supply the appraiser with a title report. If a title report is not available, the appraiser will rely on a visual on-site observation of the property and identify any readily apparent easements or restrictions.
5. Considered comparable improved sales, comparable improved building rental information, and comparable land sales, if applicable. The investigation includes research of public records through the use of commercial sources of data such as printed comparable data services and computerized or electronic databases. Search parameters such as dates of sales, leases, locations, sizes, types of properties, and distances from the subject will start with relative narrow constraints and, if necessary, be expanded until I have either retrieved data sufficient (in the appraiser's opinion) to estimate market value, or until the appraiser believes that he/she has reasonably exhausted the available pool of data.
6. Confirmed data with principals, managers, or real estate agents representing principals, unless otherwise noted. In addition, I consider any appropriate listings or properties found through observation during the data collection process. The appraiser endeavors to verify the information described and relied on in the analysis and reports only the data deemed to be pertinent to the valuation problem.
7. Analyzed the data and applied the applicable approaches to value. Three traditional approaches are used to arrive at an opinion of value of real estate: The sales comparison approach; the cost approach; and the income capitalization approach. All three approaches to value were considered and those most appropriate are relied on to address the appraisal problem and to arrive at an opinion of the market value of the subject property as of the date of this appraisal.

8. After development, the appropriate approaches to value, the quantity and quality of data has been considered. Furthermore, the quantity and quality of market data is generally correlated with the strengths and weaknesses of the approaches. After analyzing these factors, a final opinion of market value is determined.
9. This Scope of Work is subject to the *General Assumptions and Limiting Conditions, Certification* and *Definitions* provided in other sections of this report.

Introduction

Intended Use

- The intended use of this appraisal report is to estimate Market Value for a potential sale.

Purpose of the Appraisal - The purpose of the appraisal is to estimate the Market Value "As-Is" of the subject property.

Competency Provision - Prior to accepting this assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the appraisal problem to be considered and have the knowledge and experience to complete the assignment competently. My acceptance of this assignment is a statement of competency. No information or conditions were discovered during the course of this assignment to cause the me to believe I lacked the required knowledge or experience to complete this assignment competently.

ValueTech Real Estate Appraisal has appraised a wide variety of vacant land, agricultural, retail, office, industrial, institutional, and special purpose properties throughout Virginia and North Carolina. ValueTech Real Estate Appraisal maintains good working relationships with many brokers, agents, assessors, and other appraisers in over 100 municipalities from which I gain data and understanding of the markets that influence these properties. Please refer to the "**Qualifications of the Appraiser**" presented in the Addenda.

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale." In Addition---As Defined by the Office of the Comptroller of the Currency (OCC)
6. The current market value of the property based upon its actual condition on your inspection date and insurable value for the improvements.

Property Inspection - I visited the subject property on February 13, 2025 at 3:00pm and met with the owner, Pippa Chapman.

Valuation Methodology

The three traditional approaches, were considered in valuing the subject property (land and improvements), i.e., Cost, Sales Comparison, and the Income Approach.

- The **Cost Approach** considers the replacement cost new of the improvements, entrepreneurial profit, depreciation from all causes, and land value. The site is valued by sales comparison. A replacement cost new of the improvements and equipment, if any, is estimated from published cost services and comparable construction data. Depreciation is then deducted leaving the current value for the improvements. Depreciation can be physical, functional, or economic (external).

Comparable land sales supported a valuation of the subject's site. The land value conclusion was combined with depreciated cost data from the Marshall Swift Valuation Service to arrive at a value conclusion by the Cost Approach.

- The **Sales Comparison Approach** uses a direct comparison of comparable sales. Adjustments are made for dissimilarities between the comparable sales and the subject in order to render a value indication. The value indicated by this approach reflects the entire utility that a property provides. Thus, it considers both its income-producing and non-income-producing factors.

The search for sales of similarly improved properties in the subject's region produced no results. Thus, we did not have the necessary data to estimate the subject's value by the Sales Comparison Approach.

- The **Income Approach – Overall Capitalization** reflects the current economic potential of the subject property. Stabilized net income is capitalized using an overall capitalization rate derived from the subject area or other similar economic areas.

Market rents, expenses, and capitalization rates of similar properties were analyzed and compared to the subject property to arrive at a value conclusion by the Income Approach. For an income-generating property, the most likely buyer typically evaluates the purchase based on the property's income potential. Thus, the Income Approach is sufficient for a credible appraisal.

Assumptions and Conditions

This appraisal is subject to the following assumptions and limiting conditions.

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. I have made no survey of the property and assume no responsibility in connection with such matters.
2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser's staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless discussed otherwise in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as noted.
4. Unless otherwise noted herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described.
5. ValueTech Real Estate Appraisal assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
6. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
7. Unless otherwise noted within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during my inspection.
8. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during my physical inspection, unless so noted in the report. No termite inspection report was available, unless so noted in the report. No responsibility is assumed for hidden damages or infestation.
9. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
10. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
11. The property is assumed to be under financially sound, competent, and aggressive ownership.
12. ValueTech assumes no responsibility for any changes in economic or physical conditions which occur following the effective date of this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
13. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.
14. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.

15. Unless otherwise noted in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.
16. Unless otherwise stated, it is assumed ownership includes subsurface oil, gas, and other mineral rights. No opinion is expressed as to whether the property is subject to surface entry for their exploration or removal. The contributing value, if any, of these rights has not been separately identified.
17. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are my best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand.
18. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
19. ValueTech Real Estate Appraisal representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. I assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.
20. I am not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. I assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species.
21. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation.
22. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.
23. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraiser. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.
24. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.

25. This report is null and void if used in any connection with a real estate syndicate or syndication, defined as a general or limited partnership, joint venture, unincorporated association, or similar organization formed for or engaged in investment or gain from an interest in real property, including but not limited to a sale, exchange, trade, development, or lease of property on behalf of others or which is required to be registered with the U.S. Securities and Exchange Commission or any Federal or State Agency which regulates investments made as a public offering.
26. The American Disabilities Act of 1990 (ADA) sets strict and specific standards for handicapped access to and within most commercial and industrial buildings. Determination of compliance with these standards is beyond appraisal expertise and, therefore, has not been attempted by the appraiser. For purposes of this appraisal, I am assuming the building is in compliance; however, I recommend an architectural inspection of the building to determine compliance or requirements for compliance. I assume no responsibility for the cost of such determination and my appraisal is subject to revision if the building is not in compliance.
27. This appraisal report has been prepared for the exclusive benefit of the Client. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at their own risk.
28. The Client agrees to indemnify and hold harmless ValueTech Real Estate Appraisal and its affiliates, partners, agents, and employees from and against any losses, claims, damages, or liabilities, which may be asserted by any person or entity who may receive my report, except to the extent of any losses, claims, damages or liabilities (or actions in respect thereof) arising by reason of the gross negligence or willful misconduct of ValueTech Real Estate Appraisal in preparing the report and will reimburse ValueTech Real Estate Appraisal for all expenses (including counsel fees) as they are incurred by ValueTech Real Estate Appraisal in connection with investigating, preparing, or defending any such action or claim.
29. In any circumstance in which the foregoing indemnification is held by a court to be unavailable to ValueTech Real Estate Appraisal and the Client. The Client shall contribute to any aggregate losses, claims, damages or liabilities (including the related fees and expenses) to which the Client and ValueTech Real Estate Appraisal may be subject in such proportion that ValueTech Real Estate Appraisal shall be responsible only for that portion represented by the percentage that the fees paid to ValueTech Real Estate Appraisal for the portion of its services or work product giving rise to the liability bears to the value of the transaction giving rise to such liability.

Assumptions

As part of this appraisal, I assume there are no environmental conditions that would negatively impact the marketability of the property. If such conditions exist, it could negatively impact the opinion of market value.

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In my estimates of improvements, I relied upon the size and age information from the property visit and public records. I assume this information to be accurate. If information is provided that contradicts this assumption, I reserve the right to modify the analysis.

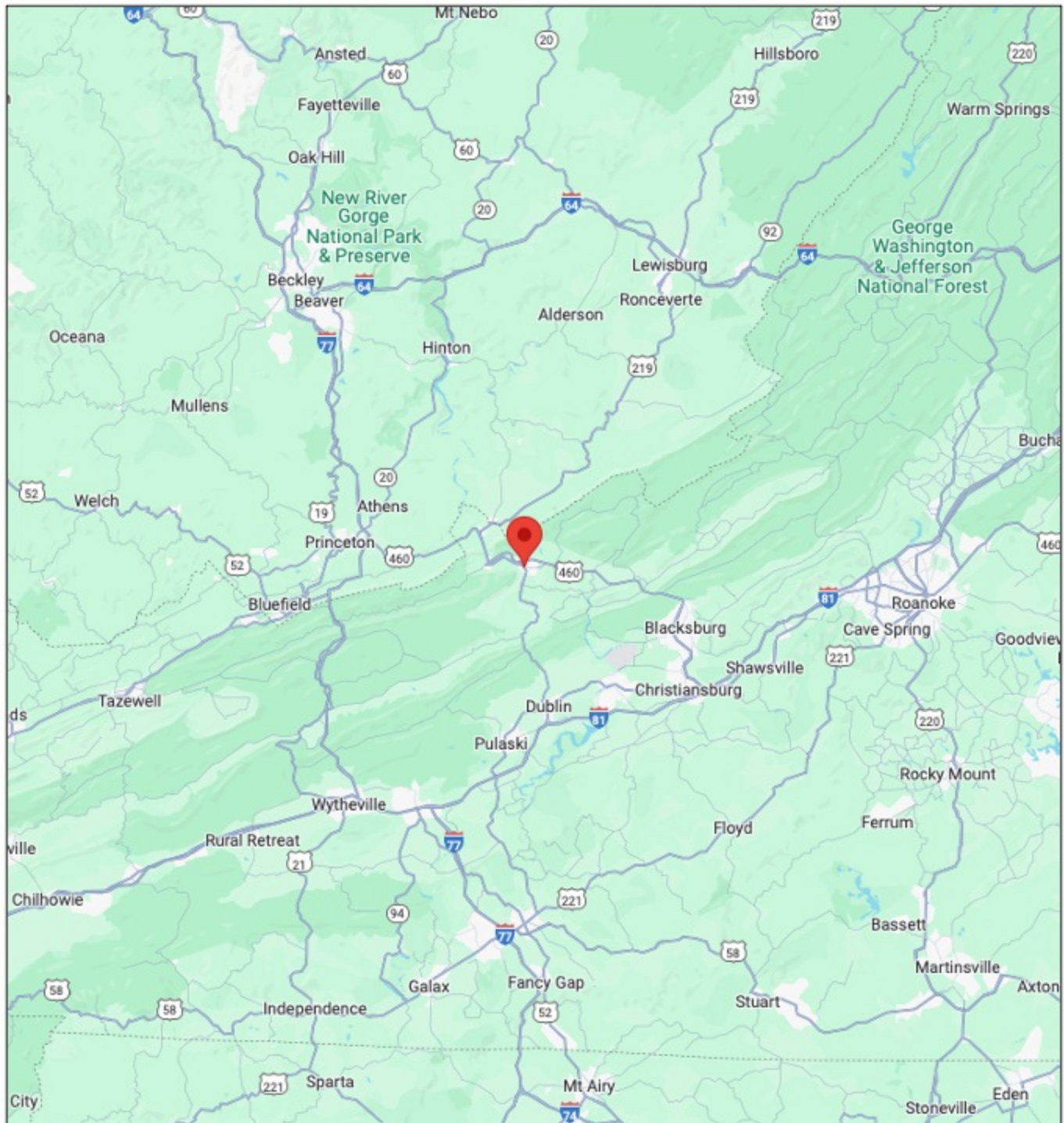
Conditions

This appraisal does not employ any hypothetical conditions.

