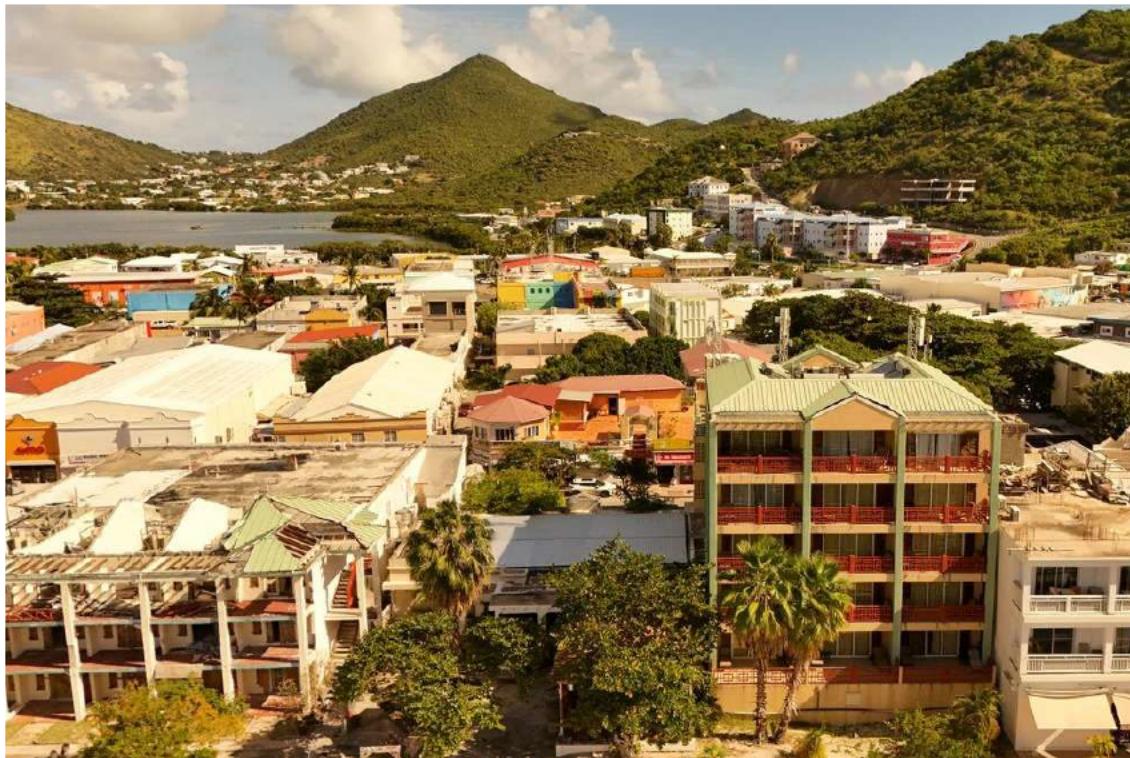




APPRAISAL REPORT

REF/011.12/2025.PASANGGRAHAN

CLIENT



SUBJECT

PASANGGRAHAN ROYAL INN

FRONTSTREET, PHILIPSBURG, SINT MAARTEN

**DAVID MORRISON
ASSOCIATES NV**

Architects & Appraisers

Ocean Building, 88 Union Road, Colebay, Sint Maarten

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REQUIREMENTS & INDEX

CLIENT



DATE

Effective date & inspection : 1 December 2025.

SUBJECT

Pasanggrahan Royal Inn,
Frontstreet, Philipsburg, Sint Maarten.

TITLE

Leasehold in name of Pasanggrahan Strand Hotel Maatschappij N.V. through 1 March 2077.

Cadastral description : Mbrn. # 030/1956 & 186/2004.

Site area : **2635** m².

OBJECT

Market & quick-sale (forced sale) values; estimated rental values.

Approximate reinstatement costs.

Appraisers : David Morrison, assisted by Samuel Sooknandan.

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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 knowledgably, 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.

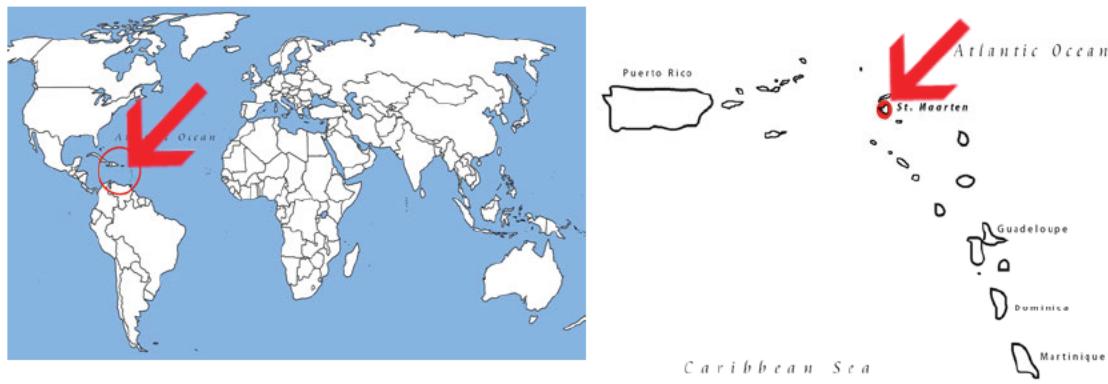
The conclusions in this report are not in any way affected by any remuneration received.



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

18:02.19.42 N
63:04.30.88 W

ELEVATION Approx. 2 m (6.6') 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, (the Boardwalk) now extending almost the full width of the bay,

Subject location lies towards the east end of Front Street (south side) and close to the head of town in Philipsburg. Access to schools is only reasonable, public transport is available and access to shopping and public amenities is very good, both general and tourist-specific.

The general area is very good to excellent for retail/tourist services, although less so in the summer when cruise visitors are reduced in numbers. Parking nearby is scarce.

LOCATION PLAN



District of Philipsburg at Frontstreet East

NEIGHBOURS

N	Public road (Front Street)
S	Boardwalk and beach
E	Commercial property
W	Public alley to beach

LOCATION

Subject property is located on the southeastern side of Frontstreet, in the main retail centre of Philipsburg, some 375 meters from the town square and 185 meters from Yrausquin Blvd., the feeder to the east.

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

Surrounding properties are mainly commercial (eg. shops, restaurants, casinos, etc.) or hotel (Pasanggrahan), but include professional offices, a bank and some apartments.

