



IXI DESIGN N.V.

ARCHITECTS

APPRAISAL REPORT

CLIENT

RBC Royal Bank

SUBJECT PROPERTY

Commercial Property at Colebay

DATE OF REPORT

21st January 2019

PICTURE OF SUBJECT



APPRAISERS

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#7413

CONTENTS

OPENING LETTER	P.3
OPENING STATEMENTS	P.4
Terms of Engagement	P.4
SPECIAL AND GENERAL ASSUMPTIONS	P.4
SUMMARY OF SALIENT FACTS	P.5
GLOBAL SITUATION	P.6
ISLAND DESCRIPTION	P.7
LOCATION PLAN	P.8
SUBJECT PROPERTY	P.9
Legal Description	P.9
Interest Valued	P.9
CLASSIFICATION	P.9
UTILITIES AND SERVICES	P.9
Access	P.9
TOPOGRAPHY	P.9
IMPROVEMENTS	P.10
ACCOMMODATION	P.10
CONSTRUCTION SPECIFICATION	P.11
FINISHES	P.11
ENVIRONMENTAL MATTERS	P.12
CONTAMINATION	P.12
HIGHEST AND BEST USE	P.12
DEVELOPMENT	P.12
VALUATION METHODOLOGY	P.13
Definition of Market Value (RICS)	P.13
COMPARABLE SALES	P.14
MARKET ANALYSIS	P.14
VALUATION	P.15
CONCLUSION	P.16
LIMITING CONDITIONS	P.17
PHOTOGRAPHS	P.18-19
APPENDICES	P.20
Title Search	
Certificate of Admeasurements	

IXI Design N.V.

Welfare Road 60B, Cole Bay
St. Maarten

Monday 21st January 2019

RBC ROYAL BANK

Cannegieter Street, Philipsburg
St. Maarten

Dear sirs,

Following instruction given by Mr. Lalchan Ramabran of RBC Royal Bank we have prepared a valuation report to estimate the current market value of a commercial property in the district of Colebay with registration numbers 404/1988, 405/1988 and 19/1988..

The customer owns the freehold interest and advises that it is owner occupied.

It is of the appraiser's opinion that the current market value is **US\$2,000,000.00** (Two million US Dollars). This figure does not take into account any furniture etc.

The valuation was undertaken by John Baker, RIBA and team. He has 30 years experience in architect work and valuation of properties in the Caribbean.



M. John Baker, RIBA
IXI DESIGN N.V.

OPENING STATEMENTS

Terms of Engagement

IXI Design N.V. has relied on information gathered during our inspection, information provided by the owner and inquiries at Kadaster office.

IXI Design N.V. did not undertake a detailed structural survey of the building during investigation and cannot warrant the structural integrity of the building/appurtenances, nor the condition of any of the plumbing or electrical work in the building.

The client will receive one copy of the report; there will be a charge of US\$ 10.00 for any additional copies.

IXI Design N.V. hereby declares that valuation is in compliance with the RICS Valuation Standards – the Red Book published by the Royal Institution of Chartered Surveyors.

The appraiser/s has no interest whatsoever in the subject property, nor with the owner thereof nor any other party concerned therewith in regard to the subject property:

SPECIAL AND GENERAL ASSUMPTIONS

None.

SUMMARY OF SALIENT FACTS

Client:	RBC Royal Bank
Current Registered Owner:	Kardimon N.V
Address:	Locas Tree Drive, Orange Grove, Colebay
District:	Colebay
Purpose of Valuation:	To estimate market value
Intended Use of Valuation:	Bank use
Legal Description:	404/1988, 405/1988, 19/1988
Interest Valued:	Freehold
Leasehold Term:	n.a.
Type of Property:	Commercial warehouse
Site Area:	114m ² , 283m ² , 657m ² (total 1,054m ²)
Date of Inspection:	18 th January 2019
Date of Value:	21 st January 2019
Date of Report:	21 st January 2019
Improvement:	Commercial
Highest and Best Use:	Commercial
Definition of Market Value:	“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” (RICS Valuation Standards V.S3.2).
Market Value Conclusion:	US\$2,000,000.00
Special Assumption:	See page 4

GLOBAL SITUATION



The island of St.Martin/St.Maarten is located in the Caribbean Sea, 18.02 latitude and 63.07 longitude, 150 miles southeast of Puerto Rico and 1200 miles southeast of Miami.

Neighboring islands are as followed, Saint-Barthelemy (French), Anguilla (British), Saba (Dutch), Sint-Eustatius / Statia (Dutch), Saint-Kitts and Nevis (Independence from the British).

