



APPRAISAL REPORT

REF/011.03/2024.MILLER-L (FCIB)

CLIENT

FIRSTCARIBBEAN INTERNATIONAL BANK

BARBADOS



SUBJECT

VILLA AT GUANA BAY BEACH

CANOE SHELL ROAD, GUANA BAY, UPPER PRINCES QUARTER, SINT MAARTEN

**DAVID MORRISON
ASSOCIATES NV**

Architects & Appraisers

Ocean Building, 88 Union Road, Colebay, Sint Maarten DC.

Tel 1-721 542-2719

design@dma-architects.com

REQUIREMENTS & INDEX

CLIENT

FirstCaribbean International Bank, Barbados.

DATE

Effective date : 28 March 2024 (inspected several times prior to this date).

SUBJECT

Villa at Canoe Shell Road, Guana Bay, UPO., Sint Maarten.

TITLE

Freehold in name of CASA SUNSHINE LTD.
 Cadastral description : *Mbr.* UPO-# 46/1966.
 Site gross area : **4080** m2.

OBJECT

Market & quick-sale (forced sale) values; approx. reinstatement cost.
 Appraiser : David Morrison.

INDEX

Page #	Pages
3	LIMITING CONDITIONS & DEFINITIONS
4	GLOBAL SITUATION & ISLAND CONTEXT
5	ISLAND DESCRIPTION
6	LOCATION PLAN
7	LOCATION KADASTER
8	DEVELOPMENT ACCOMMODATION
9	FINISHES INFRASTRUCTURE ENVIRONMENTAL CONSTRAINTS
10	PHOTOGRAPHS - EXT
11	PHOTOGRAPHS - INT
12	DISCUSSION
13	COMPARABLE SALES
14	CAPITALISATION VALUATION
ADDENDA	
	INSTRUCTIONS 6
	KADASTRAL EXTRACT 2
	REAL ESTATE INVENTORY 2
	FLOOR PLANS 0
	ADD'L PHOTOGRAPHS 4
	PAGES TOTAL 28

LIMITING CONDITIONS & DEFINITIONS

This report is confidential and is for the sole use of the client and his/their professional advisors: the information therein has been assembled, interpreted and prepared with all reasonable diligence by experienced professionals.

The report, either in whole or in part, may not be reproduced, published or otherwise disseminated in any way without the express written permission of the authors.

The information and conclusions provided in this report are time sensitive and should be subject to re-evaluation from time to time, as circumstances require. Valuations are made notwithstanding external market forces which may affect the island.

All reasonable care has been taken in the inspection of the property concerned : however, no responsibility is taken by the authors as to its/their precise location(s), conformity to codes, whether or not planning or construction permits have been obtained, nor if improvements (if any) conform to such permissions.

It is thus presumed, but not verified, that the applicable planning and construction permits have been issued for any development of the property and that construction (if any) has been executed according to such permissions in a proper workmanlike manner and in accordance with all codes, regulatory requirements and general good practices.

Areas & dimensions quoted are approximate only and should not be used for purpose other than herein utilised.

Furthermore, this report does not warrant the structural integrity of the improvements (buildings & appurtenances) nor that the property is free from rot, water damage, fungal or insect infestation, or any other defect, current or latent, not immediately evident upon brief inspection.

Any legal definitions or ownership statements have been the subject of enquiry at the Island Kadaster (survey and records) Department and are reproduced dependent on same and assumed to be correct.

No investigation (other than in the above paragraphs) has been made into potential public rights-of-way, possible compulsory purchase, future changes in public access, utilities or facilities in general, nor for future local or global events which may affect the conclusions of this report.

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

If a "quick sale" value is provided in this report, this term should be interpreted as an assessment of the potential value of the asset with minimal market exposure, eg. at auction,: however, it must be understood that auction sales are unpredictable and that a lesser value may result in such cases.

Dutch leasehold is the real right authorizing the leaseholder to keep and use another's property whereby the leaseholder has the use and enjoyment of the property as if he or she were the owner. The legal case of property ownership remains with the legal owner. Unless otherwise agreed, the leaseholder may rent and (sub)lease. The 'right in rem', which is leasehold, may be sold, the Market Value thereof reflecting that of freehold. There may be conditions inherent in the leasehold sold.

Where a "replacement value" is provided, this reflects the appraiser's consideration of the cost to replace the immovable property and excludes land and movable assets. It may be used as a guide for insurance risk & excludes depreciation unless specifically noted.

The appraisers hereby state that they have no undeclared interest whatsoever in the appraised property, nor with the owner thereof, nor with any other party concerned therewith in regard to the subject property.

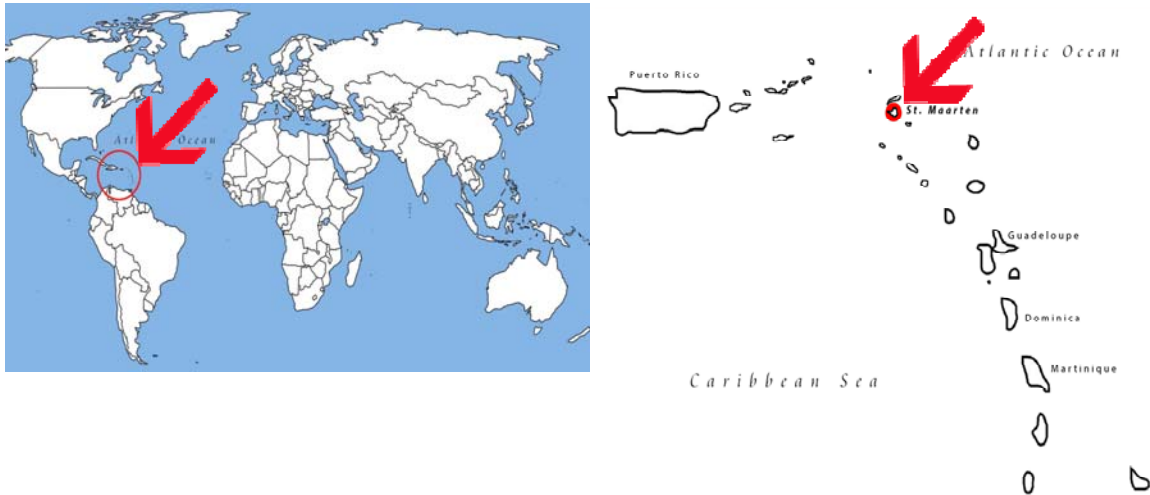
The conclusions in this report are not in any way affected by any remuneration received.