TOPOGRAPHICAL	flat land
ORIENTATION	faces to north (main access) and to south to Boardwalk and bay
SURVEY DATA	possible encroachments into Loodgieterst.
MARKET APPEAL	very good



NW



SE

STREET VIEWS

KADASTER



SITE PLAN



DESCRIPTION

The property consists of a hospitality complex known as "The Pasanggrahan Royal Inn" comprising four buildings built at different times as the property expanded, and which in total shows a gross (covered) roofed area in excess of 5,000 m².

Building #1 is the original "Royal Inn", Government guest house, over 100 years old, but badly damaged in 2017 by hurricane Irma and only partially repaired - the roof is temporarily covered at level one and thus susceptible to future storms.

Building #2 is a 6-level (incl. parking/utility basement) structure of relatively recent origins comprising seventeen rooms and suites (mostly sea-view) and two retail spaces (Front St.): it also bears three telcom towers on the roof.

Building #3 was a 3-level, 18-room accommodation block for the guest house, severely hurricane damaged in 2017 and with little chance of restoration. However, its demolition will create an excellent 600 m² (+/-) beach-front parcel with good development potential.

Building #4, designed as a 3-level structure with the top floor never built, provides over 500 m² of retail and commercial office space, altho' not fully utilised at present, as well as some facilities for the Royal Inn guest house.

A beach bar of 15 m² is located towards the Boardwalk at south. Parking is also available at the N-center of the property with access from Frontstreet, but only for four vehicles.

BUILDING #1

The central 1-storey building is a historical landmark (over a century old) and accommodates the reception hall, library, restaurant (incl. kitchens) and bar. A partial second level known as "The King's Room" was demolished by Irma.

Estimated areas :-

INTERNAL AREAS	202 m2
COVERED AREAS	145 m2
TOTAL COVERED SPACE	347 m2

ACCOMMODATION

Overall property	0%	50%	100%
Quality construction			
Condition improvement			
Room sizes/lay-out			
Closet & storage			
Electrical			
Plumbing			
Millwork & trim			
Parking facilities			
External Works			

Y	Lobby and Reception	Y	Kitchen
2	Bars	2	Dining areas
Y	Kitchens	2	Terraces

STRUCTURAL

Building #1 is constructed of masonry and timber, originally with a partial (timber) second floor.

Currently the main building (ground level only) has a temporary wooden roof with tarpaulin protection.

Estimated age of existing building (yrs.)	120*	Estimated remaining life of building (yrs.)	10
-------------------------------------------	------	---------------------------------------------	----

* Wikipedia.

FINISHES

Walls	plaster/gypsum, paint, int. and ext., wood with trellis panels (ext), rock walls.
Floors	tiled floors mostly <i>terracotta</i> ; bare concrete floors; pavers to parking area
Ceiling	wooden panels and wooden soffits (temporary); grid ceiling in kitchen areas
Doors	custom wooden entry, wood/glass French doors, louvred and panelled wooden doors
Windows	trad. wood louvred windows, shutters and wood/glass, m glass louvre, glass block.
Baths	tiled floors and walls; basic sanitaryware
Kitchen	stainless steel comm. kitchen with tiled backsplash (appliances not assessed)
Air conditioning	n/a
Terrace rails	low masonry walls, iron stair rails and wood railings to restaurant
Protection	wooden shutters

BUILDING #2

This 5-storey structure is located at the NE corner of the property plus basement parking (a dozen cars only); at ground level, two retail spaces and with sixteen rooms/suites on the upper levels. At the top level is a larger penthouse.

At the mid-section of the building is a full height atrium with an elevator and two staircases, with access walks to rooms and suites and linen & service closets at each floor.

At level G+3 on the street side is an open deck partially used for airco compressors & minor utility items.

Estimated areas :-

INTERNAL AREAS	2255 m ²
COVERED TERRACES & ATRIUM	902 m ²
TOTAL COVERED SPACE	3157 m²
UNCOVERED TERRACE	172 m ²

ACCOMMODATION

Overall property	0%	50%	100%
Quality construction			
Condition improvement			
Room sizes/lay-out			
Closet & storage			
Electrical			
Plumbing			
Millwork & trim			
Parking facilities			
External Works			

12	Suites (sea side)	Y	Offices
4	Jnr. suites (Frontstreet side)	Y	Gym/ fitness area
1	Penthouse suite	3	Common terraces
2	Commercial spaces	13	Parking (basement)

STRUCTURAL

Building #2 is constructed mostly of reinforced concrete and masonry with flat concrete slab (3rd. level) and timber-framed roofs clad in profiled steel (5th level).

Estimated age of existing building (yrs.)	16	Estimated remaining life of building (yrs.)	44*
-------------------------------------------	----	---------------------------------------------	-----

* Assuming storm damage repairs completed and ongoing good maintenance.

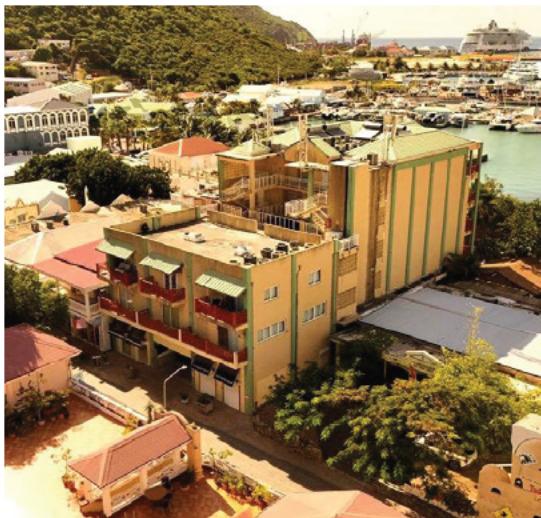
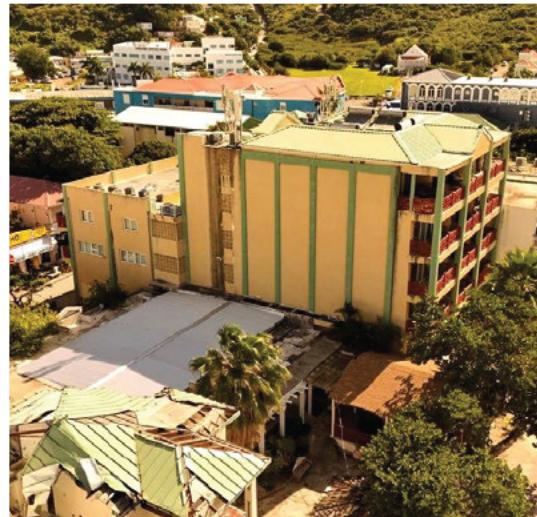
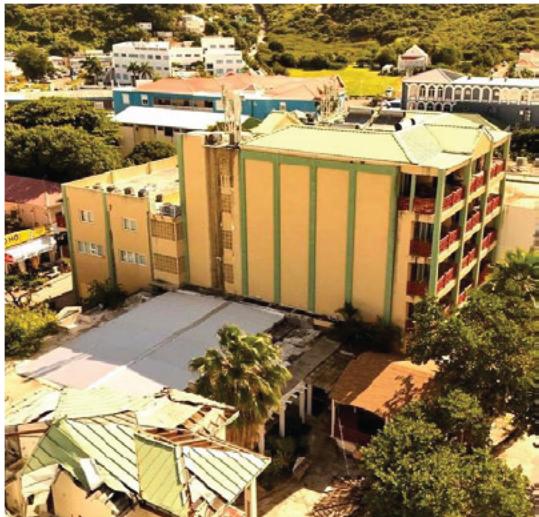
BUILDING #2

(CONT.)

