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13 September 2021

VALUATION OF REAL PROPERTY

A parcel of residential land located at Chin Cherry
Road, Point Blanche

CLIENT:

PREPARED FOR: The Windward Islands Bank Ltd.

EFFECTIVE DATE OF VALUE: 13th September 2021

AUTHOR: ing. Shameeka Kalmera

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Monday 13th September 2021

The Windward Islands Bank Ltd.

Clem Labega Square, Cannegieter Street
Philipsburg, St. Maarten

Subject: Market value appraisal for a parcel of residential land located at Point Blanche.

Dear Sir/ Madam,

House of Designz is pleased to submit the following valuation report of the referenced property known as certificate of admeasurement SXM UPQ 210/1992 in the district of Upper Prince's Quarter. The purpose of this appraisal report is to designate an opinion of the "as is" market value of the leasehold interest.

The report was requested by Mrs. Halley and the intended use is for loan underwriting purposes.

Based on the valuation analysis, our opinion of the market value is as follows; **USD\$174,800.00 (One Hundred and Seventy-Four Thousand Eight Hundred US Dollars)** and an auction value of **USD\$122,360.00 (One Hundred and Twenty-Two Thousand Three Hundred and Sixty US Dollars)**.

Note: Unless otherwise stated all figures relating to financials in this report are intended to be in US Dollars.

If you have any questions or comments, please feel free to contact the undersigned.
Thank you for choosing us to be of service.

Kind regards,



ing. Shameeka Kalmera

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Clients Name: . . .
Address: Chin Cherry Road, Point Blanche, St. Maarten
Type of Property: Parcel of residential land
Current Ownership:
Legal Description: SXM UPQ 164/2006
District: Upper Prince's Quarter

Land Area: 1520 m2
Property Interest Appraised: Leasehold Freehold Condominium
Leasehold Term: 3rd February 2069

Zoning: Residential
Highest and Best Use: Residential
Exposure Time; Marketing Time: 6-9 months; 3-6 months
Effective Date of the Appraisal: 13th September 2021
Date of Report: 13th September 2021
Inspection: Shameeka Kalmera conducted an inspection of the property on the 12th September 2021.

Purpose and basis of value: The purpose of the valuation/appraisal is to develop an opinion of the "as is" market value of the leasehold interest.

Currency adopted: Unless otherwise mentioned, all financially related figures stated in this report are intended to be in US Dollars.

Definition of Market Value: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller, in an arm's-length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. (source RICS Valuation Standards Global 7th edition May 2011)

Intended use and user: The intended use of the appraisal is for loan underwriting purposes/insurance/new construction. The client and intended user is **The Windward Islands Bank Ltd.** The appraisal is not intended for any other use or user. No other party or parties other than those referenced may use or rely on the information, opinions and conclusions contained in this report.

Market Value: USD\$174,800.00

Auction Value: USD\$122,360.00

Market Value Conclusion: Market Value is defined as: The estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller, in an arm's-length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Special Assumption: The value conclusions are subject to the following special assumptions that may affect the results. A special assumption is an assumption accepted as fact which is either not true of which would be made by a typical market participant. If the assumption is found to be false as of the valuation date, we reserve the right to modify our conclusion.

It is unknown the effect Covid-19 will have on the long-term market, economy, or real estate prices. There is some data to determine the impact of these rapid changes on the real estate market.

- It should be also noted that this parcel of land is burden with an executorial seizure registered on the 1st of June 2015 and was done by bailiff David Antoine. Please see the addendum cadastral extract for further details.

GENERAL INFORMATION

Identification of Subject

The subject is a parcel of residential land with ocean views.

Current Ownership

The current owner is

Purpose of Basis of Value

The purpose of the valuation/appraisal is to develop an opinion of the "as is" market value of the leasehold interest.

Currency Adopted

Unless otherwise mentioned, all financially related figures stated in this report are intended to be in US Dollars.

Definition of Market Value

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller, in an arm's-length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

(source RICS Valuation Standards Global 7th edition May 2011)

Definition of Property Rights Valued

Leasehold

The leasehold estate is the interest which a tenant or lessee acquires under a lease including rights of use and occupancy for a stated term under certain conditions (e.g., the payment of a premium and/or rent). Leasehold estates have different durations: such as, 25 years, 60 years, and 99 years, etc. (Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed., 2010.)