Local Market Analysis

Giles County

The subject property is located in the Town of Pearisburg, in Giles County, Virginia. Pearisburg is the Giles County Seat. An Area Map and Salient Demographics for the Town of Pearisburg and Giles County are presented below and on the following page.



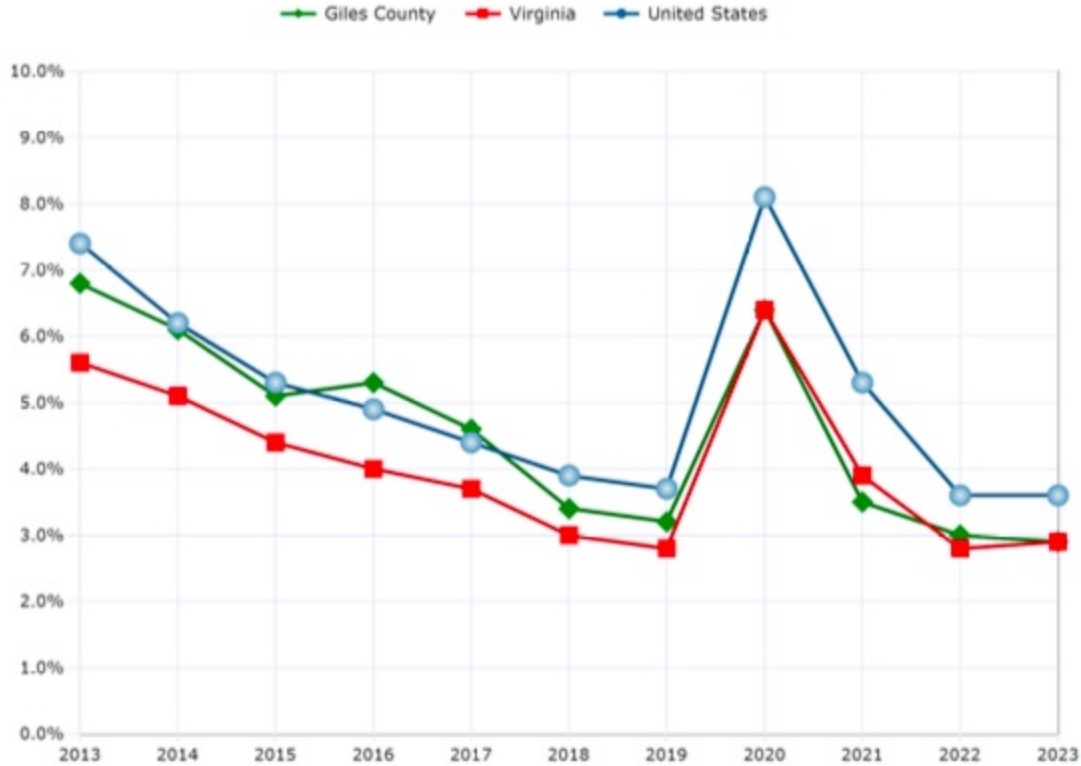
Salient Demographics for the Town of Pearisburg and Giles County

	Town of Pearisburg	Giles County
Census 2020 Summary		
Population	2,891	17,286
Households	1,263	7,215
Families	832	4,899
Average Household Size	2.28	2.38
Owner Occupied Housing Units	911	5,473
Renter Occupied Housing Units	352	1,742
Median Age	43.2	43.2
2022 Summary		
Population	2,885	17,320
Households	1,247	7,203
Families	806	4,831
Average Household Size	2.31	2.39
Owner Occupied Housing Units	1,004	5,280
Renter Occupied Housing Units	243	1,923
Median Age	47.1	45.7
Median Household Income	\$56,329	\$48,486
Average Household Income	\$76,286	\$62,467
2027 Summary		
Population	2,848	17,199
Households	1,234	7,142
Families	794	4,764
Average Household Size	2.30	2.39
Owner Occupied Housing Units	1,002	5,270
Renter Occupied Housing Units	233	1,872
Median Age	48.1	47.0
Median Household Income	\$60,037	\$55,527
Average Household Income	\$88,012	\$76,727
Trends: 2022-2027 Annual Rate		
Population	-0.26%	-0.14%
Households	-0.21%	-0.17%
Families	-0.30%	-0.28%
Owner Households	-0.04%	-0.04%
Median Household Income	1.28%	2.75%

As shown in the data above, the Census Bureau projects income to increase and population to decline for the near future. This is consistent with many small towns in Southwestern Virginia. Due to the aging improvements supply, demand for properties such as the subject that provide well-maintained lodging space remains stable.

Unemployment Rates

Trends



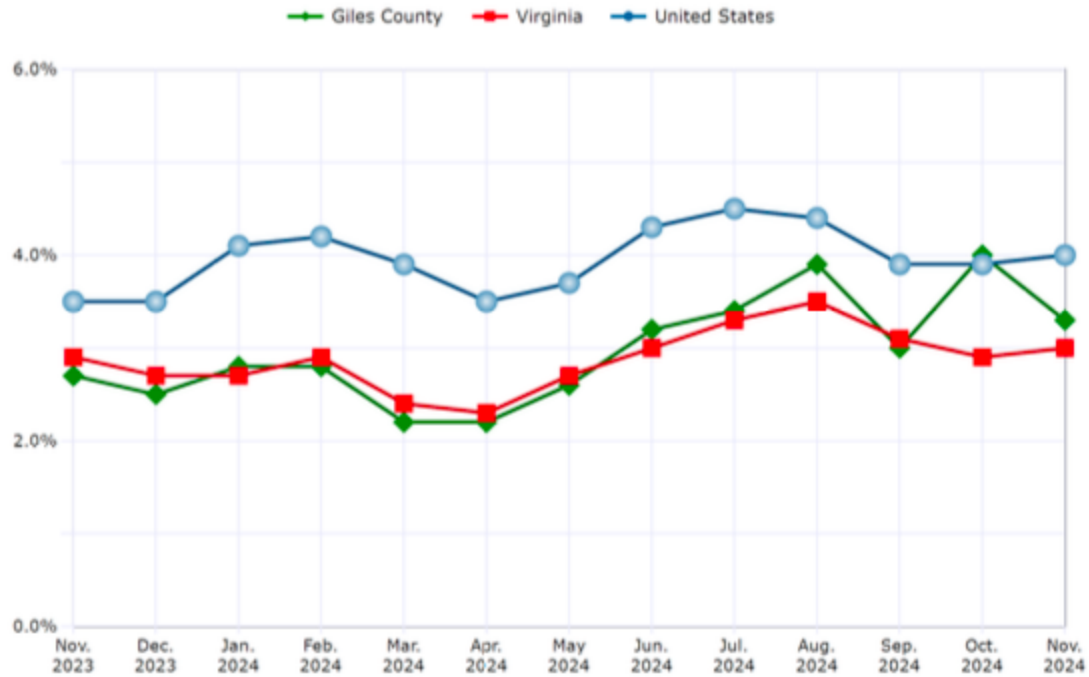
	Giles County	Virginia	United States
2013	6.8%	5.6%	7.4%
2014	6.1%	5.1%	6.2%
2015	5.1%	4.4%	5.3%
2016	5.3%	4.0%	4.9%
2017	4.6%	3.7%	4.4%
2018	3.4%	3.0%	3.9%
2019	3.2%	2.8%	3.7%
2020	6.4%	6.4%	8.1%
2021	3.5%	3.9%	5.3%
2022	3.0%	2.8%	3.6%
2023	2.9%	2.9%	3.6%

Source: Virginia Works, Economic Information & Analytics, Local Area Unemployment Statistics.

The long-term unemployment trend in Giles County has generally tracked between the state and national averages for the past decade.

Unemployment Rates

Past 12 Months



	Giles County	Virginia	United States
Nov. 2023	2.7%	2.9%	3.5%
Dec. 2023	2.5%	2.7%	3.5%
Jan. 2024	2.8%	2.7%	4.1%
Feb. 2024	2.8%	2.9%	4.2%
Mar. 2024	2.2%	2.4%	3.9%
Apr. 2024	2.2%	2.3%	3.5%
May 2024	2.6%	2.7%	3.7%
Jun. 2024	3.2%	3.0%	4.3%
Jul. 2024	3.4%	3.3%	4.5%
Aug. 2024	3.9%	3.5%	4.4%
Sep. 2024	3.0%	3.1%	3.9%
Oct. 2024	4.0%	2.9%	3.9%
Nov. 2024	3.3%	3.0%	4.0%

Source: Virginia Works, Economic Information & Analytics,
Local Area Unemployment Statistics.

The latest available short-term unemployment data estimated Giles County's unemployment rate at $\pm 3.3\%$.

50 Largest Employers

- | | |
|-------------------------------------|-----------------------------------|
| 1. Celanese Acetate | 26. A1 Heating & Cooling of N Inc |
| 2. Giles Memorial Hospital | 27. Carilion Healthcare |
| 3. Giles County School Board | 28. Gigabeam Networks LLC |
| 4. Precision Pipeline LLC | 29. Postal Service |
| 5. B & R Industrial Services, LLC | 30. Dairy Queen |
| 6. Wal Mart | 31. Grants Supermarket |
| 7. County of Giles | 32. The Palisades Restaurant |
| 8. Heritage Hall | 33. NanoSonic |
| 9. Interstate Group LLC | 34. Chemical Lime Company |
| 10. Mountain Lake Lodge | 35. Southern Tank Transport |
| 11. Ufp Site Built LLC | 36. The Imagination Station |
| 12. Food Lion | 37. Dolgencorp LLC |
| 13. Jennmar Corp of East VA | 38. American Plus |
| 14. Town of Pearisburg | 39. Lees Body Shop Inc |
| 15. Cogar Manufacturing Inc | 40. Celco Federal Credit Union |
| 16. Rebecca Hong | 41. Nations Best Virginia LLC |
| 17. MDM Solutions LLC | 42. Rich Creek Carrier Service |
| 18. United Hydraulics Inc | 43. Wendy's |
| 19. Greenbrier Engineering | 44. Hardee's |
| 20. Town of Narrows | 45. Bluegrass BBQ |
| 21. Mcdonald's | 46. Acetate International LLC |
| 22. Pearisburg Dairy Queen | 47. Carrols LLC |
| 23. Giles Health And Family Center | 48. Giles Farm Bureau Co-op Inc. |
| 24. Narrows Livestock Auction | 49. Tangent Outdoors Inc |
| 25. Patrick Enterprises Corporation | 50. Pearisburg Dental Center |

Source: Virginia Works, Economic Information & Analytics,
Quarterly Census of Employment and Wages (QCEW), 3rd Quarter (July, August, September) 2024.