FINISHES

Walls	plaster/gypsum, paint, int., surface coatings externally, dec. concrete blocks.
Floors	tiled floors to rooms and walkway accesses; various concrete floors elsewhere; empty
Ceiling	stained/painted exposed rafters at top floor, painted concrete & sheetrock elsewhere.
Doors	custom wood entries; alum/glass sliding doors or wood/glass French doors to terraces;
Windows	alum/glass sliding windows
Baths	tiled floors, walls and showers; glass panels at showers and bathtub
Kitchenette	wooden cabinetry with granite countertops
Air conditioning	central airconditioning
Terrace rails	wooden terrace balustrades and aluminum railings in atrium
Protection	wooden shutters

PHOTOGRAPHS



BUILDING #3

A 3-storey building is located at the SW of the property and pre-Irma accommodated 18 identical beach front rooms. Currently this building is not in use, uninhabitable due to considerable damage during the 2017 hurricanes. Estimated areas below:

UNINHABITABLE SINCE 2017	INTERNAL AREAS	587 m ²
	COVERED AREAS	271 m ²
	TOTAL COVERED SPACE	858 m²

STRUCTURAL

Subject is constructed of concrete, masonry and timber-framed roofs originally clad in profiled metal sheeting.

Estimated age of existing building (yrs.)	44	Estimated remaining life of building (yrs.)	0
-------------------------------------------	----	---------------------------------------------	---

PHOTOGRAPHS



BUILDING #4

At NW a 2-storey commercial building (bldg #4) is located of which the lower level is divided in two retail spaces and the upper level into three office spaces. Some areas on the rear side of the lower level are used as hotel facilities.

Estimated areas :-

INTERNAL AREAS	697 m ²
COVERED AREAS	92 m ²
TOTAL COVERED SPACE	789 m²
UNCOVERED TERRACE	172 m ²

ACCOMMODATION

Overall property	0%	50%	100%
Quality construction			
Condition improvement			
Room sizes/lay-out			
Closet & storage			
Electrical			
Plumbing			
Millwork & trim			
Parking facilities			
External Works			

2	Commercial spaces (retail)	3	Offices spaces (commercial)
Y	Laundry (hotel facility)	1	Terraces
Y	Walk-in cooler (hotel facility)	2	Storages

STRUCTURAL

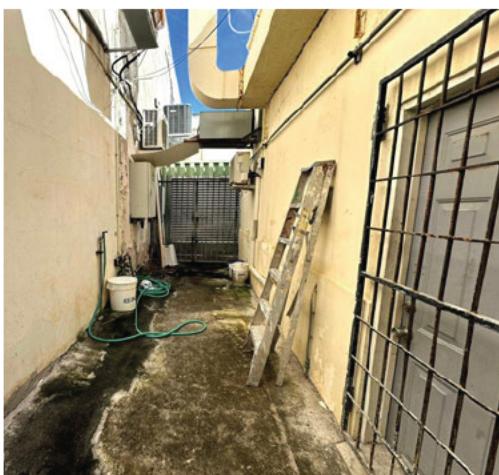
Building #4 is constructed of blockwork, rockwall (an old building is enclosed) and masonry with flat concrete slabs.

Estimated age of existing building (yrs.)	24	Estimated remaining life of building (yrs.)	36
-------------------------------------------	----	---------------------------------------------	----

FINISHES

Walls	plaster/gypsum, paint, int. and ext. wooden panels and mesh panels (ext), rock walls
Floors	tiled floors, wooden floors (corridors), bare concrete floors at storages
Ceiling	stained and painted exposed rafters, painted concrete and sheetrock soffits
Doors	alum/glass or wood entries; alum/glass sliding doors to terraces
Windows	alum/glass (various types)
Baths	tiled floors, walls and showers; glass panels at showers and bathtub
Kitchen	stainless steel comm. kitchen with tiled backsplash (appliances not assessed)
Air conditioning	split systems
Terrace rails	wooden railings
Protection	alum roll-down shutters, burglar bars

PHOTOGRAPHS



INFRASTRUCTURE

The following utilities are normally available roadside:-

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

There is apparently an emergency generator (diesel) located to the E side of building #4, servicing the entire property

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 & 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 predominantly commercial area, with no noticeable noise pollution, except normal traffic noise from the street and some evening surrounding entertainment.

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 true 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 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, discussed on the following pages.

The fact that the Royal Inn is listed as a building of national historic value (*monumentenzorg*) is seen as being a marginal advantage as affecting its current value.

It may be interesting to note that the original Guest House was built in 1905 as a Government Guest House and on occasions as a residence for the Dutch Monarchs. Until recently when Willem Alexander rose to the Monarchy, all Dutch monarchs had been women (Emma, Wilhelmina, Juliana and Beatrix), since the end of the 18th Cent., yet the suite reserved for royalty (destroyed by H-Irma) was known as the 'King's Room'.



At least in its present state, the property is NOT seen as being utilised to its highest and best use.

The area is zoned as 'Center' where a maximum building height of 12m and building density of 80% is allowed.
(Source - VROMI)

COST APPROACH

1. The cost approach can be used to estimate the value of properties that have been improved by one or more building. This method involves separate estimates of value for the building(s) & 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 (including allowance for 'soft' costs). This approach is useful when the property being appraised is a type that is not frequently sold & does not usually generate income, such as ecclesiastical, healthcare or educational buildings.

Incomplete or damaged buildings (including dwellings) may also fall under this heading.

Depreciation may be a factor in the cost approach : this refers to any condition that negatively affects the value of an improvement to real property, and takes into consideration:

- Physical deterioration, including curable deterioration, such as painting and roof replacement, and incurable deterioration, such as structural problems;
- Functional and Economic obsolescence, which do not affect this property to any great extent.