The asking prices for leasehold properties are typically less than an equivalent property that is fee simple, however it is accepted on the island of St. Maarten that government leasehold interest is valued at the same price of fee simple (freehold) interest. The government usually lease such interest for a period of 60 years and typical renews on the expiration date.

Intended Use of User

The intended use of the appraisal is for loan underwriting purposes/insurance/new construction. The client and intended user is **The Windward Islands Bank Ltd**. The appraisal is not intended for any other use or user. No other party or parties other than those referenced may use or rely on the information, opinions and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to comply with the requirements of the following;

- The Royal Institution of Chartered Surveyors (RICS)
- The Uniform Standards of Professional Appraisal Practice (USPAP)
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute
- Appraisal guidelines of **The Windward Islands Bank Ltd.**

Disclosure of Prior Services

Since 2010 USPAP has a new disclosure requirement for prior services regarding the subject property. The Conduct section of the ETHICS RULE (page U-8, line 231) states,

If known prior to accepting an assignment, and/or if discovered at any time during the assignment, an appraiser must disclose to the client, and in the subsequent report certification:

- any current or prospective interest in the subject property or parties involved; and
- any services regarding the subject property performed by the appraiser within the **three year period** immediately preceding acceptance of the assignment, as an appraiser or in any other capacity.

Scope of Work

In basic terms, the **scope of work** is the **work** an appraiser performs to develop assignment results. **USPAP** defines "**scope of work**" as the type and extent of research and analyses in an assignment.

We have considered the intended use of the appraisal, the need of the users, the applied valuation methodology necessary, inspection of the property, the availability of information and other pertinent factors.

ECONOMIC ANALYSIS

Area Analysis

St. Maarten is a constituent country of the Kingdom of the Netherlands in the Caribbean Sea. With a population of 40,120 on an area of 37 km² (14 sq mi), it encompasses the southern 40% of the divided island of Saint Martin, while the northern 60% of the island constitutes the French overseas collectivity of Saint-Martin, the only place that France borders the Netherlands. St. Maarten's capital is Philipsburg.

Before 10th October 2010, St. Maarten was known as the Island Territory of St. Maarten (Dutch: Eilandgebied Sint Maarten), and was one of five island territories (eilandgebieden) that constituted the Netherlands Antilles.

On 6 and 7 September 2017 the island was hit by Category 5 Hurricane Irma, which caused widespread and significant damage to buildings and infrastructure. As of 2018, St. Maarten has the 14th largest GDP per capita in the world (including territories) when measured by purchasing power parity, over three times as high as its French counterpart.

Post hurricane rebuilding

On 10 October 2017, Princess Juliana International Airport recommenced commercial flights using temporary structures, pending repairs. A report in late March 2018 indicated that the airport was able to handle some flights and some service had resumed from the US, Canada and Europe. A new departure lounge was being used during rebuilding of the original facility. The General Aviation building was being used for passengers arriving on the island. A little over a year after Hurricane Irma, St. Maarten's cruise industry had recovered to the extent that in 2018, more than 1 million cruise passengers visited the island. Telecommunications, including Wi-Fi had been restored on the island, 95% of customers were receiving electricity and drinking water was readily available on the island. Some tourist accommodations were open, with 27 operating and 36 said to be ready sometime later this year. Cruise ships were arriving; a full 14 were accommodated the week of February 18, 2018.

Transportation and economy

Air transportation to St. Maarten and the whole island is served by Princess Juliana International Airport, which is well known for its very low final approach landings close to a popular beach at the end of the runway. The Supreme Court of the Netherlands ruled in a well-known case on the jet blast on this beach. Winair (Windward Islands Airways) has its headquarters on the grounds of the airport. There are no railroads on the island. St. Maarten's economy is mostly based on tourism, either from tourists staying on the island or day tourists from the many cruise lines that dock in the Philipsburg Harbour. In 2014, St. Maarten had more gaming machines per resident than any other country in the world. After Hurricane Irma hit the island in 2017, Sint Maarten's economy has decreased significantly. In a 2019 report, it was revealed that the island's GDP dropped by 4.7%, with an increase in inflation. This drastic hit to the economy was due to lessened tourism, real estate, trade, and business activities.

Currencies

The Euro is the official currency in Saint Martin (French/North). It replaced the French franc since 2002. The US dollar is generally accepted in the North. The Netherlands Antillean guilder (ANG) is the official currency in St. Maarten (Dutch/South) since 1940. It is pegged to the US dollar. The US dollar is widely used in the South. Since 2010, St. Maarten forms a monetary union with Curaçao. As a result, the two countries have the same central bank and currency; the Antillean guilder (ANG).