Industry Employment and Projections

Long Term (Period= 30)

	Employment			Percent	
	Estimated 2020	Projected 2030	Change	Total	Annual
Total, All Industries	137,771	144,908	7,137	5.18%	.51%
Total Self-Employed and Unpaid Family Workers	7,267	6,908	-359	-4.94%	-.51%
Agriculture, Forestry, Fishing and Hunting	3,004	3,056	52	1.73%	.17%
Mining	333	288	-45	-13.51%	-1.44%
Mining, Quarrying, and Oil and Gas Extraction	333	288	-45	-13.51%	-1.44%
Utilities	***	***	***		***
Construction	4,516	4,503	-13	-.29%	-.03%
Manufacturing	23,596	25,818	2,222	9.42%	.9%
Wholesale Trade	***	***	***		***
Retail Trade	16,575	16,346	-229	-1.38%	-.14%
Transportation and Warehousing	3,811	4,103	292	7.66%	.74%
Information	870	693	-177	-20.34%	-2.25%
Finance and Insurance	2,080	2,298	218	10.48%	1%
Real Estate and Rental and Leasing	1,184	1,088	-96	-8.11%	-.84%
Professional, Scientific, and Technical Services	4,848	5,000	152	3.14%	.31%
Management of Companies and Enterprises	1,255	1,322	67	5.34%	.52%
Administrative and Support and Waste Management and Remediation Services	6,154	6,448	294	4.78%	.47%
Educational Services	17,928	19,418	1,490	8.31%	.8%
Health Care and Social Assistance	16,190	17,356	1,166	7.2%	.7%
Arts, Entertainment, and Recreation	916	1,210	294	32.1%	2.82%
Accommodation and Food Services	11,698	13,031	1,333	11.4%	1.09%
Other Services (except Public Administration)	3,210	3,306	96	2.99%	.3%
Unclassified	9,245	9,193	-52	-.56%	-.06%

Note: Asterisks (***) indicate non-disclosable data.

Projections data is for New River/Mt. Rogers (LWDA II). No data available for Giles County.

Source: Virginia Works, Economic Information & Analytics,
Long Term Industry and Occupational Projections, 2020-2030.

Conclusion

The New River Region has a well-diversified, stable economy. Growth in population, employment, and business relocation to the area, as well as the presence of some the country's best educational institutions, indicates that the New River Region is positioned to realize continued growth. The long-term economic outlook for the Region is good.

Neighborhood Analysis

The subject is located in the Town of Pearisburg. One, three, and five-mile radius market study results are presented below and on the following page. Please refer to the following map.

One-Mile, Three-Mile, and Five-Mile Market Study Map



Salient Demographics for One, Three, and Five Miles

	1-Mile	3-Mile	5-Mile
Census 2020 Summary			
Population	1,819	4,663	8,456
Households	778	2,006	3,561
Average Household Size	2.34	2.32	2.37
2022 Summary			
Population	1,750	4,515	8,259
Households	751	1,945	3,483
Families	442	1,212	2,184
Average Household Size	2.33	2.31	2.37
Owner Occupied Housing Units	523	1,400	2,521
Renter Occupied Housing Units	228	545	962
Median Age	43.9	44.1	43.5
Median Household Income	\$53,913	\$59,516	\$60,199
Average Household Income	\$67,449	\$75,257	\$77,016
2027 Summary			
Population	1,697	4,379	8,065
Households	730	1,891	3,405
Families	426	1,170	2,120
Average Household Size	2.32	2.31	2.36
Owner Occupied Housing Units	531	1,406	2,537
Renter Occupied Housing Units	200	484	868
Median Age	43.8	44.1	43.6
Median Household Income	\$57,182	\$63,274	\$64,697
Average Household Income	\$75,506	\$84,859	\$87,198
Trends: 2022-2027 Annual Rate			
Population	-0.61%	-0.61%	-0.47%
Households	-0.57%	-0.56%	-0.45%
Families	-0.73%	-0.70%	-0.59%
Owner Households	0.30%	0.09%	0.13%
Median Household Income	1.18%	1.23%	1.45%

As shown in the data above, the Census Bureau projects income to increase and population to decline for the near future. This is consistent with many small towns in Southwestern Virginia. Due to the aging improvements supply, demand for properties such as the subject that provide well-maintained lodging space remains stable.

Surrounding Land Use Map



The subject's immediate area includes a wide variety of commercial uses including other lodging facilities. Based on an overview of the market, the subject has sufficient demand to continue successfully. Overall, the subject neighborhood is stable.

Zoning

Subject Site

General Zoning Information	
Zoning Jurisdiction	Town of Pearisburg
Zoning Code	AR-1, Agricultural/Residential
Zoning Description	This district covers portions of the Town which are occupied by various open uses. The district is established for the specific purpose of facilitating existing and future agricultural operations, conservation of natural resources, and to provide for the orderly expansion of urban development.

Conformity Conclusion

Conforming

Site Description

Location	
Market Type	Small
Census Tract	51071 / 9303.00
Legal Description	Parcel 2 J W Lucas Lots
Location Classification	Average
Parcel Identifier	40D-7-2
Location of Parcel	Mid-Block
Size	
SF / Acres	152,460 / 3.5000
Usable Land Acres	3.5000
Usable Land Square Feet	152,460
Usable Land Percent	100%
Access	
Access Classification	Average
Encumbrances	
Flood Zone	Low Risk - Zone X
Flood Map Number	51071C0205C
Flood Map Effective Date	09/25/2009
Site Characteristics	
Shape	Irregular
Topography	Gently Sloping
Grade	At Grade
Drainage	Adequate
Land Cover	The site is mostly cleared
View / Appeal	Average
Available Utilities	Electricity, Sewer, Telephone, Trash, and Water
Site Utility	Average

Conclusion

The functional utility of the site is good. No adverse physical or legal impediments were found, which would restrict the subject site from development to its highest and best use.

Improvement Description

Summary

Improvements Summary Totals	
Gross Building Area (SF)	2,208
Rentable Area (SF)	2,208
Year Built (Weighted Average)	1995

A) Bunkhouse

CLASS: Lodging & Hospitality	PUCS TYPE: Other Lodging & Hospitality
Size	
Gross Building Area	576
Rentable Area	576
Gross Leasable Area	576
Usable Area	576
Efficiency	100.00
Load Factor	1.00
# of Buildings	1
# of Stories	1
General	
Year Built	2011
Tenancy Type	Single
Occupancy Type	Local
Utility	Average
Year Built Details (2011)	SF Built: 576, Comments: Actual age is unknown, It was renovated into a Bunkhouse in 2016.
Year Built Details (Totals)	Year Built: 2011, SF Built: 576
Structural	
Construction Quality	Average
Building Condition	Average
Construction Class	D
Exterior Walls	Wood
Building Frame	Wood frame
Foundation Type	Concrete Slab
Basement Type	None
Roof Type	Gable
Roof Material	Other
Roof Description	Sheet metal roof
Floor Structure	Concrete
Window Type	Double Hung
Glass Type	Double Pane

Interior	
Floor Cover	Concrete
M.E.P.	
Heating Type	Gas
Cooling Type	Window Units
HVAC Comments	Adequate
Electrical Supply	Adequate
Plumbing	Adequate
Site Improvements	
Type of Parking	Surface
Conforms to Parking Standards	Yes
Parking Description	Asphalt paved and gravel driveway; gravel parking

B) Bath House w/ Laundry and Kitchenette

CLASS: Lodging & Hospitality	PUCS TYPE: Other Lodging & Hospitality
Size	
Gross Building Area	400
Rentable Area	400
Gross Leasable Area	400
Usable Area	400
Efficiency	100.00
Load Factor	1.00
# of Buildings	1
# of Stories	2
General	
Year Built	2016
Tenancy Type	Single
Occupancy Type	Local
Utility	Average
Year Built Details (2016)	SF Built: 400, Comments: ---
Year Built Details (Totals)	Year Built: 2016, SF Built: 400
Structural	
Construction Quality	Average
Building Condition	Average
Construction Class	D
Exterior Walls	Vinyl
Building Frame	Wood frame
Foundation Type	Poured Concrete
Basement Type	Walkout
Roof Type	Gable
Roof Material	Other
Roof Description	Sheet metal roof
Floor Structure	Wood
Window Type	Double Hung
Glass Type	Double Pane
Interior	
Interior Wall Type	Wood framed
Interior Wall Cover	Drywall
M.E.P.	
HVAC Comments	Adequate
Electrical Supply	Adequate
Plumbing	Adequate
Site Improvements	
Type of Parking	Surface
Conforms to Parking Standards	Yes
Parking Description	Asphalt paved and gravel driveway; gravel parking

C) Sleeping Cabin

CLASS: Lodging & Hospitality	PUCS TYPE: Other Lodging & Hospitality
Size	
Gross Building Area	140
Rentable Area	140
Gross Leasable Area	140
Usable Area	140
Efficiency	100.00
Load Factor	1.00
# of Buildings	1
# of Stories	1
General	
Year Built	2021
Tenancy Type	Single
Occupancy Type	Local
Utility	Average
Year Built Details (2021)	SF Built: 140, Comments: ---
Year Built Details (Totals)	Year Built: 2021, SF Built: 140
Structural	
Construction Quality	Average
Building Condition	Average
Construction Class	D
Exterior Walls	Vinyl
Building Frame	Wood frame
Foundation Type	Concrete Block
Basement Type	None
Roof Type	Gable
Roof Material	Other
Roof Description	Sheet metal roof
Floor Structure	Wood
Window Type	Double Hung
Glass Type	Double Pane
M.E.P.	
Heating Type	Gas
Cooling Type	Window Units
HVAC Comments	Adequate
Electrical Supply	Adequate
Plumbing	Adequate
Site Improvements	
Type of Parking	Surface
Conforms to Parking Standards	Yes
Parking Description	Asphalt paved and gravel driveway; gravel parking

D) Mobile Home

CLASS: Lodging & Hospitality	PUCS TYPE: Other Lodging & Hospitality
Size	
Gross Building Area	952
Rentable Area	952
Gross Leasable Area	952
Usable Area	952
Efficiency	100.00
Load Factor	1.00
# of Buildings	1
# of Stories	1
General	
Year Built	1970
Tenancy Type	Single
Occupancy Type	Local
Utility	Average
Year Built Details (1970)	SF Built: 952, Comments: ---
Year Built Details (Totals)	Year Built: 1970, SF Built: 952
Structural	
Construction Quality	Average
Building Condition	Average
Construction Class	D
Exterior Walls	Aluminum
Building Frame	Wood frame
Foundation Type	Concrete Block
Basement Type	None
Roof Type	Gable
Roof Material	Other
Roof Description	Sheet metal roof
Floor Structure	Other
Window Type	Double Hung
Interior	
Interior Wall Type	Wood framed
Interior Wall Cover	Wood paneling
Floor Cover	Vinyl and hardwood
M.E.P.	
Heating Type	Heat Pump
Cooling Type	Central
HVAC Comments	Adequate
Electrical Supply	Adequate
Plumbing	Adequate
Site Improvements	
Type of Parking	Surface
Conforms to Parking Standards	Yes
Parking Description	Asphalt paved and gravel driveway; gravel parking