The land and improvements were assessed for probable replacement cost :-

EXTERNAL WORKS - HARDSTANDING & DRIVE	250	150	\$ 37,500
EXTERNAL WORKS - TEMP FENCING	38	45	\$ 1,710
EXTERNAL WORKS - GATE VEHICULAR PARKING	1	3000	\$ 3,000
EXTERNAL WORKS - ROCK WALLING	62	450	\$ 27,900
UTILITY CONNECTIONS		0	\$ 25,000
LANDSCAPING, MISC		0	\$ 50,000
GENSET & DIESEL TANK		0	\$ 30,000
SOLAR HEATER	6	4000	\$ 24,000
TOTAL EXT WORKS & TECH. INSTALLATIONS			\$ 199,110
DEPRECIATION	5%		\$ (9,956)
LAND (DEVELOPABLE)	2635	1200	\$ 3,162,000
FIX SET-BACKS			\$ (50,000)
B/FWD. BUILDING-1			\$ 321,515
DEPRECIATION	12%		\$ (38,582)
ROYAL INN HISTORICAL VALUE			\$ 100,000
B/FWD. BUILDING-2			\$ 3,765,480
DEFERRED MAINTENANCE	7.5%		\$ (282,411)
B/FWD. BUILDING-3 DEMOLITION			\$ (50,280)
B/FWD. BUILDING-4			\$ 1,750,179
DEFERRED MAINTENANCE	15%		\$ (262,527)
HURRICANE REPAIRS PENDING			\$ (1,270,778)
INET ANTENNA RENTALS			\$ 456,000
TOTAL REPLACEMENT			US \$ 7,789,751

The roof antennae on B2 have no physical value to the subject property and cannot be assessed by cost, and as such have been valued as rental locations, at a reasonable capitalisation rate (refer also below in regard to barter).

NOTE : The above figures should not 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 many commercial properties. Sometimes called the market data approach, it is an estimate of value derived by comparing a property with recently sold properties with similar characteristics.

However, there are few (if any) records of similar sales on Sint Maarten such that comparables are restricted to either dated (stale) comparables or sales with a similarity to a part of the subject only.

Land sales in the Philipsburg area, or indeed in similar locations, are also rare : however, the following could be considered pertinent

Date 10/ 2014	409 m ²	XCG 2,581,000	\$ 3,545.23 /m ²	Front St. "Endless Summer".
---------------	--------------------	---------------	-----------------------------	-----------------------------

However, this sales was an outlier, consummated over ten (10) years ago and included a small building, but is notable as being immediately to the West of Pasanggrahan, across a small alley (*loodgieter steeg*, or Plumber's Lane): the SP per m² may perhaps have been applicable to the property under present consideration, perhaps modified by time, but cannot be taken as a fair comparable due to its age. Front Street rents have fallen by some 40% over the past five years, due to the 2017 hurricanes followed closely by the Covid-19 pandemic and although there is as yet no similar visible consequence in sales, it would seem to be a logical market reaction.

What few statistics are available concerning sales of retail properties in Philipsburg have been utilised in the value assessment of the four such spaces on subject property (two each in Buildings 2 & 4), at some \$6000/m². Notable comparable retail sales are derived from the Soleil Plaza complex.

One other sale is perhaps worthy of note : a condominium retail space on Front Street, a little to the West of Wathey Square (the town centre) but on the North side of the street:

Date 12/ 2019	286 m ²	USD 2,500,000	\$ 4,910.82 /m ²	Front St. (splits. Diamond Int.).
---------------	--------------------	---------------	-----------------------------	-----------------------------------

Whilst purely a right-of-apartment (store) and again probably an outlier in terms of retail sales in Philipsburg, it does show a relatively recent willingness to spend considerable funds for in-town commercial space.

The most recent sales in Philipsburg have been (a) a beach alley near the centre of town, at almost \$850/m², quite possibly an internal sale, and (b) a supermarket near the old library (recently demolished) which sold at a little in excess of \$1000/m² of built area : both sales occurred in 2024, but are not really applicable to the valuation to hand.

A third sale (four years ago) engendered bare land on the NORTH side of Front Street, with street and alley frontage, and sold for almost \$1000/m².

626	Frontstreet	164/1991	10/ 2022	\$ 50,000	\$79.87
82	Frontstreet	006/1970	01/ 2022	\$ 32,000	\$390.24
536	Frontstreet	212/1993	12/ 2021	\$500,000	\$932.84
395	Philipsburg	045/1976	12/ 2024	\$335,000	\$848.10
740	Philipsburg	044/1973	11/ 2024	\$750,000	\$1,013.51

The two sales registered in Philipsburg in 2022 are inapplicable to the current subject.

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 capitalised value of potential rental income from hotel rooms/suites	US	\$	3,172,419					
BAR/RESTAURANT (capitalised from potential monthly rent of \$4000)		\$	480,000					
	Sub-total	\$	3,652,419					
LESS ESTIMATED REHAB COSTS (QS + inflation)		\$	(900,000)					
	Sub-total	\$	2,752,419					
RETAIL SPACES, FRONT ST., GL BUILDING 2	\$50	/mth/m	60 m2.	2	\$3,000	/mth.	\$	720,000
RETAIL SPACES, FRONT ST., GL BUILDING 4	\$45	/mth/m	294 m2.	1	\$0	/mth.	\$	1,587,600
OFFICE SPACES, FRONT ST., L2 BUILDING 2	\$18	/mth/m	380 m2.	1	\$0	/mth.	\$	820,800
LAUNDRY SPACE, GL BUILDING 4	\$15	/mth/m	21 m2.	1	\$0	/mth.	\$	37,800
STORAGE SPACE, GL BUILDING 4	\$10	/mth/m	17 m2.	1	\$0	/mth.	\$	20,400
CELL TOWERS BUILDING				1	\$3,800	/mth.	\$	319,200
GROSS COMMERCIAL CAPITALISED RENTAL							\$	3,505,800
EST VALUE RESIDUAL LAND - BLG. 3			350 m2.		\$3,500	/m2	\$	1,225,000
					TOTAL		\$	7,483,219

Retail rentals on Front Street (and the location is very close to the high-rent zone) have come down from highs of \$80 and more (per m² per month) five years ago, in some cases to less than \$50/m² : of course, there is no official register of leasehold rates but hearsay and occasional sight of rent-rolls provides generally sufficient data on which to base such estimates. As one of the retail spaces is empty, slightly more conservative estimates have been used than might often be the norm.

Office space in Philipsburg is less predictable, upper floors often being used as storage or staff accommodations ; this is further exacerbated by the apparent vacant space above the retail stores in Building 4, although part of the upper area seems to be in use by the lessee below. Again, values used are thus conservative.