Source: https://en.wikipedia.org/wiki/Sint_Maarten

AREA MAP



SURROUNDING AREA ANALYSIS

Location

The parcel is situated in the district of Upper Prince's Quarter, in the area locally known as Point Blanche on the southeast side of Dutch St. Maarten on hillside terrain.

The area is primarily;

- Commercial
- Light Industry
- Residential
- Resort
- Undeveloped

The area caters mostly to;

- Upper Class-income persons
- Upper Middle Class- income persons
- Middle Class- income persons
- Lower Middle Class - income persons
- Below Standard income persons

Accurate rating of neighborhood;

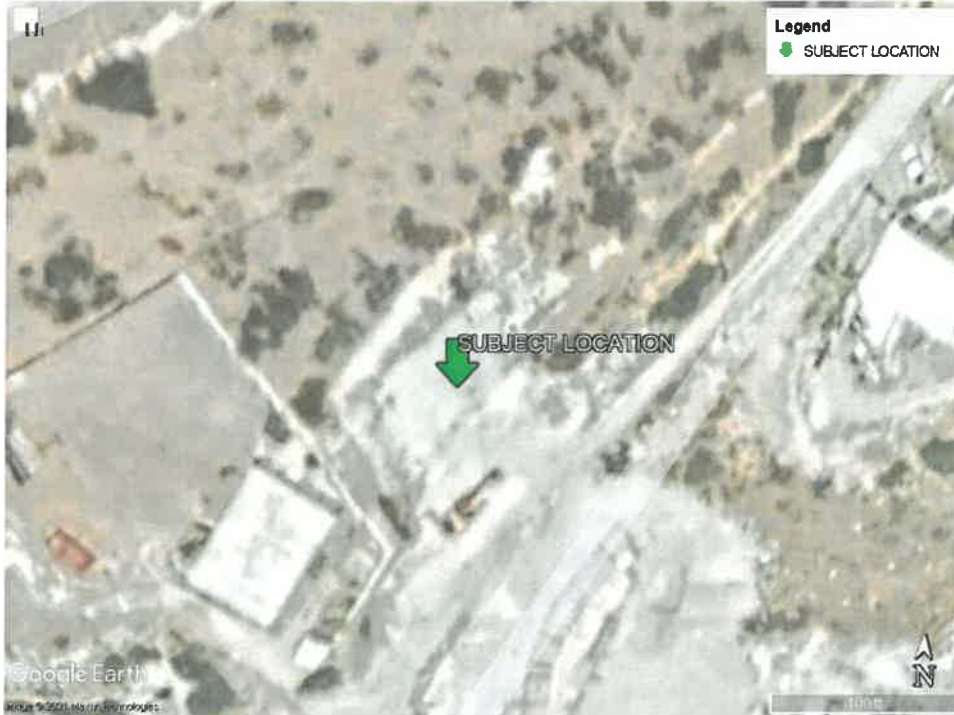
- Excellent
- Good
- Average
- Fair
- Poor

Supply and Demand

There are always demands for residential parcels of land and there are various parcels that are currently available throughout the island.

SURROUNDING AREA MAP

Latitude 18° 0'24.95"N Longitude 63° 2'27.17"W



PROPERTY ANALYSIS

Land Description and Analysis

The following is a description of the characteristics of the subject site.

Land Description

Land area	1520 m2
Shape	Rectangular
Corner	No
Topography	Moderate to steep slope, Ocean View
Drainage	No problems reported or observed
Environmental hazards	Yes

Zoning

Zoning designation	Residential
Description	Residential
Legally conforming	It should be noted that St. Maarten does not yet have an official zoning plan, however this area is primarily residential.
Zoning change likely	No

Site Services

Water	Municipal (N.V. G.E.B.E.)
Sewer	None
Electricity	Municipal (N.V. G.E.B.E.)
Local Phone	TelEm Group of Companies
Cable TV	Yes
Paved Roads	Paved roads and unpaved roads in the immediate vicinity

IMPROVEMENTS DESCRIPTION

Improvement Description

None, undeveloped, however there was evidence that excavation works has been executed on the parcel of land.

Present and Potential Development

A potential single-family dwelling can be developed on the subject's property.