E) Check-In Office / Wings Mural

CLASS: Lodging & Hospitality	PUCS TYPE: Other Lodging & Hospitality
Size	
Gross Building Area	140
Rentable Area	140
Gross Leasable Area	140
Usable Area	140
Efficiency	100.00
Load Factor	1.00
# of Buildings	1
# of Stories	1
General	
Year Built	2016
Tenancy Type	Single
Occupancy Type	Local
Utility	Average
Year Built Details (2016)	SF Built: 140, Comments: ---
Year Built Details (Totals)	Year Built: 2016, SF Built: 140
Structural	
Construction Quality	Average
Building Condition	Average
Construction Class	D
Exterior Walls	Wood
Building Frame	Wood frame
Foundation Type	Concrete Block
Basement Type	None
Roof Type	Gambrel
Roof Material	Composition Shingle
Floor Structure	Wood
Window Type	Double Hung
Glass Type	Single Pane
M.E.P.	
Heating Type	Gas
Cooling Type	Window Units
HVAC Comments	Adequate
Electrical Supply	Adequate
Plumbing	Adequate
Site Improvements	
Type of Parking	Surface
Conforms to Parking Standards	Yes
Parking Description	Asphalt paved and gravel driveway; gravel parking

Ratios

Improvements Ratios	
Land to Bldg Ratio (x:1)	69.05

Summary of Recent Improvements:

Improvements Made to 200 and 204 Douglas Lane to Operate ARHH

Bath House

Original Contract on Bathhouse	70504.73
Sewer Line (Bathhouse to Town Tie In at Mill Rd	6000.00
Water and Tap Fee for Service to BH	900.00
Kitchen/Laundry Room Roof	1861.83
Buried Electric and Water	7849.76
Stonework on Rear Wall	1679.96
Extra Load of Gravel	81.08
Paving Repairs to Driveway	<u>1500.00</u>
	90377.36

Other Improvements to Campground/B&B

Dump Station Design & Construction	1200.00
Hook Up Mobile Home to Town Sewer 2021	2485.00
Professional Tree Work	11800.00
Replace Water Heater, Outside Faucets 200D	1150.00
New Roof on Garage and Brickhouse	13030.00
Electrical Work-Simmons, Shoffice & RV Spots 204D	8458.00
RV Spot Electrical Work at 200 D	<u>796.70</u>
	38919.70

TOTAL: 129,297.06

Conclusion

The functional utility of the subject improvements is good. No items or characteristics were found that would limit the improvements from their highest and best use.

Taxes and Assessment

2025 Real Estate Taxes	
Total Tax Value	\$54,200
Tax Assessed Value	\$54,200
Mill Levy/Tax Rate	0.680
Real Estate Taxes	\$369
Special Assessments	\$0
Total Taxes	\$369
Taxes per SF GBA	\$0.17

Giles County assesses real estate taxes at a rate of \$0.68 per \$100 of assessed value.

The taxes are based on 100% of market value (assessment). Based on the land assessments of the adjacent properties, the subject assessments appear reasonable. Assessed values are typically based on the Cost Approach to value and do not consider a property's income potential. Thus, the value conclusion is reasonable.

Giles County conducts reassessments every six years with the most recent in 2020. However, the tax rate is subject to change every year. According to the Giles County Treasurer’s Office, tax payments are current on the subject. A Tax Map is presented below:



Subject Photos



Check-In Office Interior



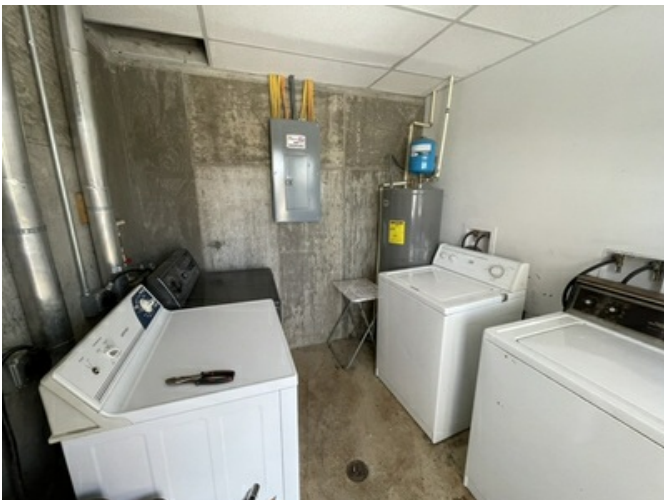
Bath House



Bath House Interior



Kitchenette Under Bath House



Laundry Facility Under Bath House



Clinic Building



Clinic Interior



RV Dump Station



Bunk House



Bunk House



Bunk House Interior



Mobile Home



Mobile Home Living Room



Kitchen



Typical Bedroom



Full Bath



Laundry Room

Highest and Best Use

Highest and Best use is a market driven concept because market behavior and the forces that create value are crucial in its analysis. The four criteria used in finding the Highest and best use of any property are Legally Permissible, Physically Possible, Financially Feasible, and Maximally Productive. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. Highest and best use is analyzed from two perspectives. “As-Vacant” and “As-Improved.”

Legally Permissible – According to the Town of Pearisburg Planning Department the site is zoned AR-1, Agricultural/Residential District. This district covers portions of the Town which are occupied by various open uses. The district is established for the specific purpose of facilitating existing and future agricultural operations, conservation of natural resources, and to provide for the orderly expansion of urban development. Adjacent land uses include both residential and commercial.

Physically Possible – The rectangular-shaped subject site has sufficient size, frontage, and access to accommodate most uses. Thus, use of the site for residential or agricultural use is physically possible.

Financially Feasible – The subject neighborhood is comprised of primarily commercial uses. Nearby residences appear to be occupied. Considering its size, access, and exposure, residential or agricultural use is financially feasible.

Maximally Productive – The subject’s layout serves well for commercial use. For this and the above discussion, residential or agricultural use is the maximally productive use of the site.

The most likely purchaser would be a residential owner/builder.

Highest and Best Use as Vacant

The highest and best use of the site is to develop for residential use.

Legally Permissible – According to the Town of Pearisburg Planning Department the site is zoned AR-1, Agricultural/Residential District. This district covers portions of the Town which are occupied by various open uses. The district is established for the specific purpose of facilitating existing and future agricultural operations, conservation of natural resources, and to provide for the orderly expansion of urban development. Adjacent land uses include both residential and commercial. Other lodging facilities are located within a one quarter mile to the west.

Physically Possible – The rectangular-shaped subject site has sufficient size, frontage, and access to accommodate most uses. Thus, use of the site for commercial use is physically possible.

The subject improvements are comprised of multiple structures that, collectively, operate as a hostel catering to hikers traveling the Appalachian Trail. They are in average condition with no evidence of deferred maintenance. Thus, lodging use is physically possible.

Financially Feasible – The improvements have been a lodging facility for nine years. Recent tax returns show continually increasing revenue. Nearby lodging properties have moderately high occupancy rates. Considering its size, access, and exposure, lodging use is financially feasible.

Maximally Productive – The subject’s layout and design serve well for lodging use. For this and the above discussion, continued lodging use is the maximally productive use of the site and improvements.

The most likely purchaser would be an owner/operator.

Highest and Best Use as Improved

The highest and best use as improved is to for continued use as presently developed.

Land Valuation

Before the value of the improved property can be estimated by the cost approach, it is necessary to estimate the value of the site as if vacant. Unfortunately, we found no recent sales of similar vacant parcels in the Giles County area with similar location quality and topography. The county assessed value of the site is \$35,000. Based on discussions with local real estate brokers, Carol Lavinder and Tracy Songer, this appears to be a reasonable Market Value conclusion. *Since this appraisal is allocating 3.50 acres of the 5.00-acre parcel for 204 Douglas Lane, we estimate the site value at \$25,000 (Rounded).*

Indicated Values	
Unit of Comparison	Land Acres
Indicated Value / Unit of Comparison	\$7,000
Land Indicated Value	\$24,500
Rounded	\$25,000

Cost Approach

Replacement Cost New

The *Marshall Valuation Service* is the primary source for calculating the replacement cost of the improvements. Base cost calculations are summarized in the following table. The costs of the site improvements were also estimated by reviewing *Marshall Valuation Service*. An entrepreneurial profit of 10% is appropriate for this type of property, based on discussions with developers.

Building Costs					
Building 1		Building 2		Building 3	Building 4
Building Details					
Name	A) Bunkhouse	B) Bath House w/ Laundry and Kitchenette		C) Sleeping Cabin	D) Mobile Home
Source	Marshall & Swift		Contractor	Marshall & Swift	Marshall & Swift
Construction Class	D		D	D	D
Construction Quality	Average		Average	Average	Average
Current Cost Date	02/13/2025		02/13/2025	02/13/2025	02/13/2025
Effective Cost Date	02/13/2025		02/13/2025	02/13/2025	02/13/2025
Cost Adjustments					
Unit Cost	\$50.00		\$80,000.00	\$40.00	\$10,000.00
Total Adjusted	\$50.00		\$80,000.00	\$40.00	\$10,000.00
Total per Unit	\$50.00		\$80,000.00	\$40.00	\$10,000.00
Size	576		1	140	1
Unit	SF		EA	SF	EA
Total	\$28,800		\$80,000	\$5,600	\$10,000

Building Costs			
Building 5			
Building Details			
Name	E) Check-In Office / Wings Mural		
Source	Marshall & Swift		
Construction Class	D		
Construction Quality	Average		
Current Cost Date	02/13/2025		
Effective Cost Date	02/13/2025		
Cost Adjustments			
Unit Cost	\$40.00		
Total Adjusted	\$40.00		
Total per Unit	\$40.00		
Size	140		
Unit	SF		
Total	\$5,600		
Subtotal	Average \$ / Unit	Size	Value
	\$151.52	858	\$130,000

Site Improvement Costs	
Improvement 1	
Name	(7) RV Hookup Sites and (30) Tent Camping Sites
Source	Marshall & Swift
Current Cost Date	02/13/2025
Effective Cost Date	02/13/2025
Cost Adjustments	
Unit Cost	\$15,000.00
Total Adjusted	\$15,000.00
Total per Unit	\$15,000.00
Size	1
Unit	Total
Total	\$15,000
Subtotal	\$15,000

Summary		
Total Direct Costs		\$145,000
Indirect Costs	10% of Direct Costs	\$14,500
Replacement Cost New Before Entrepreneurial Incentive		\$159,500
Entrepreneurial Incentive	10% (% of Repl Cost of All Improv's Before Entrepreneurial Incentive)	\$15,950
Total Replacement Cost New		\$175,450

Depreciation

There are three sources of accrued depreciation: physical deterioration, functional obsolescence, and external obsolescence.

Physical Deterioration – Curable – The improvements are in average condition with no items of deferred maintenance. Therefore, there is no Physical Deterioration-Curable.

Physical Deterioration – Incurable – The Age/Life Method was used for determining Physical Deterioration – Incurable. It is estimated by the Effective Age divided by the building's Economic Life, which accounts for Physical Deterioration – Curable. The estimated Economic Life of the buildings is ±50 years.

Functional Obsolescence – The subject improvements are configured such that areas are convenient and easy to access. The layout and design of the improvements are functional. Therefore, there is no functional obsolescence attributed to the improvements.