Projected rent for the cell tower locations has been capitalised at a relatively high rate (after deduction of minor costs, eg. ToT., electricity) due to the generally short life of such technical elements and as the location is of little use for other things, plus we are informed that the rent is bartered for inert use such that the actual rent is estimated from experience.

The land on the boardwalk - essentially, beach-front - resulting from the likely demolition of Building 3, would provide an excellent location for a dozen high-quality apartments, either attached to the Royal Inn or as a separate entity. The land is priced above at only \$1200/m² - not so much based upon recent comparable sales (as there are none) but from recent experience of land sales for a similar purpose in other parts of the island (also often with 'tear-down' structures).

Essentially, capitalised values are considered less useful in the determination of fair values for subject property.

EVALUATION

Addressing the valuation either by replacement (with some assumptions as to land value, etc.) or by the income approach (with the residual land added by comparison methods) have provided similar results.

However, with the currently unpredictable state of the local market (and indeed the overall world economy and stability) the average of the resultants has been reduced a little and thus the following estimates are, in the opinion of the Appraiser(s), true and correct, and are based on current construction costs and market forces on Sint Maarten :-

MARKET VALUE OF REAL PROPERTY	US \$ 7,790,000
--------------------------------------	------------------------

In words, seven million five hundred and fifty thousand US dollars.

QUICK-SALE (AUCTION) VALUE	US \$ 5,450,000
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In words, five million four hundred and fifty thousand US dollars.

The property has been burdened by several mortgage liens but no Kadastral extract was requested at this time.

REINSTATEMENT VALUE:	US \$ 5,837,000
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This value is for insurance purposes only, assuming in new condition, without depreciation.

Only immovables are assessed, without furnishings, fixtures, fittings and no external works.

It may be broken down as follows:

BUILDING-1 (as is - excluding missing upper floor)	\$ 321,500
BUILDING-2	\$ 3,765,500
BUILDING-3	\$ -
BUILDING-4	\$ 1,750,000
GENSET & DIESEL TANK	\$ 30,000
SOLAR HEATERS	\$ 24,000



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DAVID MORRISON ASSOCIATES N.V.

SUMMARY of EXISTING CONDITION

Building #1

The original building, this is used as a lobby for booking, organizing stays, and hosting guests, also housing a restaurant with a full kitchen along with a detached structure used for a bar.

Subject was partially damaged by hurricane Irma (Sept 2017), after which the structure was partly repaired including a new temporary roof (exposed steel is still evident) and the upper floor "King's Room" yet to be rebuilt. However, the lobby and ground floor are in good shape.

Building #2

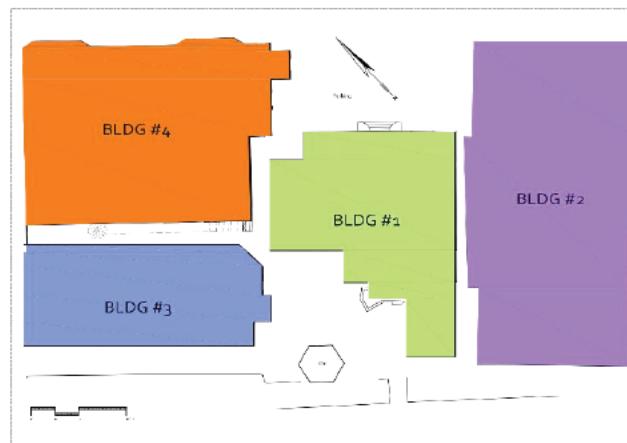
This building is used as a hotel property with a total of 23 rooms of which all are habitable, plus two stores at street level. There is minor storm damage extant whereof partial repairs have been effected, mostly cosmetic (eg. ext wall finish and a few lighting fixtures), all caused by impact. At basement level, accessible from Front Street is a parking garage, apparently in good condition.

Building #3

This structure was damaged by Hurricane Irma and is now completely unusable. Inspection was limited because of structural damage and lack of access. The roof appears to have been completely removed by the storm and doors and windows for broken or blown in. It is to be noted that the structure has exposed to a saline environment for the past 8 years.

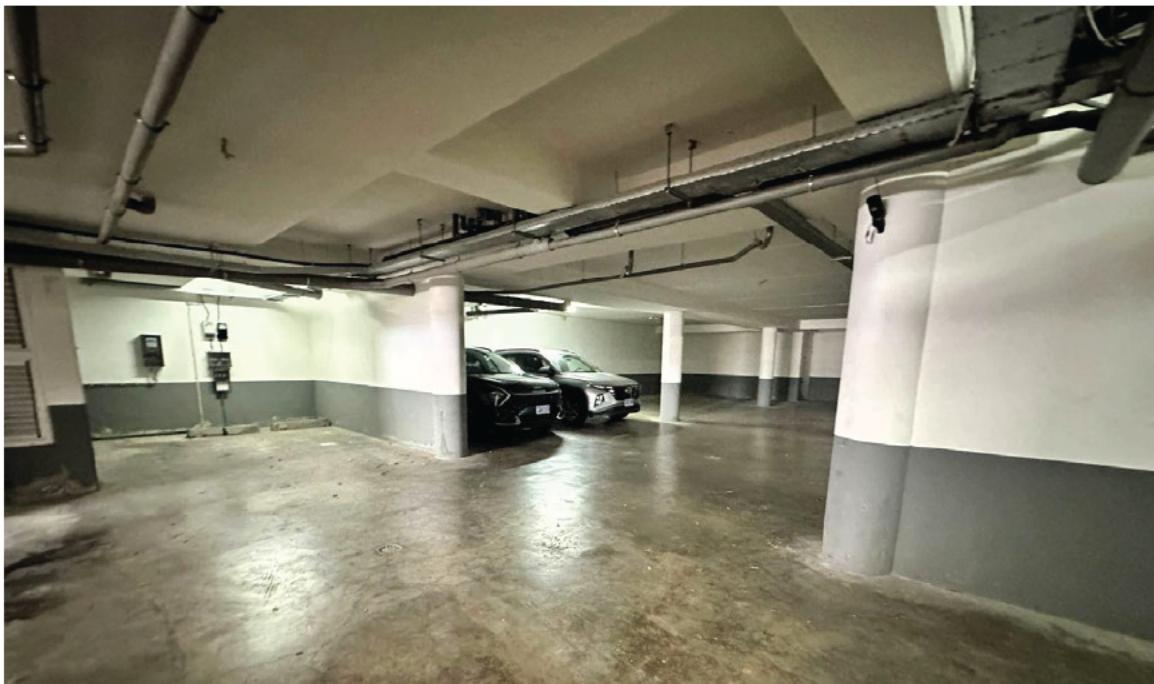
Building #4

This is an all-commercial building with three storefronts on the lower floor, a museum, a conference room and apartment on the upper floor. The building appears to be in reasonable shape although with some considerable deferred maintenance, though apparently fully habitable.