ARCHITECTS & APPRAISERS
OCEAN BUILDING - UNION ROAD - COLEBAY

David Morrison Associates N.V. is a limited liability company incorporated under the laws of Sint Maarten (1981)
Principal has been registered with the Dutch Institute of Architects (BNA) : all work is performed according to the DNR-2011

GLOBAL SITUATION



LOCATION PLAN - ISLAND CONTEXT



GLOBAL COORDINATES

18.03456 N
 63.02436 W

ELEVATION Approx. 5 m (16') above sea level

ISLAND DESCRIPTION

This Property is located on Dutch Sint Maarten which, combined with the other islands of Curaçao, Bonaire, Saba and St. Eustatius, originally made up the Netherlands Antilles, but is now an independent country within the Kingdom of Holland. Country Sint Maarten thus shares the island with the French West Indies: Sint Maarten occupies the southern part of the island while French Saint Martin (slightly larger) occupies the northern portion.

Sint Maarten has an area of 13 square miles, the highest point being Sentry Hill at 340 meters (1,200 feet). Its interior is generally hilly, with scrublands and more treed valleys : rainfall is sparse and variable, with approximately 1.2 m/annum. The coastline varies between sandy beaches and steep cliffs, with low-lying bush and salt/stormwater ponds along the littoral strip as well as the beaches.

Sint Maarten, the Dutch side, is known for its festive nightlife, beaches, exotic rum liqueurs and plentiful casinos, while Saint-Martin, known as "the French side", is known more for its naturist beaches, jewelry, clothes, shopping and rich French Créole cuisine. The island is widely known for its hundreds of gourmet (and many more moderately priced) restaurants on both sides of the island.

The Island is usually served by many airlines bringing in large jets, including Boeing 737s, 757s, 777s & Airbus A320s, 340s, bringing tourists from around the world (though mainly from N America) on a daily basis. This fuels the island's largest revenue source, tourism. Princess Juliana International Airport terminal was badly damaged in September 2017 by hurricanes Irma & Maria, but reconstruction has commenced : there is a smaller airport on the French side of the Island at Grand Case (l'Espérance) for regional flights to St Barths, Martinique and Guadeloupe.

St. Maarten/Saint-Martin is home to several world-class accommodations, including hotels, villas and timeshares, many of which are privately available for rent or sale. Whilst most larger hotels are closed for storm damage renovation, other mostly smaller inns, many located directly on beaches or in upscale shopping districts are re-opening. Villas fringe the coasts on near-white beaches, some private residences, others available for short-term rental to upscale vacationers, though many remain under repair for storm damage.

Neighbouring islands include Saint-Barthélemy (French), Anguilla (British), Saba & Sint Eustatius "Statia" (Dutch) Saint Kitts and Nevis (Independent, formerly British). All of these islands are easily visible on a clear day from Sint Maarten. Sint Maarten itself is self-governed, although it defers to Holland in matters of defence and foreign policy.

As the economic mainstay of the Island, tourism attracts in excess of a million visitors through its airports and almost twice that number through the cruise port in Great Bay, near Philipsburg, also expanded recently and now comprising two cruise piers accommodating at least six large ships, including the recently built mega-liners, and with substantial financial and passenger traffic commitment by both Carnival and Royal Caribbean Cruise Lines. A harbour shopping village and reception centre has been completed and extension thereof is imminent.

Philipsburg, the Dutch capital, has been upgraded to cater for this influx of shopping tourism, with palm-lined and cobblestoned streets, as well as the Great Bay promenade, aka. the Boardwalk, stretching almost the entire beachfront.

Guana Bay lies close to the east end of Philipsburg, only a few minutes drive without congestion, and exists as both an upper-end dormitory area for the town as well as high-end rentals, especially on the beach and the upper hillsides where the views over the bay and beyond to St Barths can be spectacular.

However, microclimatically, the beach-head area is less attractive than many due to direct exposure to heavy salinity, tropical storms (including storm-surge) and seasonal kelp deposits on the beach (unsightly and often malodorous).