External Obsolescence – External obsolescence is the incurable diminished utility of a structure due to negative influences from outside the site. There is no indication that the subject property suffers from external obsolescence.

Weighted Average Age-Life Method				
Item	RCN	Effective Age (Years)	Economic Life (Years)	Percent Depreciation
A) Bunkhouse	\$34,848	14	50	28.00%
B) Bath House w/ Laundry and Kitchenette	\$96,800	9	50	18.00%
C) Sleeping Cabin	\$6,776	4	50	8.00%
D) Mobile Home	\$12,100	20	50	40.00%
E) Check-In Office / Wings Mural	\$6,776	9	50	18.00%
(7) RV Hookup Sites and (30) Tent Camping Sites	\$18,150	5	50	10.00%
Weighted Average				20.29%

Incurable Physical Deterioration	
Replacement Cost New	\$175,450
Less Curable Physical Deterioration (Deferred Maintenance)	\$0
Replacement Cost Less Curable Physical Deterioration	\$175,450
Age Life Ratio	20.29%
Total Incurable Physical Deterioration	\$35,598

Cost Approach Conclusion

The value by the Cost Approach is estimated as follows:

Cost Approach Summary		
	Total	Per SF GBA
Replacement Cost New		
Building Costs	\$130,000	\$58.88
Site Improvements	\$15,000	\$6.79
Other Costs	\$0	\$0.00
Total Direct Costs	\$145,000	\$65.67
Indirect Costs	\$14,500	\$6.57
Replacement Cost New Before Entrepreneurial Incentive	\$159,500	\$72.24
Entrepreneurial Incentive	\$15,950	\$7.22
Total Replacement Cost New	\$175,450	\$79.46
Less Accrued Depreciation		
Curable Physical Deterioration (Deferred Maintenance)	- \$0	- \$0.00
Incurable Physical Deterioration Short-Lived	- \$0	- \$0.00
Incurable Physical Deterioration Long-Lived	- \$35,598	- \$16.12
Total Incurable Physical Deterioration	- \$35,598	- \$16.12
Functional Obsolescence	- \$0	- \$0.00
External Obsolescence	- \$0	- \$0.00
Total Accrued Depreciation by All Causes	- \$35,598	- \$16.12
Depreciated Cost of Building and Site Improvements	\$139,852	\$63.34
Add Site Value (Rounded)	\$25,000	\$11.32
Adjustments to Cost Approach		
Adjustment Description	Amount	Per SF GBA
Total Adjustments	\$0	
Cost Indicated Value	\$164,852	\$74.66
Rounded	\$175,000	\$79.26

Income Approach

The subject has a variety of lodging options catering to hikers traveling the Appalachian Trail. Following is a summary of their posted rates:

Summary of Subject's Posted Rates	
Unit	Nightly Rate
"The Chilax Inn" Bedroom in Single Family Residence	\$45-\$60 Single Occupancy \$55-\$70 Double Occupancy
"The Rest" Bedroom in Mobile Home	\$45 Single Occupancy \$55 Double Occupancy
"Vortex" Single Bunk in Bunkhouse	\$25 / Each
Tent Site	\$12 / Each

We compared the subject to the rates of similar lodging facilities in Southwest Virginia that also cater to hikers traveling the Appalachian Trail. Following is a summary of the rates of similar facilities:

Summary of Comparable Rates	
Unit	Nightly Rate
SongPeddler Rest & Woodchuck Hostel - 533 Docie Street, Damascus, VA	\$50 Single Occupancy Bed \$12 / Tent Site
Sufi Lodge Halal Bed & Breakfast - 67 High Country Lane, Troutdale, VA	\$60 Single Occupancy \$75 Double Occupancy
Lady Di's Bed & Breakfast - 217 Damascus Drive, Damascus, VA	\$60 Single-Occupancy
The Broker Fiddle Hostel - 104 Damascus Drive, Damascus, VA	\$40 Bunk \$85 Double Occupancy
The Merry Inn Hiker Hostel - 208 East Main Street, Marion, VA	\$35 Bunk \$70 Double Occupancy
Long Neck Lair - 7530 Lee Highway, Rural Retreat, VA	\$50 per Room Extra \$5 per person
Bear Garden Hiker Hostel - 306 West Blue Graas Trail, Ceres, VA	\$20 Bunk; \$100 for small house that sleeps up to 6
Appalachian Dreamer Hiker Hostel - 502 Dotson Ridge Road, Ceres, VA	\$25 Bunk
Burkes Garden Hostel - 3713 West End Road, Tazewell, VA	\$35 Bunk, \$20 Tent Site, \$90 Single-Occupancy \$105 Double Occupancy
Mountain Garden Hostel - 1404 Bank Ridge Road, Tazewell, VA	\$30 Bunk, \$15 Tent Site, \$50 Single-Occupancy
Weary Feet Hostel - 13152 East Bluegrass Trail, Bland, VA	\$30 Bunk, \$10 Tent Site
Woods Hole Hostel - 3696 Sugar Run Road, Pearisburg, VA	\$24 Bunk, \$15 Tent Site, \$65-85 Private Room, \$30-\$70 Shared Room
Middle Creek Campground - 1164 Middle Creek Road, Buchanan, VA	\$25 Bunk, \$10 Tent Site, \$60 Double Occupancy

As shown in the tables presented above, the subject's rates are in line with the rates of similar facilities. Thus, the subject's nightly rates are reasonable and at market.

Gross Income

According to tax returns and income statements provided by the owner, the subject's Gross Income amounts from the past four years are \$106,565, \$122,403, \$113,040, and \$105,172. Therefore, we reconciled at \$112,000 for the following analysis. This income includes revenue from lodging and shuttle service.

Estimated Vacancy and Collection Loss

The following analysis is based on the subject's actual income history. Therefore, no additional allowance for vacancy and credit loss is necessary.

Operating Expenses

Lodging establishments similar to the subject are typically owner-operated. Fixed expenses of taxes and insurance are typical of most commercial real estate. Variable expenses fall into two main categories: Departmental (room supplies, food and beverage supplies) and Undistributed (administrative, marketing, maintenance, and utilities).

Fixed Expenses:

Taxes - Estimated taxes (including real estate, lodging, sales, etc.) are \$2,927 based on the most recent tax returns or 2.64% of Effective Gross Income. Based on the expense comparables presented below, this is slightly low.

Insurance - The estimated annual insurance cost is \$4,454 based on the most recent tax returns or 4.01% of Effective Gross Income. Based on the expense comparables presented below, this is reasonable.

Variable Expenses:

Departmental - Based on the subject property's most recent tax returns, we estimate the subject's departmental expenses at \$11,000 for supplies or 9.91% of Effective Gross Income. ***Based on the expense comparables presented below, this is reasonable.***

Undistributed - Based on the subject property's most recent tax returns, we estimate the undistributed expenses at \$39,800 for contract labor and wages (listed as Human Resources in the Pro Forma), \$10,000 for administration, \$500 for marketing, \$5,000 for maintenance, and \$13,000 for utilities. This results in a total undistributed cost of \$68,300 or 61.53% of Effective Gross Income. ***Based on the expense comparables presented below, this is double the expense of similar properties.***

Expense Comparables					
	Taxes	Insurance	Departmental	Undistributed	Overall Expense Ratio
Expense Comp 1	11.02%	4.17%	10.83%	27.67%	53.06%
Expense Comp 2	3.86%	3.10%	9.77%	30.87%	47.60%
Expense Comp 3	3.67%	5.12%	9.88%	34.90%	53.57%
Expense Comp 4	3.00%	4.62%	8.62%	32.74%	48.98%
Expense Comp 5	3.60%	2.60%	11.93%	26.37%	44.50%
Subject	2.64%	4.01%	9.91%	61.53%	78.09%

Since the subject's variable expenses are so much higher than those of other hospitality properties, the Income Approach is given approximately half the weight of the Cost Approach.

Pro Forma		
	Total	% of GR
Income		
Rooms Income	\$112,000	100.00%
Gross Income	\$112,000	100.00%
Fixed Expenses	\$7,381	6.59%
Real Estate Taxes	\$369	0.33%
Other Taxes	\$2,558	2.28%
Insurance	\$4,454	3.98%
Variable Expenses	\$79,300	70.80%
Departmental	\$11,000	9.82%
Undistributed	\$68,300	60.98%
Total Operating Expenses	\$86,681	77.39%
Net Operating Income	\$25,319	22.61%

Direct Capitalization - This is used to capitalize the estimated net operating income into a value estimate for the property. Direct capitalization involves the capitalization of anticipated net operating income for the next year at an overall rate of return. This rate is also commonly referred to as the 'going-in' capitalization rate.

There are several methods of analyzing a capitalization rate. When adequate data is available, the overall rate is best derived from the comparable sales. Unfortunately, we found no sales of similar properties with income and expense information. In the absence of sufficient data from comparable sales, National Surveys, Mortgage-Equity, and Debt Service Coverage Ratios can be used to discern a capitalization rate.

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2025*						
LODGING FACILITIES - LIMITED SERVICE						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	1.62%	DCR Technique	1.30	0.071330	0.65	6.03
Debt Coverage Ratio	1.30	Band of Investment Technique				
Interest Rate	5.92%	Mortgage	65%	0.071330	0.046365	
Amortization	30	Equity	35%	0.075780	0.026523	
Mortgage Constant	0.071330	OAR				7.29
Loan-to-Value Ratio	65%	Surveyed Rates				6.85
Equity Dividend Rate	7.58%					
Maximum						
Spread Over 10-Year Treasury	9.86%	DCR Technique	2.85	0.161101	0.50	22.96
Debt Coverage Ratio	2.85	Band of Investment Technique				
Interest Rate	14.16%	Mortgage	50%	0.161101	0.080550	
Amortization	15	Equity	50%	0.180506	0.090253	
Mortgage Constant	0.161101	OAR				17.08
Loan-to-Value Ratio	50%	Surveyed Rates				16.06
Equity Dividend Rate	18.05%					
Average						
Spread Over 10-Year Treasury	5.74%	DCR Technique	1.51	0.112234	0.58	9.73
Debt Coverage Ratio	1.51	Band of Investment Technique				
Interest Rate	10.04%	Mortgage	58%	0.112234	0.064535	
Amortization	23	Equity	43%	0.122907	0.052235	
Mortgage Constant	0.112234	OAR				11.68
Loan-to-Value Ratio	58%	Surveyed Rates				10.79
Equity Dividend Rate	12.29%					

*1st Quarter 2025 Data

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According to RealtyRates® Investor Survey capitalization rates for similar properties range from 6.85% to 16.06% with a mean of 10.79%.