ISLAND DESCRIPTION

The island of Saint Martin/Sint Maarten also known as the “The Friendly Island” is the smallest landmass in the world shared by two nations. The treaty of Concordia of 1648, established that residents on either side can be commercially active on the other side without any border difficulties.

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

On 6th September 2017 the island was hit by Category 5 Hurricane Irma, which caused widespread and significant damage to buildings and infrastructure.

Sint 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.

The size of the island is 37 square miles, the northern side (Saint Martin) is governed by the French covering 21 square miles and the southern side (Sint Maarten) governed by the Kingdom of Netherlands covering 16 square miles. The current population of the entire island is estimated at 100,000.00.

The official language is Dutch on the southern side and French on the northern side, however English is commonly spoken on both sides of the island.

Though there is no border control there are physical markers that delineate the border. There are four boundaries on border with “Welcome to Dutch Sint Maarten” and “Bienvenue en Partie Francaise” signs at Cupecoy / Lowland, Bellevue / Cole Bay, French Quarter / Dutch Quarter and Oyster Pond.

There are two airports on the island. The Princess Juliana International Airport located in Simpson Bay (Southern) plays a strategic role in terms of international flights and development of neighboring islands. L'Esperance Airport located in Grand Case (Northern) is much smaller and less busy, serving private aviation and regional services only.

The capital of Sint Maarten (southern) is Philipsburg and St.Martin (northern) is Marigot. The island has 37 beaches stretched along the coastline. Pic Paradis is the highest point on the island rising to approximately 340 meters (1200ft) above sea level. The climate on the island is tropical and is situated within the Atlantic hurricane belt. Saint-Martin/Sint-Maarten's temperature on an average is 27 °C (80.60 °F) yearly. The average yearly rainfall is 45 inches (114 cm).

Sint 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.

Simpson Bay Lagoon has made Sint Maarten the yachting center of the Caribbean, home port to some of the world's most outrageous mega yachts.

LOCATION PLAN



SUBJECT PROPERTY

Legal Description

Cert. of Admeasurement: 404/1988, 405/1988, 19/1988
District : Colebay
Address: Locas Tree Drive, Orange Grove, Colebay
Land Size: 114m2, 283m2, 657m2 (total 1,054m2)

Interest Valued

Freehold (X)
Gov't/Private Long Lease (X) Expiry Date:
Condominium ()

CLASSIFICATION

Residential () Upper Class ()
Commercial (X) Upper Middle ()
Resort () Middle ()
Undeveloped () Lower Middle ()
Below Standard ()

The property is located in a commercial/ light industrial area.

UTILITIES AND SERVICES

The following infrastructure is available and/or connected at the subject property.

Electricity (X) Water (X)
Telephone (X) Cable TV (X)
Paved Roads (X)

Access

The property is accessed by paved road.

TOPOGRAPHY

Flat () Steep Slope ()
Moderate Slope (X)
Lagoon View () Ocean View ()
Valley View () No View (X)
Beachfront () Waterfront ()

IMPROVEMENTS

Single Family	<input type="checkbox"/>
Multi-Family	<input type="checkbox"/>
Condominium Apartment	<input type="checkbox"/>
Commercial	<input checked="" type="checkbox"/>

On the property there is one large warehouse building with mezzanine floors. The building has two main levels, but both the upper and lower floors are stepped in level.

The approximate area for the warehouse is 940m² on the main floors and 940m² of mezzanine, total retail area 1880 m².

ACCOMMODATION

The warehouse has an open floor concept of retail storage. The ground level has a small office cashier desk. The upper floor has shelves with inventories, and both floors are given over to retail display..

CONSTRUCTION SPECIFICATION

Masonry	(X)	Wood Frame	()
Roofing Material		Metal sheeting (insulated)	
Overall Exterior Condition		Good	
Age of Building		Estimated to be about 3 years old	
		Built time +/- 1988	
Estimated Useful Life		35 Years with good maintenance	
Design (Style)		Warehouse	

The inspection is not a building survey and the responsibility of **IXI Design N.V.** is limited to general comments on the condition of the structure and any visible defects.

It is the assumption that the building is in good repair, except for any defects specifically noted.

FINISHES

Floors	Ceramic tile / wood
Ceilings	Expose rafters/ T1/11
Interior Walls	
Exterior Walls	Plastered/ Painted
Windows	No Windows
Exit Doors	Aluminum
Hurricane Shutters	Roller down
Kitchen Cabinets	N/A
Bathroom	Tiled
Security	None
Fencing	None
Air Conditioning	None
Landscaping	None
Overall Internal Condition	Good

ENVIRONMENTAL MATTERS

No other particular environment issues are to be expected in future.

CONTAMINATION

Although no reporting is available, there is no obvious evidence for risk of contamination or hazardous substances on the property.