LOCATION PLAN



District of UPO at Guana Bay

NEIGHBOURS

N	Public passage
S	Residential lot
E	Guana Bay beach, Atlantic
W	Residential lot

LOCATION

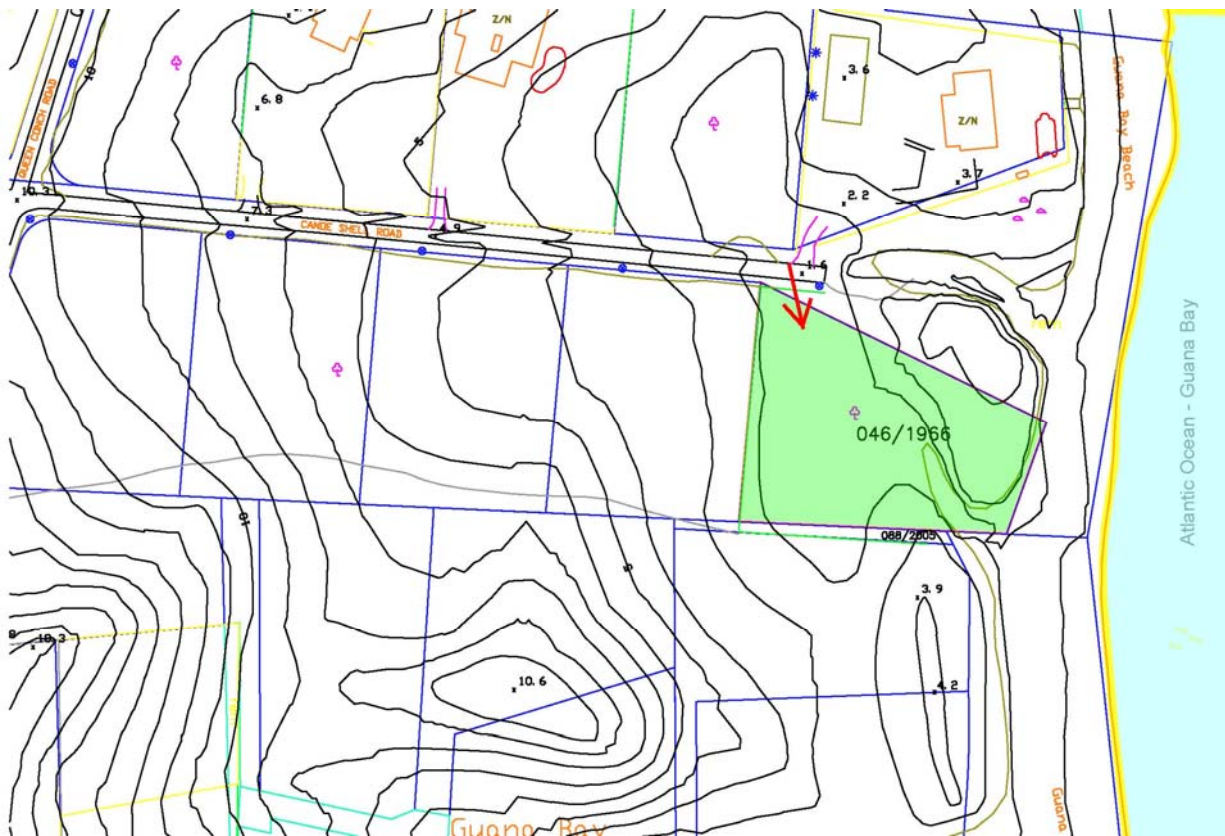
Subject property is located towards the North end of Guana Bay beach, some 3 kilometers from the centre of Philipsburg and almost 6 kilometers to the French border at Qu. Orleans, by road.

Y	Resort residential area	Y	Top class
	Commercial/retail		Middle class
	Industrial/residential		Lower class
	Undeveloped area		Below standard

Surrounding development is mainly upper quality residential, of lower than average density on large lots. As well as island residents, there appears to be considerable tourist rental in the area.

TOPOGRAPHICAL	gently sloping to near flat lands close to the sea
ORIENTATION	East, into the prevailing winds : views to St Barths.
SURVEY DATA	not inspected : no evident encroachments
MARKET APPEAL	average, in a restricted market
MICROCLIMATE	low-lying saline water-front (refer comments elsewhere in report)

KADASTER



Note that Canoe Shell Road terminates in a public beach access and is also the main stormwater drain in the immediate vicinity, continuing into a concrete covered channel along the NNW boundary of the property which exits at the beach-head, providing water egress in times of heavy rains. It also provides a walkway to the beach from subject property.

DEVELOPMENT

A 3-level dwelling is extant on the property of gross footprint of approximately 870 m².

Access was designed to be from the rear (steps, a walkway) but no vehicular convenience is available in this area, such that parking appears to be restricted to the North of the lot, close to the gate from the road, thence to the pool-deck.

The (double) pool is on the main level (GL+1) with extensive open terraces, two large gazebos and 3 covered patios in front of the villa, where a large living room, with dining and kitchen areas, may be found, as well as four bedroom suit

A stair at the N end of the living space (behind the kitchen) accesses a second level with three bedroom suites and part the main house completed by a further suite at the N end, lower level (grade level).

Originally partly a garage, a 2-bedroom apartment conversion is evident to the rear of the building, with independent access and living areas.

ESTIMATED AREAS

INT. COVERED HABITABLE	GL+1	450 m ²
EXT. COVERED TERRACES	GL+1	55 m ²
GAZEBOS (2)	GL+1	60 m ²
INT. COVERED HABITABLE	GL+2	125 m ²
EXT. COVERED TERRACES	GL+2	15 m ²
INT. COVERED HABITABLE	GL	195 m ²
TECH SPACE	GL	40 m ²
COVERED ACCESS	GL+1	25 m ²
TOTAL COVERED SPACE		965 m²
POOL & DECKS	GL+1	365 m ²

ACCOMMODATION

Overall property	0%	50%	100%
Quality construction	[Progress bar: 0% to 75%]		
Condition improvement	[Progress bar: 0% to 85%]		
Room sizes/lay-out	[Progress bar: 0% to 90%]		
Closet & storage	[Progress bar: 0% to 75%]		
Electrical	[Progress bar: 0% to 60%]		
Plumbing	[Progress bar: 0% to 75%]		
Millwork & trim	[Progress bar: 0% to 75%]		
Parking facilities	[Progress bar: 0% to 50%]		
External Works	[Progress bar: 0% to 25%]		

2	Living/dining	10	Bedrooms
2	Kitchen	12	Bathrooms
6	Covered terraces & gazebos	2	Pools
3	Tech/storage	2	Open terraces

Note that time in the building was restricted and only the most basic measurements taken (no drawings supplied) so data on areas was derived mainly from this and from google earth.