Environmental Matters

It should be noted that the official hurricane season for the Atlantic Basin (the Atlantic Ocean, the Caribbean Sea, and the Gulf of Mexico) which starts from the 1st June to 30th November can pose a threat to the island. The peak of the season is from mid-August to late October. No other environmental issues are to be expected in the future.

The parcel of land is near the ocean and any site improvements finishes are more likely to get corroded, such as the light fixtures and faucets from the high salt content of the ocean air, than buildings that are further inland.

No other environmental issues were noted, nor to be expected in the future.

Hazardous Substances

We are not aware of any hazardous substances on the property; however, we are not qualified to detect such substances.

Photos of Subject Property



HIGHEST AND BEST USE

Based on our analysis there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use. Holding the property as residential use would be the highest and best use for this area.

Market Analysis

Due to the Corona Virus Pandemic, there is a great slow-down in the economy, however there is evidence of properties being sold at a reduced price. Since hurricane Irma in 2017, St. Maarten has been experiencing a buyer's market. A buyer's market refers to a situation in which supply exceeds demand, giving purchasers an advantage over sellers in price negotiations.

Taking into account the size/type of the property, the most probable buyer will be an investor, developer or the working upper/middle class persons.

VALUATION

Valuation Methodology

There are three traditional groups of methodologies for determining value. These are usually referred to as the "three approaches to value" which are generally independent of each other:

- The sales comparison approach (comparing a property's characteristics with those of comparable properties that have recently sold in similar transactions).
- The cost approach (the buyer will not pay more for a property than it would cost to build an equivalent).
- The income approach (similar to the methods used for financial valuation, securities analysis or bond pricing).

The Sales Comparison Approach

The **sales comparison approach** is based primarily on the principle of substitution. This approach assumes a prudent (or rational) individual will pay no more for a property than it would cost to purchase a comparable substitute property. The approach recognizes that a typical buyer will compare asking prices and seek to purchase the property that meets his or her wants and needs for the lowest cost. In developing the sales comparison approach, the appraiser/valuer attempts to interpret and measure the actions of parties involved in the marketplace, including buyers, sellers, and investors.

The Cost Approach

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has improvements for which there is little or no sales data from comparable properties.

The Income Approach

The **income capitalization approach** (often referred to simply as the "income approach") is used to value commercial and investment properties, because it is intended to directly reflect or model the expectations and behaviors of typical market participants, this approach is generally considered the most applicable valuation technique for income-producing properties, where sufficient market data exists.

Comparable Sales

Based on research and analysis from the most recent Kadaster comparable list, we have selected 3 of the most appropriated comparable sales to suit the subject property in question. It should be noted however that in some cases we are unable to make the necessary adjustments to reflect the difference between the comparable properties.

Information provided by Kadaster are only limited to; date of sale, land size sale price, location and legal description. The information does not include the following such as interior information namely; accommodations, number of floors, rooms, type of construction, age of building, building size and days on the market etc. to make proper adjustments.

In some cases, the comparable sales that were selected will be adjusted based on assumption.

Since after Hurricane Irma in 2017 the average building cost for a new masonry/concrete structure in St. Maarten now ranges from \$1,200.00 p/m² to \$2,000.00 p/m² depending on size, level of finishes and topography.

SUBJECT		COMP 1	COMP 2	COMP 3
ADDRESS	Point Blanche 164/2006	Monte Vista. Point Blanche 433/2008	Point Blanche 084/2012	Monte Vista, Point Blanch 437/2008
DATE OF SALE		5 th November 2020	18 th May 2021	11 th June 2021
SALE PRICE		USD\$170,000.00	USD\$166,625.00	USD\$183,000.00
SOURCE	Kadaster Registry	Kadaster Registry	Kadaster Registry	Kadaster Registry
COMPARABLE TYPE		Actual Sale	Actual Sale	Actual Sale
LOCATION	Point Blanche	Superior	Similar	Superior
SITE AREA	1520 M2	1331 M2	1333 M2	1437 M2
BUILDING TYPE	Parcel of land	Parcel of land	Parcel of land	Parcel of land
\$ PRICE PER M2		USD\$127.72	USD\$125.00	USD\$127.34

The mean square meter price based on the 3 comparable sales used is \$126.68 p/m², however this parcel does not yet have a full paved road access and adjustments will be made to \$115.00 p/m² instead.