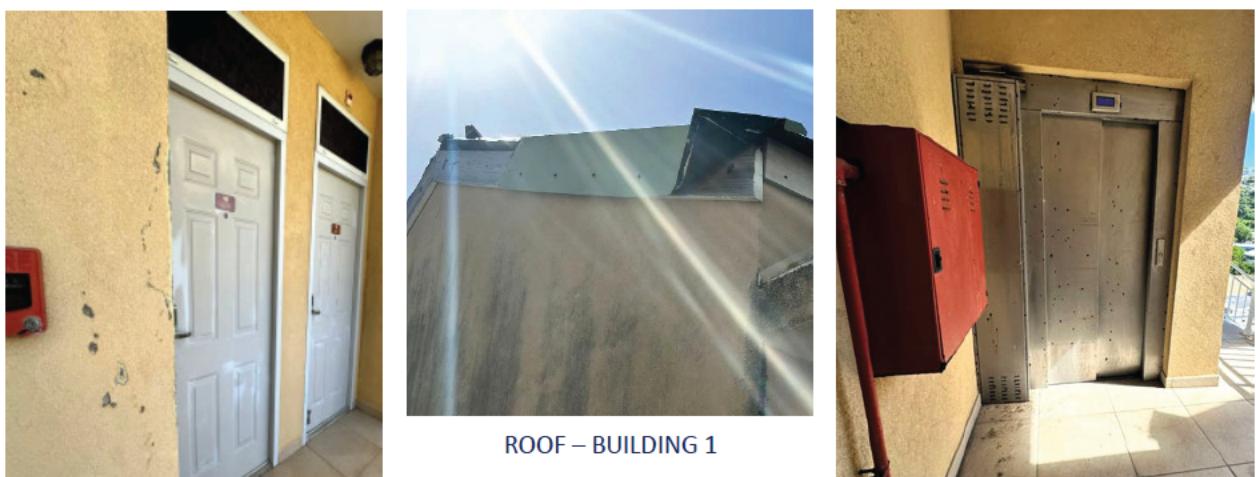


KEY PLAN

PHOTOGRAPHS



BASEMENT PARKING – BUILDING 1



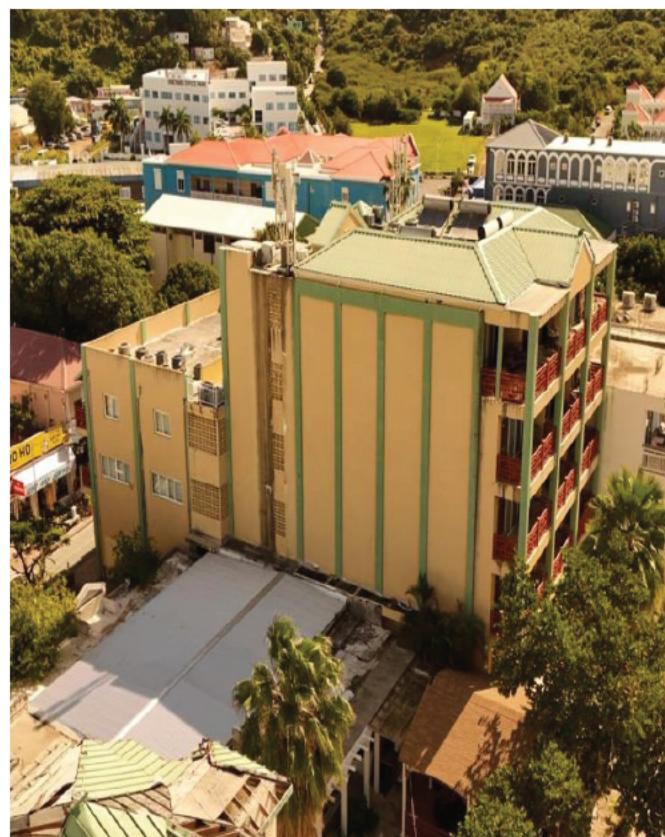
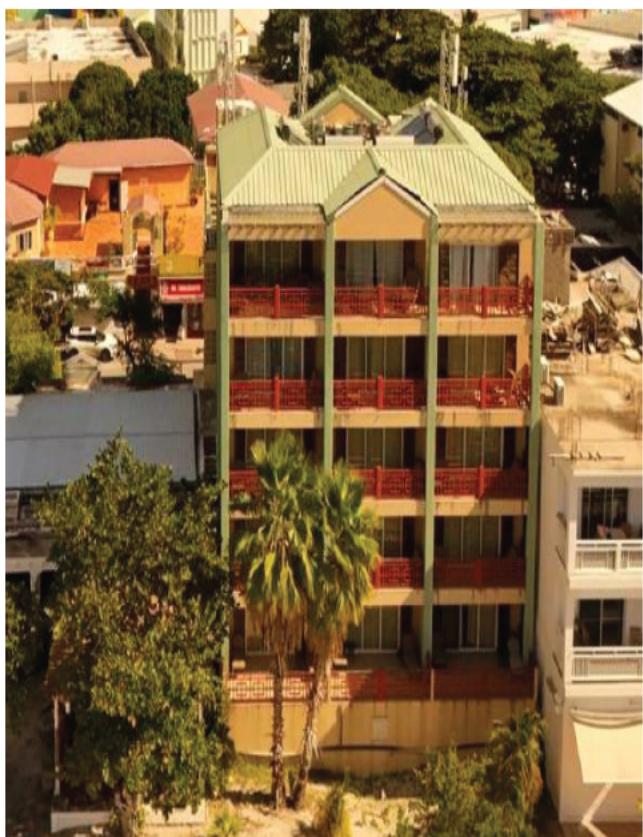
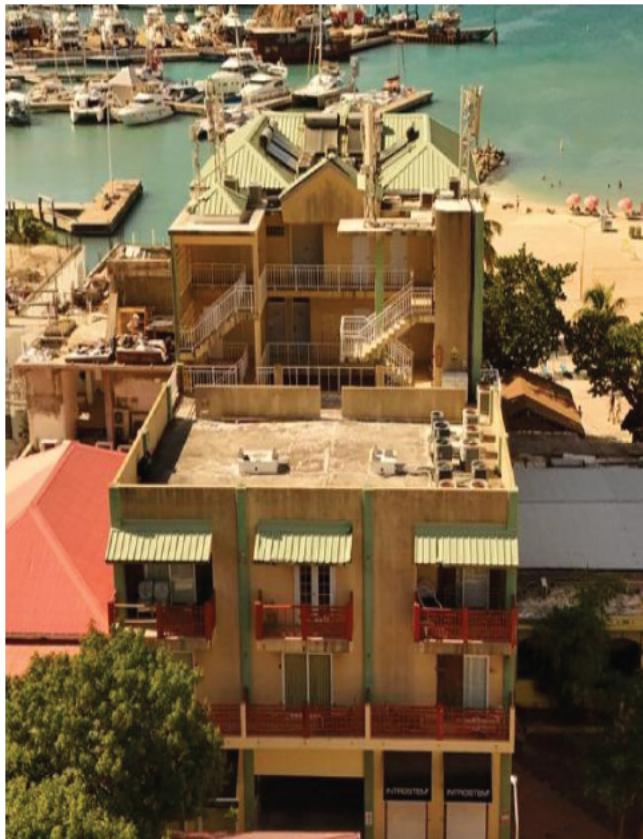
ROOF – BUILDING 1