FINISHES

Walls	mainly plaster/paint
Floors	porcelain and ceramic tile
Ceiling	stained wooden rafters where pitched roofs, painted concrete soffits elsewhere
Doors	alum/glass sliding; wood/glass French doors; solid wood doors; bifold mirror closet doors
Windows	alum/glass, sliding and louvre
Baths	tiled floors, fully tiled walls and showers (rain heads); quality sanitaryware
Kitchen	fully equipped custom wood kitchen with granite counter- and bar-tops
Air conditioning	split units throughout
Terrace rails	wood and metal railings : deck protected by planter
Protection	roll-down alum shutters over strengthened glass

INFRASTRUCTURE

The following utilities are normally available roadside:-

Y	Electricity	Y	Public water	Y	Telephone
Y	Paved roads	Y	Comms/IT	N	Com sewage

ENVIRONMENTAL CONSTRAINTS

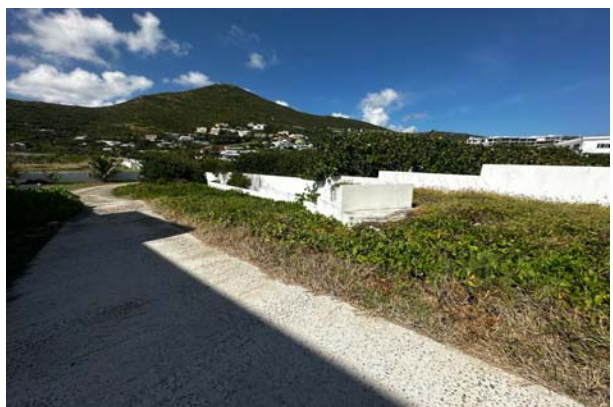
Due to the maritime influence on the island, many properties are subject to the effects of environmental stress caused by sun, wind and a relatively saline atmosphere, as well as potential (often residual, apparent at a later date) damage due to extreme conditions created by hurricanes, tropical storms, storm-surge, seismic and volcanic activity.

Although no in-depth information is available, there would appear to be no further environmental conditions which may be detrimental to subject property which lies in a quiet residential area, other than potential exposure to storm winds and high seas (it appears that the property survived Hurricane Irma, Cat 5+, 2017).

PHOTOGRAPHS - EXT



PHOTOGRAPHS - EXT



PHOTOGRAPHS - INT



DISCUSSION

An appraisal is an opinion or estimate regarding the value of a particular property as of a specific date and is defined as the amount for which an asset or liability should exchange between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and wherein parties had each acted knowledgeably, prudently and without compulsion, the aim being to determine the market value of a property – the most probable price that the property will bring in a competitive and open market.

Market price, the price at which a property actually sells, may not always represent the market value, thus the provision of a 'quick-sale' or 'auction' value, where the seller may be under duress because of the threat of foreclosure, or if a private sale is held, the property may sell below its market value.

There are three accepted methodologies for the formulation of market value.

1. COST APPROACH

The cost approach can be used to estimate the value of properties that have been improved by one or more buildings. This method involves separate estimates of value for the building(s) and the land, taking into consideration depreciation. The estimates are added together to calculate the value of the entire improved property. The cost approach makes the assumption that a reasonable buyer would not pay more for an existing improved property than the price to buy a comparable lot and construct a comparable building. This approach is useful when the property being appraised is a type that is not frequently sold and does not generate income, such as ecclesiastical, healthcare or educational buildings. Incomplete or damaged buildings (including dwellings) may also fall under this heading.

The land and building may then be assessed for probable development cost (figures rounded) :-

IMPROVEMENTS	\$ 1,630,000
EXTERNAL WORKS	\$ 96,500
LAND PARCEL (<i>from comparables</i>)	\$ 480,000
TOTAL	\$ 2,206,500

NOTE : These figures should not generally be used for either market value or reinstatement cost (refer below).

COMPARABLE SALES

2. The sales comparison approach is commonly used in valuing single-family homes and land as well as certain commercial properties. Sometimes called the market data approach, it is an estimate of value derived by comparing property with recently sold properties with similar characteristics. These similar properties are referred to as 'comparables' and in order to provide a valid comparison, each must:

- Be as similar to the subject property as possible;
- Have been sold within the last one to three years in an open, competitive market;
- Have been sold under typically prevailing market conditions.

At least three comparable sales should be used in the valuation process. The most important factors to consider when selecting comparables are the size, specific features and – perhaps most of all – location, which can have a considerable effect on a property's market value.

(CONT)

COMPARABLE SALES

(CONT)

Since no two properties are exactly alike, adjustments to the comparables' sales prices will be made to account for dissimilar features and other factors that would affect value, including:

- Age and condition of buildings.
- Date of sale, if economic changes occur between the sales date of a comparable and the date of the appraisal.
- Terms and conditions of sale, such as if a property's seller was under duress or if a property was sold between relatives (at a discounted price).
- Whether or not the transfer was a forced sale, eg. auction, or if it is presently on the market.
- Physical features, including lot size, contours, buildability, views, access, landscaping, etc.
- Location, since similar properties will generally differ in price from neighborhood to neighborhood.