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2024*																										
CURRENT & HISTORICAL CAP RATE INDICES																										
Method-Weighted* Property Category Indices																										
					Healthcare																				Weighted*	
	Apts		Golf		Senior Housing		Industrial		Lodging		MHRV Park		Office		Retail		Restaurant		Self Storage		Special Purpose		Composite Indices			
	BP		BP		BP		BP		BP		BP		BP		BP		BP		BP		BP		BP			
Year	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg
2024	8.42	-7	11.75	-18	9.29	9	9.30	-12	10.35	-8	9.88	3	9.28	-2	9.64	4	12.22	-11	9.74	-29	12.31	12	9.79	-6		
3rd Qtr	8.30	-38	11.54	-57	9.24	-32	9.22	-26	10.22	-40	9.79	-27	9.34	-3	9.52	-33	11.96	-62	9.62	-32	12.20	-30	9.70	-31		
2nd Qtr	8.68	15	12.11	15	9.56	22	9.48	10	10.63	12	10.06	9	9.37	13	9.85	10	12.59	11	9.94	9	12.53	11	10.01	12		
1st Qtr	8.54	-9	11.96	-8	9.34	-4	9.38	-10	10.50	-9	9.97	-4	9.23	-8	9.75	-1	12.48	-1	9.85	-18	12.42	4	9.89	-7		
2023	8.49	50	11.93	37	9.20	56	9.42	47	10.45	55	9.84	57	9.31	43	9.60	58	12.33	82	10.03	44	12.19	58	9.84	52		
2022	7.99	16	11.56	17	8.64	26	8.95	36	9.90	22	9.27	35	8.88	39	9.02	17	11.50	39	9.59	35	11.61	40	9.32	28		
2021	7.83	-59	11.39	-64	8.38	-64	8.60	-59	9.68	-84	8.92	-65	8.49	-55	8.85	-53	11.11	-46	9.24	-62	11.21	-44	9.04	-60		
2020	7.50	-43	11.08	-48	8.10	-48	8.32	-40	9.40	-47	8.63	-46	8.16	-38	8.58	-35	10.81	-39	8.91	-49	10.91	-29	8.75	-41		
2019	7.92	-50	11.56	-47	8.58	-44	8.72	-47	9.06	-66	9.08	-48	8.54	-50	8.30	-45	11.20	-37	9.40	-46	11.20	-45	9.15	-49		
2018	8.42	26	12.02	30	9.01	14	9.19	23	10.53	25	9.56	30	9.04	10	9.38	20	11.57	15	9.86	29	11.64	40	9.64	22		
2017	8.16	4	11.73	-2	8.87	-6	8.96	-12	10.28	5	9.26	11	8.94	-22	9.19	-8	11.42	-15	9.57	-9	11.25	4	9.42	-6		
2016	8.13	-2	11.75	6	8.92	12	9.08	15	10.22	0	9.45	15	9.16	16	9.27	12	11.57	-10	9.67	14	11.21	10	9.48	9		
2015	8.15	-9	11.69	-14	8.90	-9	8.93	-10	10.22	-20	8.99	-18	9.00	-6	9.15	-11	11.66	-13	9.52	-22	11.11	-12	9.40	-12		
2014	8.24	-15	11.83	-9	8.89	-1	9.03	-4	10.43	-17	9.17	-5	9.06	-22	9.26	15	11.79	-6	9.75	-20	11.24	14	9.52	-7		
2013	8.39	14	11.92	-14	8.90	5	9.07	-2	10.60	3	9.22	14	9.28	-19	9.11	-4	11.86	9	9.95	-24	11.10	1	9.58	-2		
2012	8.25	-35	12.07	6	8.85	-36	9.09	-40	10.57	-24	9.08	-39	9.47	3	9.15	-13	11.77	6	10.19	-49	11.09	-4	9.60	-21		
2011	8.60	-29	12.00	-22	9.21	-40	9.49	-11	10.81	-24	9.48	-8	9.44	-10	9.28	-26	11.70	-14	10.69	-3	11.12	-17	9.81	-19		
2010	8.89	4	12.22	5	9.62	15	9.60	12	11.05	7	9.55	22	9.54	16	9.54	25	11.84	12	10.72	21	11.30	0	10.00	13		
2009	8.85	8	12.17	16	9.47	10	9.48	10	10.98	-7	9.33	1	9.38	29	9.29	20	11.72	15	10.50	37	11.30	8	9.87	14		
2008	9.77	-4	12.01	29	9.37	-16	9.38	-14	11.05	56	9.32	-5	9.09	-16	9.09	-11	11.57	-29	10.13	20	11.22	-7	9.74	-1		
2007	8.81	-45	11.72	-21	9.53	-65	9.52	-25	10.49	-28	9.37	-26	9.25	-47	9.20	-12	11.85	61	9.93	-38	11.29	-24	9.75	-20		
2006	9.26	12	11.93	47	10.18	15	9.77	35	10.77	27	9.63	41	9.72	26	9.32	30	11.24	18	10.31	27	11.53	9	10.03	26		
2005	9.14	14	11.46	80	10.03	-16	9.42	-30	10.50	-21	9.22	19	9.46	6	9.02	16	11.06	5	10.04	13	11.44	-30	9.77	2		
2004	9.00	-19	10.66	28	10.19	-37	9.72	19	10.71	-98	9.03	-48	9.40	-4	8.86	-19	11.01	-15	9.91	-13	11.74	-30	9.75	-19		
2003	9.19	-2	10.38	-32	10.56	64	9.53	33	11.69	56	9.51	-11	9.44	1	9.05	-18	11.16	8	10.04	-53	12.04	105	9.94	12		
2002	9.21	-40	10.70	18	9.92	-39	9.20	-61	11.13	26	9.62	-60	9.43	-35	9.23	-62	11.08	-3	10.57	-12	10.99	-177	9.82	-41		
2001	9.61	64	10.52	133	10.31	90	9.81	16	10.87	98	10.22	-68	9.78	-35	9.85	-53	11.11	47	10.69	13	12.76	32	10.23	21		
2000	8.37		9.19		9.41		9.65		9.89		10.90		10.13		10.38		10.64		10.56		12.44		10.01			
Mean	8.69	-6.78	10.47	-18.15	9.35	9.28	9.48	-11.56	10.12	-8.29	10.39	3.27	9.71	-2.37	10.01	3.88	11.43	-10.75	10.15	###4	12.38	12.30	9.90	-5.00		
* Weighted by methodology: Band-of-Investment, DCR Technique, Sales Survey																										
* Further weighted by property category																										
*3rd Quarter 2024 Data												Copyright 2024 RealtyRates.com™														

As shown above, capitalization rates for similar properties range between 10.22% and 10.63% for the last four quarters.

The ***Mortgage-Equity Method*** recognizes the current availability of mortgage financing and equity return demanded by typical investors. Based on discussions with many of our clients, loan terms may begin to tighten, and interest rates are on the rise. Current commercial lending policies for this type of property indicated mortgage loans for 58% of market value, based on a 25-year amortization schedule at an annual interest rate of 10.00%.

According to the Survey, Equity Dividend Rates range from 7.56% to 18.56% with a mean of 12.51%. Thus, an annual equity return of 13.00% is deemed sufficient to induce investment. In addition, the basic rate incorporates credit for equity buildup through mortgage amortization. Credit for equity buildup occurs on that portion of the investment represented by the mortgage principal (15.44%) to the extent that amortization has occurred during the holding period. Weighted by these considerations, the sinking fund factor at the equity rate, is deducted from the basic rate. In the current instance, a 10-year projection period was considered typical for the subject property type.

MORTGAGE-EQUITY ANALYSIS

MORTGAGE						
	Interest	10.00%				
	Payout (Yrs)	25				
	Loan-to-Value	58%				
	Therefore:	0.1090	x	58%	=	0.0632
EQUITY						
	Equity Dividend Rate	13.0%				
	Equity Contribution	42%				
	Therefore:	13.0%	x	0.4200	=	0.0546
BASIC WEIGHTED RATE:						0.1178
LESS: EQUITY BUILD-UP CREDIT:						
	Sinking Fund Factor	0.0543				
	Per Cent Paid Off	0.1544				
	Loan-to-Value	58%				
	Therefore:	0.0543	x	0.1544	x	58% = (0.0049)
OVERALL CAPITALIZATION RATE:						0.1130
ROUND:						11.30%

The **Debt Coverage Formula** is used by real estate lenders in determining an investment's degree of risk. Institutional lenders who are primarily fiduciaries often use this measure of constraint. Because of their responsibility to the investor they represent, institutional lenders are particularly sensitive to the safety of loan investments, especially the safety of principal. Profit and safety are their first concerns, along with the avoidance of default and foreclosure. As a result, when these fiduciaries underwrite income property loans, they try to provide a cushion so that the borrower will be able to meet the debt service obligations on the loan, even if the building declines.

To estimate an overall rate, the debt coverage ratio (DCR) is multiplied by the mortgage constant and the loan-to-value (L-T-V) ratio. The DCR is a factor that measures the "safety margin" that the net income has to pay the mortgage payment. For example, a DCR of 1.50 means that net income exceeds the mortgage payment by 50%. The investment criterion generated the following conclusions:

DEBT SERVICE COVERAGE RATIO (DSCR)					
DEBT COVERAGE RATIO				1.50	
MORTGAGE CONSTANT				0.1090	
LOAN TO VALUE RATIO				58%	
OAR = DCR X MORTGAGE CONSTANT X L-T-V RATIO					
OAR =	1.5	X	0.1090	X	58% = 0.094868
				ROUND	9.50%

Based on an analysis of the quality, quantity, location, and economic environment, as well as the foregoing analysis, we deemed an overall capitalization rate of 10.00% to be appropriate for the subject property.

Direct Capitalization	OAR	Amount	Per Rentable Area SF
Net Operating Income After Reserves		\$25,319	\$11.47
Capitalized Value	10.00%	\$253,190	\$114.67
Low Range	11.00%	\$230,173	\$104.24
High Range	9.00%	\$281,322	\$127.41

Discounted Cash Flow Analysis - Discounted cash flow analysis is a second method of income capitalization often used for income producing properties. It is most commonly used for multi-tenant properties, where both existing leases and market lease terms must be considered or in properties where income is projected to be variable. However, my research indicates that few market participants apply this technique to properties similar to the subject. For this reason, discounted cash flow analysis was not used in this appraisal report.

Direct Capitalization	Discounted Cash Flow	Income Approach
\$250,000	N/A	\$250,000

Conclusion

The variable expenses obtained from the owner's most recent tax returns are significantly higher (as a percentage of gross income) than those of other small hospitality properties with which we are familiar. Therefore, the Income Approach is given minimal consideration.

Reconciliation

Indicated Values

Description	Indicated Value
Land Value	\$25,000
Cost Approach	\$175,000
Sales Comparison Approach	N/A
Income Approach	\$250,000

Final Estimate of Value

The comparable sales and leases were well verified and similar to the subject property. Thus, they are a strong reflection of the market. In my opinion, this appraisal demonstrates completeness in describing the general market and subject property. The degree of narrative is adequate and relevant to the property type.

Exposure Time and Marketing Period - Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of 12 months, respectively, is reasonable and appropriate for the subject property assuming aggressive professional marketing.

The variable expenses obtained from the owner's most recent tax returns are significantly higher (as a percentage of gross income) than those of other small hospitality properties with which we are familiar. Furthermore, some of the income is attributable to lodging in the single-family residence, which is excluded from this appraisal. Therefore, the Income Approach is given approximately half the weight of the Cost Approach.