Building #1

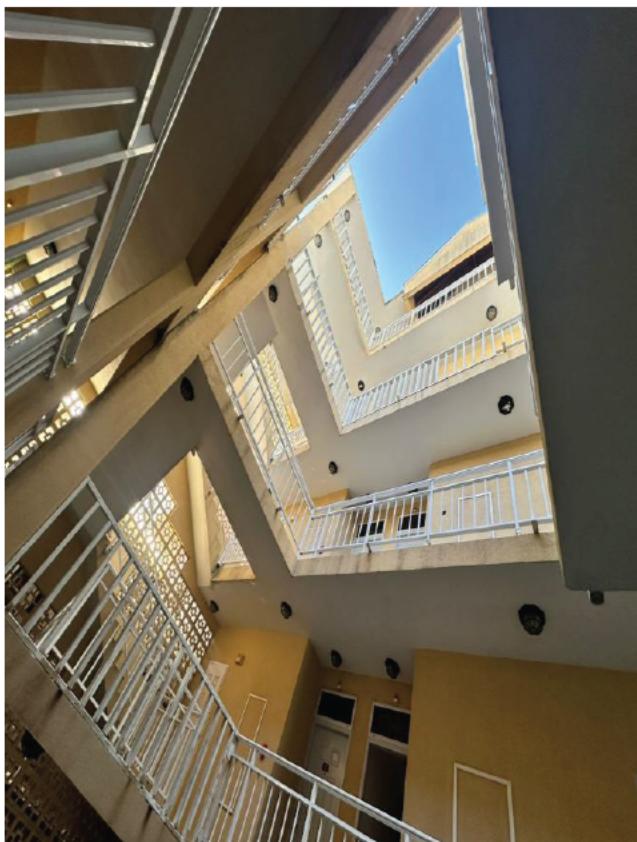
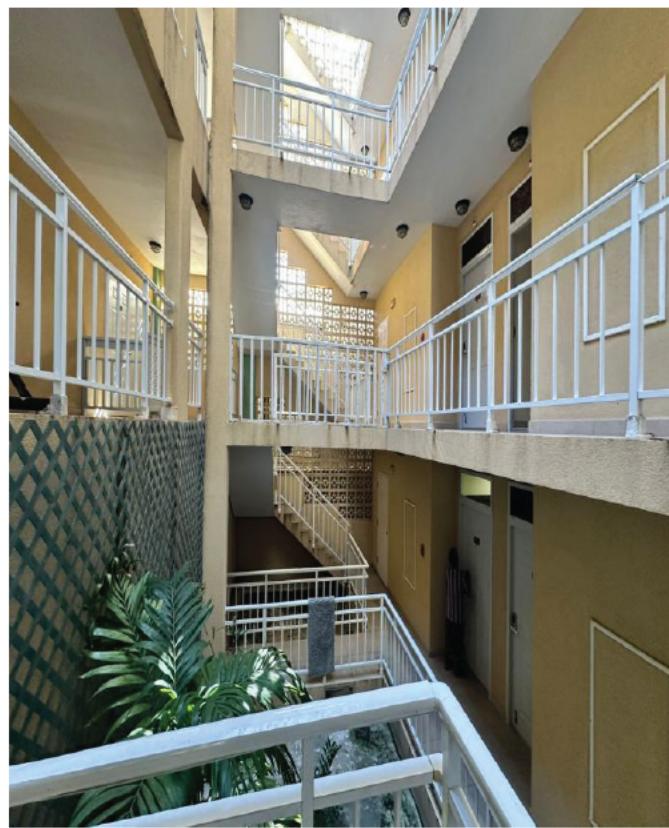
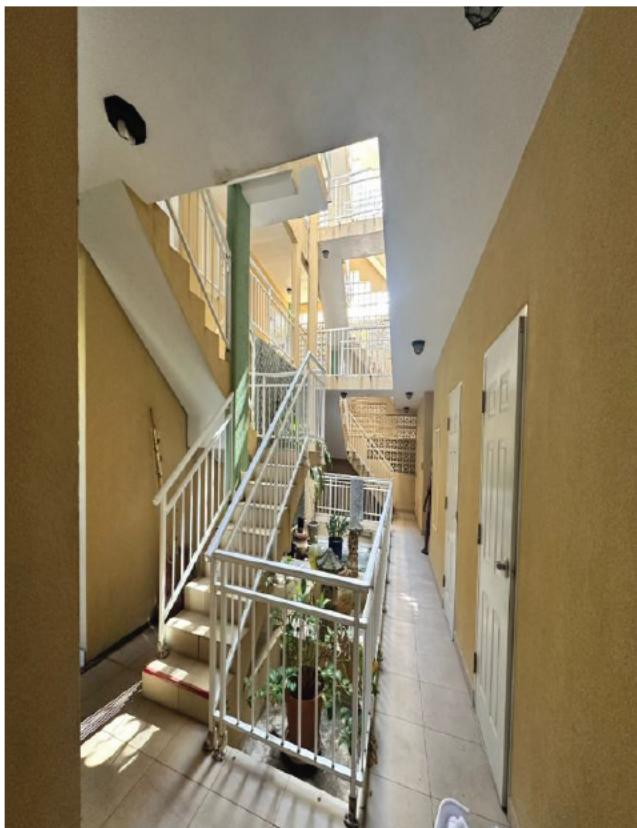