No waterfront undeveloped residential land sales are known in the area or similar nearby locations : however, there are several undeveloped residential properties on the market, non- water-front, in close vicinity, ranging from \$450,000 to \$650,000, generally 1-acre parcels (SF zoned).

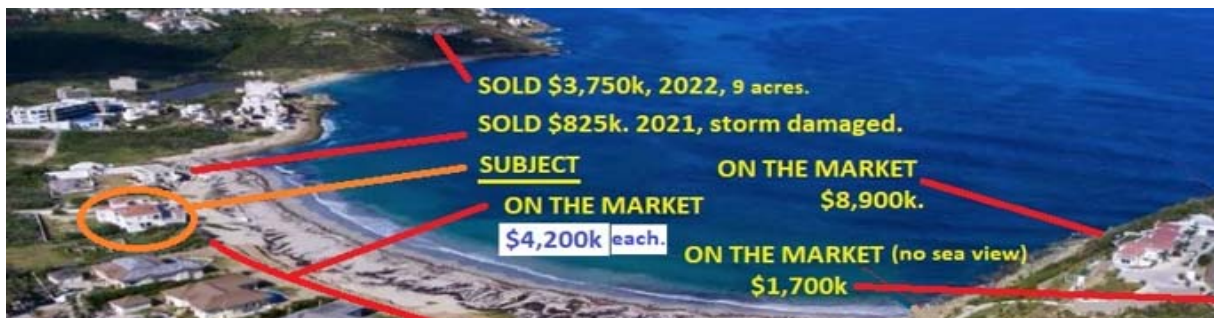
Three sales of water-front dwellings are noted recently in the Guana Bay & Gibbs' Bay area :

1. A large estate on over 38,000 m2 land in Red Pond Estates, facing Guana Bay to the S., \$3,750,000.
2. A badly storm-damaged villa on almost 4,000 m2 land on Guana Bay beach, sold in 2021 for \$825,000.
3. A badly storm-damaged villa on over 3,000 m2 land on S. Guana Bay beach, reportedly sold in 2023 by share transfer for a sum well below a million dollars.

Non-vicinity waterfront residentially developed property sales have been recorded recently:

AREA m2	LOCATION	meetbrief. #	date of sale	SP
316	Aqua Marina SV8	165/2004	03/ 2023	\$ 1,200,000
390	Shorepointe type B	179/2008 + 1	11/ 2022	\$ 1,450,000
511	Aqua Marina MV 05	151/2004 + 2	12/ 2021	\$ 2,475,000
370	Sardinia Yachtclub	266/1999	04/ 2021	\$ 1,461,594
300	Point Pirouette #14	013/1976	12/ 2020	\$ 1,050,000
290	Point Pirouette #13	067/1977	11/ 2020	\$ 1,240,000
275	Beacon Hill, clifftop (east)	118/1968	02/ 2020	\$ 1,001,070
820	Point Pirouette	013/1976	12/ 2020	\$ 1,050,000
	Oyster Pond (Pearl Villa)	215/1969 + 2	03/ 2024	\$ 1,750,000

NOTE the lack of water-front residence sales >\$2 mill. (one above, one other is an estate). However, refer also current properties for sale in Guana Bay in Addendum.



See also Addendum

CAPITALISATION

3. Often simply known as the **INCOME APPROACH**, based on the relationship between the rate of return an investor requires and the net income that a property produces. It is used to estimate the value of income-producing properties such as apartment complexes (or small multi-family buildings), office buildings and shopping centers. Valuations using income capitalization methods can be fairly straightforward when the subject property is generating regular income or can be expected to generate future income, and when its expenses are predictable and steady.

PROJECTED LONG-TERM RENTAL INCOME		RENT/AN	RENT
Main dwelling, 8 bedroom suites		\$ 96,000	\$8,000
Apartment, 2 bedroom suites		\$ 30,000	\$2,500
SUBTOTAL - GROSS RENTS		\$ 126,000	
DEDUCT FOR TURNOVER, INSURANCE, etc.	16%	\$ (20,160)	
NET PROJECTED RENT (NOI)		\$ 105,840	
CAPITALISATION		RATE 8%	\$ 1,323,000

The 'income approach' to the valuation of SF dwellings is not usually a good indication of their worth. However, a considerably greater income can be expected if the property is rented short-term, although expenses will be significantly higher : such calculations being beyond the scope of this report.

EVALUATION

The more than acceptable interior quality of this villa is dampened by the lack of attention to the external elements of the property, other than the pool and terraces. The microclimate is also detrimental at times and the location is very exposed to heavy winds and seas. Lack of recent local sales is problematic in that the area appears to be currently held in relatively low esteem, despite seemingly healthy rentals.

The various results above were adjusted for size, age and location, interpolated to provide the values below which are, in the opinion of the Appraiser(s), true and correct, and are based on current market forces on Sint Maarten derived from the calculations above, weighted as required :-

MARKET VALUE OF REAL PROPERTY	US \$ 2,590,000
QUICK-SALE VALUE	US \$ 1,845,000

REINSTATEMENT COST ESTIMATE (Villa only)	US \$ 1,762,500
---	------------------------

The property is burdened by a mortgage lien (GCIB) per attached Kadastral extracts dd. 28 March 2024.



DAVID MORRISON, B.Arch. (Hons).,
DAVID MORRISON ASSOCIATES N.V.