Based on the foregoing analysis, it is my opinion and conclusion that the subject property's Fee Simple Market Value "As-Is" based on market conditions as of February 13, 2025, considering a 12-month Exposure/Marketing Time is:

TWO HUNDRED THOUSAND DOLLARS

Value Conclusions

Description	Perspective	Type of Value	Premise	Property Interest	Effective Date	Indicated Value
Subject	Current	Market Value	As Is	Fee Simple	02/13/2025	\$200,000

Addenda

1) Qualifications of the Appraiser

John T. Johnson
Senior Appraiser, ValueTech Real Estate Appraisal
Email: johnthomasjohnson@live.com
Phone: (276) 229-7196



EXPERIENCE:

My twenty years of experience in construction and real estate include: construction field engineering, construction estimating, real estate sales, broker price opinions, and commercial real estate appraisal.

Construction Field Engineering (2003-2008) – As an Architectural Field Engineer, I worked with AECOM / DMJM Aviation assessing percent complete for payment applications and writing field reports on the Miami International Airport South Terminal Expansion Project.

Construction Estimating (2008-2011) – As a Construction Estimator, I worked with Paradise Awnings in Miami, Florida estimating projects consisting of awnings, railings, fences, gates, and other miscellaneous metals.

Real Estate Brokerage (2011-2017) – As an Associate Broker, I worked with Coldwell Banker Townside, REALTORS® representing sellers and purchasers in sales transactions. I managed transactions for Cartus Broker Network clients as a relocation specialist. I performed broker price opinions for BPO management companies including InsideValuations, CoreLogic, Clear Capital, and ServiceLink.

Commercial Real Estate Appraisal – Since 2018 I have appraised a wide variety of retail, office, multifamily, industrial, institutional, and special purpose properties throughout Virginia and North Carolina.

EDUCATION:

- Bachelor of Science in Construction Management from Florida International University located in Miami, Florida
- Certificate of Architectural Drafting from Patrick Henry Community College located in Martinsville, VA

PROFESSIONAL AFFILIATIONS:

- Appraisal Institute, Candidate for Designation
- Roanoke Regional Chamber of Commerce
- Roanoke Valley Association of REALTORS®
- Southwest Virginia Chapter of the U.S. Green Building Council

EXPIRES ON

08-31-2026

COMMONWEALTH of VIRGINIA

Department of Professional and Occupational Regulation

9960 Mayland Drive, Suite 400, Richmond, VA 23233

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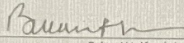


JOHN THOMAS JOHNSON

PO BOX 1245

STUART, VA 24171





Brian Wolford, Interim Director

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TYPE

NATIONAL REGISTRY

Appraiser's Signature



Executive Director

EXPIRES JUNE 30, 2025

2) Glossary

Assessed Value: Assessed value applies in ad valorem taxation and refers to the value of a property according to the tax rolls. Assessed value may not conform to market value, but it is usually calculated in relation to a market value base.

Capital Expenditure: Investments of cash or the creation of liability to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment as distinguished from cash outflows for expense items that are normally considered part of the current period's operations.

Cash Equivalency: The procedure in which the sale prices of comparable properties sold with atypical financing are adjusted to reflect typical market terms.

Cost Approach: This approach is based on the premise that an informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. The analysis involves estimating the current cost (including both direct and indirect costs) to construct a replacement for the existing structure and related site improvements, deducting for evidence of accrued depreciation, and adding the estimated land value.

Client: The party or parties who engage (by employment or contract) an appraiser in a specific assignment.

Deferred Maintenance: Curable, physical deterioration that should be corrected immediately, although work has not commenced; denotes the need for immediate expenditures but does not necessarily suggest inadequate maintenance in the past.

Economic Life: The period of time over which improvements to real estate contribute to property value.

Effective Date of the Appraisal: The date at which the value opinion in an appraisal applies, which may or may not be the date of inspection; the date of the market conditions that provide the context for the value opinion.

Effective Gross Revenue Multiplier (EGRM): A factor that reflects the relationship between the gross annual revenue of the real estate and its sale price or value.

Effective Rent: 1) The rental rate net of financial concessions such as periods of no rent during a lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis. ¹ 2) The economic rent paid by the lessee when normalized to account for financial concessions, such as escalation clauses, and other factors. Contract, or normal, rents must be converted to effective rents to form a consistent basis of comparison between comparables.

Excess Land – In regard to an improved site, the land not needed to serve or support the existing improvement. In regard to a vacant site or a site considered as though vacant, the land not needed to support the primary highest and best use. Such land may be separated from the larger site and have its own highest and best or it may allow for future expansion of the existing or anticipated improvement.

Exposure Time: The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value o the Effective Date of Appraisal; Exposure time is retrospective opinion based on an analysis of past events assuming a competitive and open market.

Extraordinary Assumptions: An assumption, directly related to a specific assignment, as of the Effective Date of the Assignment results, 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 data used in an analysis.

Fair Market Share: The ratio of the submarket inventory over the fair market share.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market participants are buyers and sellers in the principal or most advantageous market that are-

- A. Independent of each other (i.e., not related parties).
- B. Reasonably knowledgeable of the asset or liability and the transaction using available information.
- C. Able to conduct the transaction.
- D. Willing to conduct the transaction.

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government.

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area; also called building-to-land ratio.

Going Concern Value: Going concern value is the value of a proven property operation. It includes the incremental value associated with the business concern, which is distinct from the value of the real estate only. Going concern value includes an intangible enhancement of the value of an operating business enterprise that is produced by the assemblage of the land, building, labor, equipment, and marketing operation. This process creates an economically viable business that is expected to continue. Going concern value refers to the total value of a property, including both real property and intangible personal property attributed to the business value.

Gross Building Area (GBA): The sum of all areas at each floor as measured to the exterior walls.

Gross Sellout Value: The sum of the separate and distinct market value opinions of each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the aggregate of the retail values or aggregate retail selling price.

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

Hypothetical Condition: A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the Effective Date of the Assignment results, but is used for the purpose of analysis; Hypothetical conditions are 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 analysis.

Income Capitalization Approach: This approach derives a value indication for income-producing property by converting anticipated monetary benefits into a property value. This conversion is typically accomplished in two ways: A direct capitalization analysis where one year's income expectancy or an annual average of several years' income expectancies may be capitalized at a market-derived capitalization rate or a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment; secondly, a discounted cash flow analysis where the annual cash flows for the holding period and the reversion may be discounted at a specified yield rate.

Insurable Value: Insurable Value is based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. Insurable value is that portion of the value of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy. This value is often controlled by state law and varies from state to state.

Intended Use: The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

Intended User: The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communications with the client at the time of the assignment.

Internal Rate of Return ("IRR"): The yield rate to the ownership position realized over the term of an investment.

Investment Value: Investment value is the value of an investment to a particular investor based on his or her investment requirements. In contrast to market value, investment value is value to an individual, not value in the marketplace. Investment value reflects the subjective relationship between a particular investor and a given investment. When measured in dollars, investment value is the price an investor would pay for an investment in light of its perceived capacity to satisfy his or her desires, needs, or investment goals. To estimate investment value, specific investment criteria must be known. Criteria to evaluate a real estate investment are not necessarily set down by the individual investor; they may be established by an expert on real estate and its value, that is, an appraiser.

Leasehold Estate: The right to use and occupy real estate for a stated term and under certain conditions; conveyed by a lease.

Fee Simple Estate: An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the Lessor (the Fee Simple owner) and the Fee Simple are specified by contract terms contained within the lease.

Liquidation Value: The most probable price that a specified interest in real property should bring under the following conditions:

- (1) Consummation of a sale within a short time period.
- (2) The property is subjected to market conditions prevailing as of the date of valuation.
- (3) Both the buyer and seller are acting prudently and knowledgeably.
- (4) The seller is under extreme compulsion to sell.
- (5) The buyer is typically motivated.
- (6) Both parties are acting in what they consider to be their best interests.
- (7) A normal marketing effort is not possible due to the brief exposure time.
- (8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- (9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Load Factor: The amount added to usable area to calculate the rentable area. It is also referred to as a "rentable add-on factor" which, according to BOMA, "is computed by dividing the difference between the usable square footage and rentable square footage by the amount of the usable area. Convert the figure into a percentage by multiplying by 100".

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

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

In Addition--As Defined by the Office of the Comptroller of the Currency (OCC)

- (6) The current market value of the property based upon its actual condition on your inspection date and insurable value for the improvements.

Market Value "As If Complete" On the Appraisal Date: Market value as if complete on the appraisal date is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value on The Appraisal Date: Market value on the appraisal date is an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of appraisal.

Marketing Period: The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.

Net Lease: Lease in which all or some of the operating expenses are paid directly by the tenant. The landlord never takes possession of the expense payment. In a Triple Net Lease all operating expenses are the responsibility of the tenant, including property taxes, insurance, interior maintenance, and other miscellaneous expenses. However, management fees and exterior maintenance are often the responsibility of the Lessor in a triple net lease. A modified net lease is one in which some expenses are paid separately by the tenant, and some are included in the rent.

Net Rentable Area (NRA): 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.

Penetration Rate: The ratio of the actual market share of a submarket over the fair market share of a submarket.

Personal Inspection – A physical observation performed to assist in identifying relevant property characteristics in a valuation service.

Principle of Substitution: This principle affirms that no prudent buyer would pay more for a property than the cost to acquire a similar site and construct improvements of equal desirability and utility without undue delay.

Prospective Market Value "As Completed," "As Stabilized,"³, and Sell-Out A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Three prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy, and/or sell-out will occur.

- The prospective market value – as completed – reflects the property's market value at the time that development is expected to be completed.
- The prospective market value – as stabilized – reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income – producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties (see USPAP Statement 4 and Advisory Opinion 17) (Interagency Appraisal and Evaluation Guidelines).
- The prospective market value – Upon Sell-Out – reflects the value to a single purchaser as if the entire project (multiple units/lots) is sold to one purchaser as a discounted value per "economies of scale" within a typical marketing period.

Reconciliation: The strengths and weaknesses of the individual approaches to value may vary based on the quality and quantity of data available in each instance. The final value conclusion is based on the appraisers' judgment with respect to the appropriateness of each approach as it applies to the property being appraised.

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout.

Sales Comparison Approach: This approach derives a value indication by comparing the subject property to similar properties that have recently sold, applying appropriate units of comparison and adjusting, based on the elements of comparison, to the sale prices of the comparables. Analysis of properties currently listed for sale is also useful in setting the upper limit of value. The overriding premise of this approach is that an informed purchaser would pay no more than the cost of acquiring an equally desirable substitute.

Scope of Work: Extent of the process in which data are collected, confirmed, and reported.

Special Purpose Property: A property with a unique physical design, special construction materials, or a layout that particularly adapts its utility to the use for which it was built; also called a special-design property.

Surplus Land – Land not necessary to support the highest and best use of the existing improvement but, because of physical limitations, building placement, or neighborhood norms, cannot be sold off separately. Such land may or may not contribute positively to value and may or may not accommodate future expansion of an existing or anticipated improvement.

Usable Site Area – The area of a site that can legally and physically accommodate buildings or significant site improvements. The usable site area equals the total site area less certain obstructions, such as flood hazard areas, required natural buffers, cemeteries, archeologically restricted areas, ecologically restricted areas, areas within certain restrictive easements, and other obstructions. The net site area or usable site area should be more precisely defined in each appraisal because the significance of improvements of the obstruction depends on the specific assignment.