RECONCILIATION AND CONCLUSION OF VALUE

SALES COMPARISON APPROACH

Land Value (1520 m ² x \$115 p/m ² =)	USD\$174,800.00
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MARKET VALUE AS IS (current situation)

Market Value (Land value =)	USD\$174,800.00
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Auction Value (+/- 70% of Market value =)	USD\$122,360.00
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Note: Unless otherwise stated all figures relating to financials in this report are intended to be in US Dollars.

Special Assumption:

Special Assumption: The value conclusions are subject to the following special assumptions that may affect the results. A special assumption is an assumption accepted as fact which is either not true of which would be made by a typical market participant. If the assumption is found to be false as of the valuation date, we reserve the right to modify our conclusion.

It is unknown the effect Covid-19 will have on the long-term market, economy or real estate prices. There is some data to determine the impact of these rapid changes on the real estate market.

- It should be also noted that this parcel of land is burden with an executorial seizure registered on the 1st of June 2015 and was done by bailiff David Antoine. Please see the addendum cadastral extract for further details.

Exposure and Marketing Times

According to the Uniform Standards of Professional Appraisal Practice (USPAP), Exposure time is 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 on the effective date of the appraisal.

Marketing time is deemed to start at the effective date of the appraisal, looking forward in time. It is a prediction of how long a property would require exposure to the market in order to find a buyer, under either typical or prescribed circumstances.

Exposure time always occurs prior the effective date of the appraisal. Exposure time is not synonymous with the marketing time.

Our estimates of reasonable exposure and marketing time are as follows;

The exposure time estimated 6 to 9 months.

The marketing time estimated 3 to 6 months.

Conclusion of Value

House of Designz opinion of value was determined by considering the three traditional groups of methodologies for determining value.

The sales comparison approach, the cost approach and the income approach.

The **sales comparison approach** was utilized in this case to determine the market value of the subject property.

The following estimates are in the opinion of the appraiser/valuer true and correct and are based on sufficient current local and national knowledge of the particular market conditions on St. Maarten, and the skills and understanding to undertake the valuation competently.

The subject property equates to a value of **USD\$174,800.00 (One Hundred and Seventy-Four Thousand Eight Hundred US Dollars)** and an auction value of **USD\$122,360.00 (One Hundred and Twenty-Two Thousand Three Hundred and Sixty US Dollars)**.

The value is likely to increase after improvements are constructed.

CERTIFICATION

I certify that to the best of my knowledge and the following.

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions and conclusions are limited only by the reported assumptions and limited conditions and my unbiased, objective, impartial professional analysis, opinions and conclusions.
- **House of Designz** has no interest, present or prospective, direct or indirect, financial or otherwise in the property that is the subject of valuation and is not associated with the party whom the bank is dealing with. The appraiser was unbiased, impartial, competent and diligent when evaluating the property in question.
- I have not performed any services, as an appraiser or in any other capacity regarding the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- 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 the value that favors the cause of the clients, the amount of the value opinion, the attainment of stipulated results, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analysis, opinions and conclusions developed, and this report has been prepared in conformity with the Uniform standards of Professional Appraisal Practice.
- This valuation and report have been prepared in conformity with the latest edition of the RICS valuation Professional Standards as well as Uniform Standards of Professional Appraisal Practice.
- The reported analysis, opinion and conclusions were developed, and this report has been prepared in conformity with the code of professional ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- I have acquired sufficient knowledge and experience with regard to the property type and local market in order to perform the assignment competently and are conformance with the RICS Code of conduct.



ing. Shameeka Kalmera
House of Designz

ASSUMPTION AND LIMITING CONDITIONS

The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.

The conclusions stated in our appraisal apply only as of the effective date of the appraisal and no representation is made as to the effect of subsequent events. This report shall be not valid if it does not have an original signature.

No environmental impact studies were either requested or made in conjunction with this appraisal and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If an environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.

Unless otherwise agreed to in writing, **House of Designz** is not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.

House of Designz has made no boundary, topographical, geological or environmental survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report and the areas and dimensions set forth are assumed to be correct.

House of Designz accepts no responsibility for consideration requiring expertise in other fields. Such considerations include but are not limited to legal description and other legal matters such as legal title, geological considerations such as soil and seismic stability, civil, mechanical, electrical, structural and environmental matters.

Information, estimates and opinions contained in the report and obtained from third party sources are assumed to be reliable and have not been independently verified.

Any income and expense estimates contained in the appraisal report is used only for the purpose of estimating value and do not constitute predictions of future operating results.

The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. all parties who use or rely upon information in the report without written consent do so at their own risk.