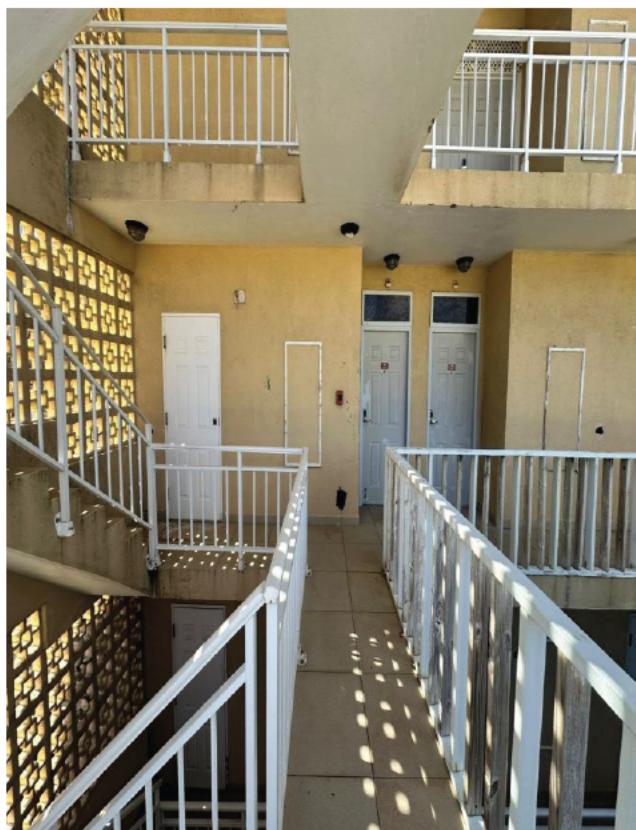
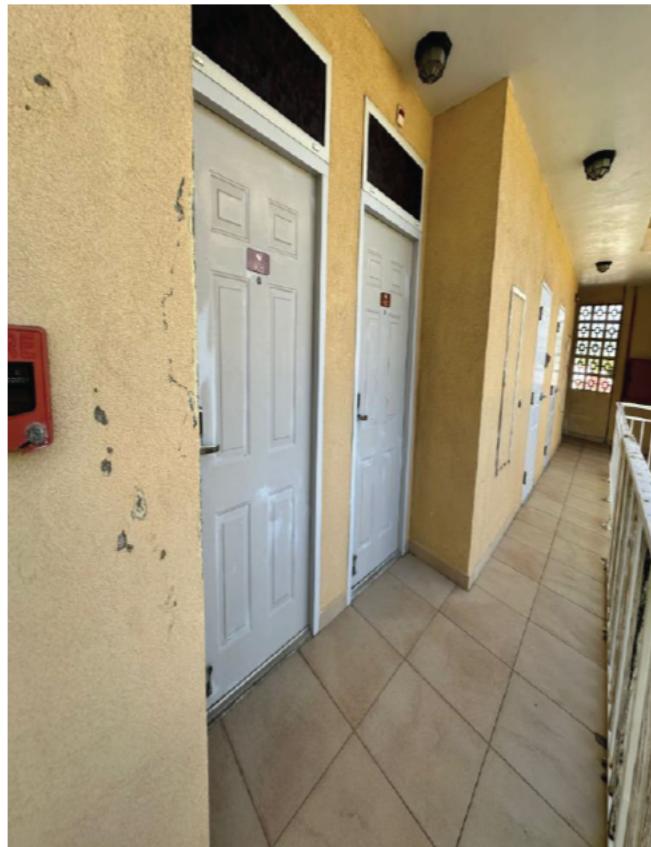
Building #2



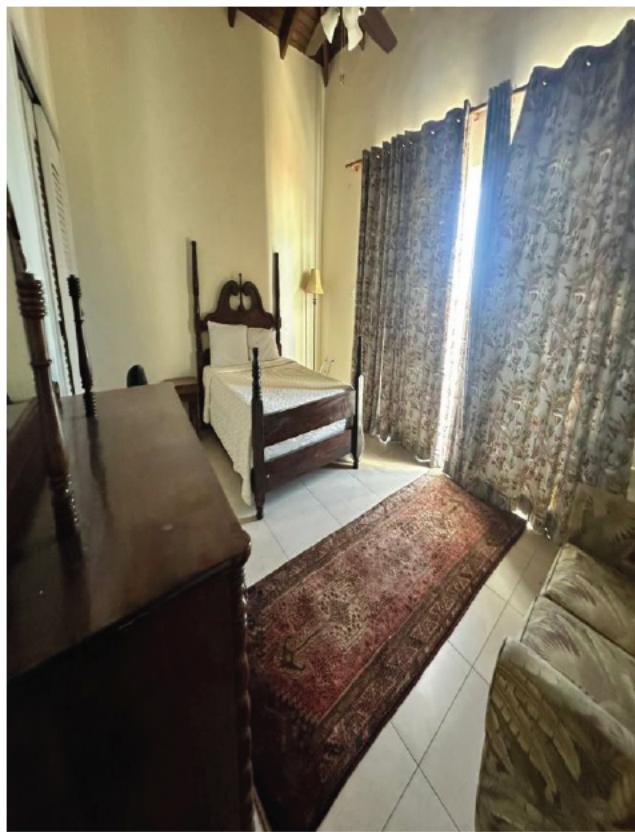
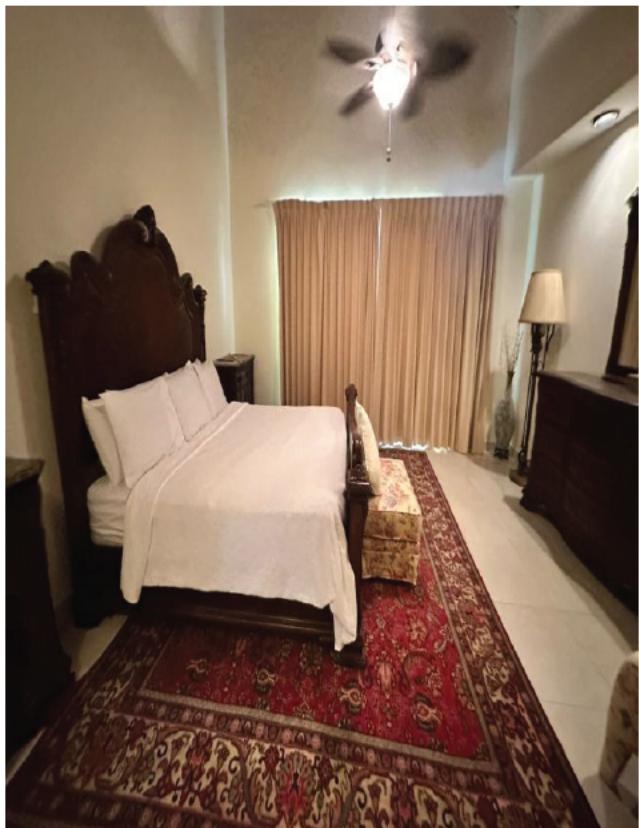
Building #2-Circulation area



Building #2-Exterior



Building #2-Interior



Building #3



Building #4