Sonia Dottin
2nd Floor, Broad Street Branch
Bridgetown, Barbados
1-246-467-2960 EXT 7322

1-Aug-23

PRIVATE AND CONFIDENTIAL

Mr. David Morrison
David Morrison Associates
Ocean Building - Union Road
Cole Bay
St. Maarten
Netherlands Antilles

Dear Mr. Morrison,

Investment Property Valuation Enquiry Letter

Subject Property: 4,080m² at Upper Princes Quarter, Guana Bay, Lot #2, Philipsburg, C/A
46/1966

Customer: MR. LEONARD MILLER

Point of Contact: 1-721-581-0151 / 011-590-690-772-444

A ten-bedroom, 10-bathroom property.

You are hereby requested to provide a competitive fee proposal for the Valuation of the above property on behalf of the Bank, on the following basis:

- i. Valuation report to be completed in accordance with International Valuation Standards and the [RICS Valuation - Global Standards](#) (commonly referred to as the RICS Red Book) operative at the valuation date
- ii. The purpose of the Valuation is for Secured Lending. The Valuation will be on the basis of **Market Value**, defined as;
“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 and where the parties had each acted knowledgeably, prudently and without compulsion”.
Please provide the exposure period estimated necessary to have achieved a market sale at the valuation date.
- iii. **Provide your opinion of Market Value with a Special Assumption of a twelve month marketing period** Please state this opinion as a separate value with supported reasoning. This should include an opinion on the likelihood of disposal within this timeframe.

- iv. Provide the **Market Rent** for the property.
- v. Provide **Measured Areas** of built improvements, measured in compliance with the RICS Code of Measuring Practice, in conjunction with the International Property Measurement Standards, clearly stating bases of measurement used, extent of investigations, source of any measured areas relied upon and measurement tool used (laser, tape, measuring wheel).
- vi. Where applicable, for built improvements a brief calculation of the Cost of Reinstatement Estimate for insurance purposes is required.
- vii. Any caveats, assumptions or special assumptions made by the Valuer which have not been instructed shall be clearly displayed and where these are fundamental, shall be agreed with the Bank prior to implementation.

Where properties are owner-occupied, or occupied under related-party leases, they should be valued on the assumption that the property is transferred unencumbered by the owner's occupancy, i.e. vacant possession. This does not preclude consideration of the owner as part of the market, but it does require that any special advantage of the owner's occupancy, be separated from the value of the property.

Please contact the writer if you will require any further information, which you are unable to source through other means or if fundamental information is not available which would make it difficult to undertake a valuation or force you to make a disproportionate series of assumptions. In the event that access to the property is not made available, please contact the writer of this letter, to discuss and agree a way forward, which will be agreed further in writing.

The Valuation shall be presented in US Dollars. The expected turnaround time for the report is 14 working days, from the date of this letter. The writer of this letter shall be contacted prior to commencement, if this timeline is not attainable.

As well as adopting the Standards for minimum requirements and contents as set out in the RICS Red Book, **Valuation Technical and Performance Standard VPS 3, Valuation Reports**, (See [RICS Red Book:VPS 3 Valuation reports](#)) your report should specifically include:

- i. Consideration of International Valuation Standards (IVS) 103 Reporting
- ii. Consideration of RICS Valuation Practice Guidance Application (VPGA) 2, Valuation of interests for secured lending
- iii. Confirmation that the property inspected is a) the same as the property detailed in the instruction b) the same as the property registered within the Land Registry and c) that the property has been inspected both internally and externally by the signed valuer and if not, why
- iv. The property Interest being valued
- v. Full property description including but not limited to zoning, planning restrictions, neighbourhood influences, land details, outline specifications, schedule of areas, actual and effective age, remaining economic life, condition, availability of utilities, and photographs of the site, each room, each elevation where possible, views from property if contributory and the street scene/neighbourhood view

- vi. Commentary on whether the property could be considered to be a Specialized property within a restricted market
 - i. Your opinion on the suitability of the property as banking security and disclosure of any areas of concern that the Bank should consider when making its lending decision. This includes required commentary on the overall condition, noting structural and/or deferred maintenance, flooding, contamination and environmental issues.
 - ii. Disclosure and analysis of any listings of, sales of or offers to purchase the subject property, within the last three years (current period included), including an assessment of exposure period(s) and movement of asking prices
- iii. Commentary on current market conditions; potential future changes due to macro and micro influences; an opinion as to whether the value of the property is likely to increase/ remain static/ decrease; any areas of concern that the Bank should consider when making its lending decision;
- iv. Identification of any significant development or change of use potential of the subject and properties in the locality which would materially affect the Valuation;
- v. Confirmation of whether the opinion of value is based on a Highest and Best Use (H&BU), whether this is consistent with the current use of the property at the time of the Valuation, what is the Valuer's opinion of the property's H&BU, along with a commentary and the reasoning behind this opinion.
- vi. **Provision of a detailed lease schedule, including a summary of the key terms of any leases, identifying areas and use of accommodation rented, start and end dates, rental income, review dates & terms, CAM charge, repairing obligations, restrictions, etc., along with a commentary on how these compare to the market norm.**

The Bank's best practice stipulates that the following shall be provided with your report:

- i. A Plan showing the outline of the subject lot, its GPS coordinates (decimal degrees), and a map locating the subject property within its locality
- ii. **Identification, map of relative location, and detailed description of comparable transactional evidence, along with pictures and Google Coordinates**, used under the rental, investment and sales comparison approaches to value, giving a clear demonstration & description of the analysis and adjustment undertaken on the comparable; **Valuer's rationale and commentary, which will allow the reader to follow how the Valuer has analysed and adjusted the comparable evidence for any variances & differences to the subject, to demonstrate how the final value opinion was reached;**
 Comparable details (minimum of 3 sales/rentals) shall include property address, property type, use, sizes, room count, age, quality, condition, special features, date of sale (ideally no older than two years), price and source of data, at a minimum. Where details are unknown, the assumption made to complete the analysis shall be stated. Consideration should also be given to comparable listings and market competition. **Note that a separate valuation analysis is required for each assessed market value. The sole reliance on the cost approach will be considered unacceptable and support shall be provided for the exclusion of any applicable valuation approaches.**
- iii. Within any income/investment/discounted cash flow valuation methodology utilised, we require an explanation and demonstration of how you adjusted for vacant, or assumed

vacant, accommodation, regarding the lease-up costs (rental loss, letting fees, CAM shortfall, fit-out, rent free incentives, etc.) associated with them during an assumed lease-up/marketing period.