3) Engagement Letter



PO Box 1245, Stuart, Virginia, 24171 • Phone: (276) 229-7196 • Email: john@valuetechrealestateappraisal.com

Authorization and Agreement for Real Estate Appraisal Services

Client: Pippa Chapman

The Client agrees to employ ValueTech Real Estate Appraisal to provide services for the following property:

Subject Property: "Angels Rest Hikers Haven" lodging facility located at 200, 204 Douglas Lane, Pearisburg, Virginia 24134

The services to be provided are outlined as follows:

Value Sought:	Market Value
Interest:	Fee Simple Estate
Effective Date of Appraisal	Date of Property Visit
Intended Use:	Potential Sale
Intended User(s):	Pippa Chapman
Report Format:	Narrative
Appraisal Methodology:	All applicable approaches to value
Delivery Format:	PDF emailed to Client

The Appraiser is prepared to exercise independent judgement and to complete the appraisal assignment in accordance with sound appraisal practice, the Codes of Professional Ethics and Standards of Professional Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice (USPAP).

The assignment will begin upon the receipt of all of the following and will be delivered on or within 2 weeks of such:

- A signed copy of this agreement (or emailed confirmation to proceed).



Page 1 of 2

The **Client** agrees to pay **ValueTech Real Estate Appraisal** a cash fee based on time, expenses, and expertise. Our fee is **One Thousand Nine Hundred Fifty Dollars (\$1,950)**.

Any and all fees not paid within 30 days of billing will be subject to a service charge of 1.0% per month or 12% per year, compounded monthly. In the event that the Client cancels this agreement, the Client agrees to pay for time and cost incurred prior to receipt of the written notice of cancellation. ValueTech Real Estate Appraisal is authorized to commence work upon the signing of this agreement. If this account is turned over to an attorney or collection agency, all charges and/or court costs will be added to the balance due and be paid by the Client.

It is agreed that the liability of ValueTech Real Estate Appraisal or the signing appraiser is limited to the amount of the fee paid for the completion of the appraisal assignment. ValueTech Real Estate Appraisal limits its responsibility to the Client and any use of the appraisal report by third parties shall be at the risk of the Client and/or said third parties.

In addition to all other terms and conditions of this Agreement, Appraiser and Client agree that Appraiser's services under this Agreement and appraisal report(s), and any use of the report is and will be subject to the statements, limiting conditions, and other terms set forth in the appraisal report(s). Appraiser may determine additional conditions and terms affecting the appraisal during performance of the assignment, which may be identified in the report(s).

The concluded evaluation and analysis in the report will be the opinion of ValueTech Real Estate Appraisal and the fee or the payment thereof is in no way contingent upon any particular conclusions. The fee for this appraisal is for the service rendered and not necessarily for the time spent at the property or writing the report.

To complete the assignment in a timely and professional manner, the Client agrees to provide ValueTech Real Estate Appraisal with the following information that is pertinent to the valuation process:

- Three years of historic income and expenses (if available)

Accepted and Agreed:

Client Signature

Date

Sincerely,



John Johnson, Senior Appraiser



4) Flood Map

The flood map for the selected area is number **51071C0205C**, effective on **9/25/2009**

DYNAMIC MAP



MAP IMAGE

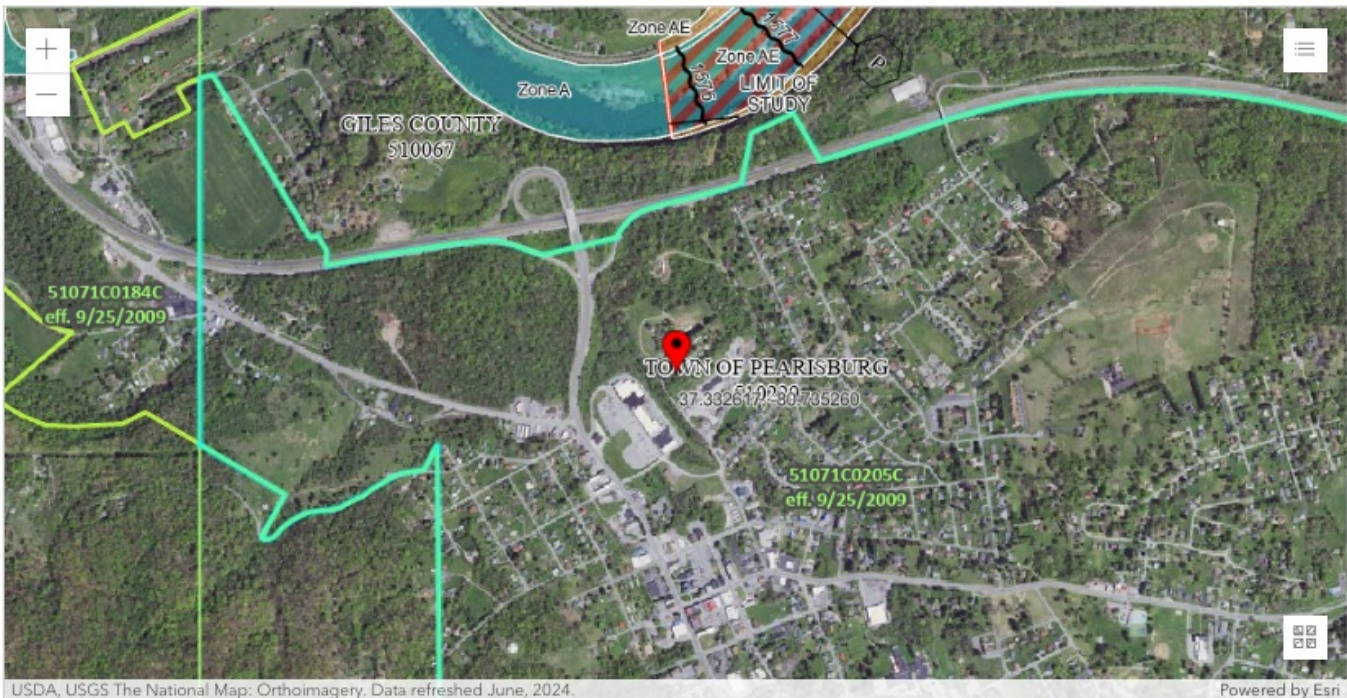


Changes to this FIRM ?

- Revisions (0)
- Amendments (0)
- Revalidations (0)

You can choose a new flood map or move the location pin by selecting a different location on the locator map below or by entering a new location in the search field above. It may take a minute or more during peak hours to generate a dynamic FIRMette.

[Go To NFHL Viewer »](#)



PIN

- Approximate location based on user input and does not represent an authoritative property location

MAP PANELS

- Selected FloodMap Boundary
- Digital Data Available
- No Digital Data Available
- Unmapped

OTHER AREAS

- Area of Minimal Flood Hazard Zone X
- Effective LOMRs
- Area of Undetermined Flood Hazard Zone D
- Otherwise Protected Area
- Coastal Barrier Resource System Area

SPECIAL FLOOD HAZARD AREAS

- Without Base Flood Elevation (BFE) Zone A, X, AE, AR
- With BFE or Depth
- Regulatory Floodway Zone AE, AO, AH, VE, AR

OTHER AREAS OF FLOOD HAZARD

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

OTHER FEATURES

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

GENERAL STRUCTURES

- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

5) Zoning Ordinance

- 24-601-00 **AGRICULTURAL/RESIDENTIAL DISTRICT AR-1**
- 24-601-01 Intent of the Agricultural/residential district. This district covers portions of the Town which are occupied by various open uses. The district is established for the specific purpose of facilitating existing and future agricultural operations, conservation of natural resources, and to provide for the orderly expansion of urban development.
- 24-601-02-01 Permitted Uses. Within the Agricultural/Residential District AR-1 the following uses are permitted:
- 24-601-02-02 Wildlife areas or game refuges;
- 24-601-02-03 Flood control and watershed structures;
- 24-601-02-04 Timber production, forests;
- 24-601-02-05 Fish hatcheries;
- 24-601-02-06 Nurseries, tree farms and greenhouses;
- 24-601-02-07 Cemeteries;
- 24-601-02-08 Private and public parks, playgrounds, recreational buildings and grounds, tennis courts, swimming pools and outdoor recreational activities, all of a noncommercial nature. No public swimming pool or structure shall be located closer than one hundred (100) feet from any lot containing a residence.
- 24-601-02-09 Single-family dwellings excluding residential developments;
- 24-601-02-010 Churches and other places of worship with attendant educational and recreational facilities. No recreational facility shall be located closer than one hundred (100) feet to a lot with a residential lot
- 24-601-02-011 Schools;
- 24-601-03 **Conditional Uses.** When, after review of an application and hearing thereon, in accordance with Article 30-800 herein, the Pearisburg Town Council finds as a fact that the proposed use is compatible with the surrounding uses, is consistent with the intent of the Ordinance and of the Comprehensive Plan, is in the public interest, and will comply with all other provisions of law and ordinances of the Town of Pearisburg, the following uses may be permitted with appropriate conditions:
- 24-601-03-01 Neighborhood retail stores or services;
- 24-601-03-02 Private seasonal camp or retreat;

- 24-601-03-03 Recreational developments including campgrounds and recreational vehicle parks with the minimum requirement that the Rules and Regulations of the Board Health of the Commonwealth of Virginia Governing Campgrounds are met;
- 24-601-03-04 Sawmill or commercial wood yard;
- 24-601-03-05 Quarry, gravel, shale, or sand operation;
- 24-601-03-06 Animal Hospital;
- 24-601-03-07 Kennel. No kennel shall be closer than two hundred (200) feet of a lot with a residence; except the residence of the owner;
- 24-601-03-08 Lodge or resort;
- 24-601-03-09 Hotel;
- 24-601-03-10 Feed mill or seed and feed store;
- 24-601-03-11 Automobile Service Station;
- 24-601-03-12 An individual manufactured home on a single lot; excluding manufactured home parks and subdivisions;
- 24-601-03-13 Bed and Breakfast
- 24-601-03-14 Agriculture provided that no storage of manure or other odor or dust producing substances shall be permitted. No poultry or livestock shall be penned within two hundred (200) feet of a lot with a residence on it;
- 24-601-03-15 Livestock production;
- 24-601-03-16 Dairy farms;
- 24-601-03-17 Poultry production;
- 24-601-03-18 Hog farms. A hog pen must be located at least five hundred (500) feet from the nearest residence, except that of the owner;
- 24-601-03-19 Public Utilities;
- 24-601-03-20 Public Water Systems;
- 24-601-03-21 Public Sewage Systems;
- 24-601-03-22 Public Service Buildings;

- 24-601-04 **Accessory Uses.** Where a lot is devoted to a permitted principal use, customary accessory uses and structures are authorized. The following uses are also applicable:
- 24-601-04-1 Home Occupation provided that the requirements of Article 24-700 are met;
- 24-601-04-2 Living quarters in the main structure of persons employed on the premises;
- 24-601-04-3 Recreational vehicles shall be stored within the required rear or side yard and shall be prohibited from occupancy;
- 24-601-04-4 Temporary buildings for uses incidental to construction work, such buildings shall be removed upon completion or abandonment of the construction work;
- 24-601-04-5 Signs as provided for in Article 24-700;
- 24-601-04-6 Parking as provided for in Article 24-700;
- 24-601-04-7 Storage Building.