- iv. The Valuer's name, RICS (or equivalent) membership number, and the declaration that you've adhered to the Standard Practices and Codes of Ethics of the RICS (or equivalent) and that you are acting as an External Valuer as defined in "The Red Book"
- v. Valuer's Certification and Limiting Conditions

All Valuations for CIBC FirstCaribbean International Bank are to be instructed directly by us, and as such, reports are to be forwarded to the Bank only, for further dissemination by the Bank if appropriate. Your report shall be submitted electronically as a signed PDF document. Your fee will be settled by the Bank. The valuation report and its contents are confidential to the Bank and shall not be disclosed to any other parties without the written consent of the Bank.

A commencement of this assignment is deemed to imply acceptance of and delivery of our requirements, including the below certification:

The Valuer/Firm hereby certifies that:-

- The Valuer to whom this request will be assigned has the knowledge, skills and understanding to undertake the Valuation competently
- The Valuer/Firm has no interest - past, present or prospective, direct or indirect, financial or otherwise - in the property that is the subject of this valuation request and is not associated with the party with whom the Bank is dealing

Any existing or potential conflicts of interest shall be disclosed to the Bank prior to accepting this engagement.

Please incorporate a copy of this instruction letter into your report, as well as any subsequent Confirmation of Terms of Engagement, which you may provide. In the event of inconsistency between the two, this letter of instruction will prevail. Contact details to facilitate an inspection of the property is provided at the beginning of this letter. You may contact the writer of this letter for any further guidance.

Yours sincerely,



Sonia Dottin

From: Dottin, Sonia <Sonia.Dottin@cibcfib.com>
Sent: Monday, February 5, 2024 10:16 AM
To: design@dma-architects.com
Cc: Drakes, Akia; Beckles-Paul, Carol-Ann; Estwick, Krysta
Subject: RE: Miller Valuation Report- Guana Bay - L Miller

Flag Status: Flagged

Good day Mr. Morrison,

We provide as follows on your statements below.

In the report, please confirm how the floor areas is derived (i.e. source of measurements as well as the measurement standard (IPMS) incorporated.

While information regarding supply of properties in the Guana Bay location is welcomed to be included in the report as additional support full reliance on analysis of listings is not acceptable in the Bank's view. Please also include in the report any view on your opinion why there currently is no appetite being demonstrated for properties in the area i.e. is it a function of pricing or are there other factors which the Bank should be made aware? In the absence of sales evidence in the subject location, are there other beachfront sales in nearby locations which can be utilized and adjusted accordingly? It is acknowledged that directly comparable sales may be limited and require some appraiser's judgement to the subject. If this can be done, please provide commentary for adjustment rationale of said comparables.

Regarding the calculation of NOI, an Income Analysis utilizing short term rental information, that is not supported from historical annual records of performance, is difficult to support noting the numerous variables and subjectivity that is required. An Income Analysis utilizing a valuer's opinion of Market Rent (Long Term) supported from similar transaction evidence would however be supported as suitable to provide an indicator of Market Value, particularly in the absence of good sales comparables. It is acknowledged that these rental transactions may be limited and require some appraiser's judgement for adjustment to the subject. If this can be done kindly provide commentary for adjustment rationale of said comparables.

Regarding the Replacement cost, while analysis relating to the cost of construction of property is welcomed to be included in the report reliance on replacement cost to conclude the Market Values is not seen as an acceptable form of analysis in the Bank's view.

We look forward to your further comments and the completed Valuation report.

Regards,

Sonia Dottin | Analyst – Client Credit Management | CIBC Caribbean | 2nd Floor | Broad Street Branch | Bridgetown | St. Michael | Barbados | Tel: 246 467-2960 Ext 7322 | Fax: 246 431-0691 | sonia.dottin@cibcfib.com



Our purpose: To help make your ambition a reality

This message, including attachments, is confidential and may be privileged. If you received this in error, please notify me by reply email and delete this message.

From: design@dma-architects.com <design@dma-architects.com>
Sent: Thursday, January 25, 2024 9:24 PM
To: Dottin, Sonia <Sonia.Dottin@cibcfib.com>
Subject: Miller Valuation Report- Guana Bay

EXTERNAL

Sonia, good evening.

As mentioned, we were not given the drawings, but have enough measurements to get by.

The main problem is comparable sales – almost the entire beachfront at Guana Bay is for sale, but not selling.

We could use the listings in lieu of sales, deducting say 25% : would this be acceptable?

Otherwise, the place is rented profitably short term, but difficult to calculate NOI. from this.

And replacement cost?

Considerable

Regards,

DAVID MORRISON ASSOCIATES
ARCHITECTS & APPRAISERS
OCEAN BUILDING - UNION ROAD
SINT MAARTEN - DUTCH WEST INDIES

Tel. 1-721 542-2719.

From: Dottin, Sonia <Sonia.Dottin@cibcfib.com>
Sent: Thursday, January 25, 2024 3:47 PM
To: design@dma-architects.com
Subject: Re: Valuation Report- Guana Bay

Good day Mr. Morrison,

Following up on the subject Valuation report as per our telephone conversation on January 4, 2023, you had advised me that we would receive same in 10 days. Please urgently advise how soon we can expect to receive the report.

Regards,

Sonia Dottin | Analyst – Client Credit Management | CIBC FirstCaribbean | Credit Risk Management | 2nd Floor | Broad Street | Bridgetown | St. Michael | Barbados | Tel: 246 467-2960 Ext 7322 | Fax: 246 431-0691 | sonia.dottin@cibcfib.com

This message including attachments, is confidential and may be privileged. If you received this message in error, please notify me by reply email and delete this message.

ATTENTION: This email originated outside of CIBC FirstCaribbean. Think before you click, download or share.

Cadastral extract (object)

Registration update through	11-8-2010
Extract per	28-3-2024
Reference	David Morrison { D.M.A}28-03-2024 KB
Extract price	ANG 80,00

Cadastral code object

Identification Index	SXM UPQ 046/1966
----------------------	-------------------------

Object details

Area	4080 m ²
Description	Guana Bay
Origin	Meetbrief
Location	

Object note	Easement
Date of commencement	
Valid through	
Description	

Object note	Previous certificate of admeasurement
Date of commencement	
Valid through	
Description	33/1965

Entitled person **1/1 Ownership**

Name	CASA SUNSHINE LTD.
Seat	Nevis, WI
Nature	LTD
Address	
Foreign address	Prince Charles Street Charlestown, Nevis SAINT KITTS AND NEVIS

Rights

Right obtained by	C register volume/number 217/24
Type of deed	Sale and purchase purchase price USD 300.000,00 registered on 21-3-2006 0:00:00 executed at 20-3-2006 before notary F.J.L.M. Steeman

Mortgages and seizures

Cadastral extract (object)

Mortgage	B register volume/number 241/20 principal sum USD 1.050.000,00 interest amount USD 420.000,00 Mortgage registered on 20-10-2009 14:20:00 executed at 19-10-2009 before notary H. Parisius
Creditor	First Caribbean International Bank (Cayman) Ltd.
Mortgage	B register volume/number 262/61 principal sum USD 237.022,00 , more principle sums interest amount USD 94.808,80 Mortgage registered on 6-2-2013 11:00:00 executed at 5-2-2013 before notary L.P. de Vries (Cand.) priority 2
Creditor	First Caribbean International Bank (Cayman) Ltd.

GUANA BAY REAL ESTATE

Almost the entire waterfront of Guana Bay is currently for sale, barring two (damaged) beach-front villas sold quite recently, refer graphic on the following page, each for under a million dollars. Asking prices for intact properties range from \$4.2 million to at least \$8.9 million (another villa is rumoured to be coming to the market for 'at least' 10 million dollars, albeit on almost nine acres of private cliff-top land).

However, there appears to be little interest in these expensive villas, probably due to

1. Relative lack of interest in the East coast of the Island (although Oyster Pond is upcoming);
2. The considerable damage to several local properties during Hurricane Irma in September 2017;
3. The usually excessive salinity of the beachside atmosphere due to exposure to prevailing winds;
4. Seasonal kelp (sargasso weed) contamination on the beach;
5. Perceived distance from restaurants and entertainment, mainly in the Simsonbay area & beyond.

Contrarily, short-term rental business appears to be thriving.

However, with large lots (generally in the region of 4000 m² or one acre) Guana Bay unimproved parcels are difficult to sell in excess of, perhaps, \$100/m²., with few recent sales reported.

Looking at the graphic below, there are two expensive villas on the market, one a new seven-bedroom high-specification cliff-front villa on two acres, at \$8.9 million probably a stretch, with surprisingly no view of St Barths : the other ('at least' ten million dollars) with an extensive water-front on a rocky peninsula, has the deeded option of a further three dwellings to be built which expands its options and to some extent, its value, but eight figures is also stretching the demand, the existing villa unspectacular (despite a huge pool) but the views excellent.

There are four similar 6-bedroom villas (same developer) central on the beach, at least one of which ('Jasmine' villa on almost on 1 acre, but possibly all 4) is for sale at \$4.2 million : although fully repaired, these dwellings were inundated with both water and sand (not to mention wind) during the 2017 storm, which for the moment evidently dampens interest.

There are also a few non-waterfront villas currently on the market, being

- the top of the hill to the SW – a large 5-bedroom dwelling with sweeping 360 degree views on 36 acres (not subdivisible) listed at \$5,750,000;
- a one-bedroom house on almost 3 acres, western aspect (hillside view) at \$1,700,000;
- a hillside 4-bedroom villa at \$1,195,000.

Note that asking prices can vary somewhat with time, etc.

The largest actual recent sale in the area was the so-called Lot D (with peripherals) at the nearby Red Pond Estates, a large villa with guardian's house, on nine+ acres including 330 meters of water-frontage, (about 1100 feet) S-facing, sold in October 2021 for \$3,750,000 after a long marketing period, with further development options.

The highest priced recorded sale in Guana Bay Estates proper (past 5 years) is a relatively small villa on a 5230 m² inland parcel which sold for \$1,135,000 in April of 2022.



ASKING >\$10,000,000
(9 acres)

SOLD \$3,750k, 2022, 9 acres.

SOLD \$825k. 2021, storm damaged.

SUBJECT

ON THE MARKET

\$4,200k each.

ON THE MARKET

\$8,900k.

ON THE MARKET (no sea view)
\$1,700k

SOLD recently by share
transfer <\$1 mill.

Reportedly, asking
around \$2 million.

PHOTOGRAPHS



PHOTOGRAPHS



PHOTOGRAPHS



PHOTOGRAPHS