HIGHEST AND BEST USE

The highest and best uses of the property would be commercial / light industrial because the surrounding uses are similar.

DEVELOPMENT (PRESENT AND POTENTIAL ETC)

No other development is likely.

VALUATION METHODOLOGY

Definition of Market Value

“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” (RICS Valuation Standards V.S3.2).

NOTE: Market Value ignores any existing mortgage, debenture or other charge over the property.

There are basically three approaches to valuation of real estate property.

1. **Cost Approach:** The Cost Approach is based on the principle of substitution which asserts that no prudent buyer or investor will pay more for a property than that amount for which the site could be acquired and which improvements that have equal desirability and utility can be constructed without undue delay. It is a method of appraising property based on the depreciated reproduction or replacement cost (new) of improvements, plus the market value of the site.
2. **Income Approach:** **Income** Capitalization is a valuation method appraisers and real estate investors use to estimate the value of income producing real estate. It is based upon the premise of anticipation i.e., the expectation of future benefits. This method of valuation relates value to two things: [1] the "market rent" that a property can be expected to earn and, [2] the "reversion" (resale) when a property is sold.
3. **Direct Comparable Approach:** The Sales Comparison Approach derives a value indication by comparing the subject being appraised to similar properties that have sold recently.

For residential properties the **Cost Approach** and **Direct Comparable Approach** may take preference. For commercial properties the **Income Approach** and **Direct Comparable Approach** may apply.

COMPARABLE SALES

According to the Kadaster database here are 4 of the best comparable sales of land and commercial buildings. In some cases we are unable to make the necessary adjustments to reflect the difference between the comparable properties simply because the information provided by Kadaster does not include interior information; such as accommodations, number of floors, how many days on the market, age of building and building size.

Some comparables sales will be adjusted based on assumption. In other cases we do have certain information for comparables sales if appraised by IXI design or information from real estate websites.

The average cost to build new construction ranges from \$900.00 p/m² to \$2,000.00 p/m² depending on size and standard finishes. It should be noted that the smaller the building, the higher the m² price to build and the larger the building the lower the m² building cost is.

Land and Commercial Building Comparable Sale #1

Comparable sale #1 took place on 30th August 2018 at CH.W Voges Street Philipsburg, Mbr. 210/2000, 227/2016, 228/2016, 229/2016, 230/2016, measured land size of 780 m², 142 m², 493 m², 454 m², 226 m² = 2095 m² was sold for US\$3,388,888.00

Commercial Building Comparable Sale #2

Comparable sale #2 took place on 4th July 2016 at Orange Grove Road, Cole Bay, Mbr. 004/1985 measured land size of 4048 m² was sold for US\$2,000,000.00

Land and Commercial Building Comparable Sale #3

Comparable sale #3 took place on 11th August 2016 at Welfare Road/ Maple Tree Drive, Cole Bay, Mbr. 013/2013, 032/2003, 065/2013, 108/2013, 115/2014, 474/1989 measured land size of 38 m², 2698m², 1125 m², 2121 m², 296 m², 15,462 m²= 21740 m² was sold for US\$2,900,000.00

Commercial Land Comparable Sale #4

Comparable sale #4 took place on 14th December 2016 at Union Road Mbr. 202/2013 measured size of 5863 m² was sold for US\$2,000,000.00 (\$341.12/m²)

MARKET ANALYSIS

Several of the warehouse buildings in the area got damaged hurricane Irma and one adjoining warehouse was recently destroyed by fire.. It is the assumption that the market for this sort of property will be in high demand.

VALUATION

LAND VALUE (1054 m2 x \$300 p/m2 =)	US\$ 300,000.00
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Cost approach

BUILDING VALUE (940 m2 x \$ 1000 p/m2 = \$940,000) (940 m2 x \$ 600 p/m2 = \$565,000)	US\$1,505,000.00
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CALCULATED VALUE OF PROPERTY (Land value + Building value =)	US\$1,805,000.00
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BUILDING REPLACEMENT COST (For insurance purposes only)	US\$1,500,000.00
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Income approach

ESTIMATED RENTAL INCOME

*Typical rent for warehouse space is around
US\$10.00/m2/month and US\$ 6.00/m2/month for the mezzanine*

1220 m2 x +/- \$8.00/mnth average	US\$15,000.00 pm
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Gross rent	US\$15,000.00 pm US\$180,000.00 pa
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Less; Maintenance, insurance Estimated Net Rental Income	US\$162,00.00pa
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Capitalized @ 8%	US\$2,025,000.00
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Market approach

MARKET VALUE OF PROPERTY (Land value + Building value =)	US\$2,000,000.00
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AUCTION VALUE OF PROPERTY (+/- 70% of Market value =)	US\$1,400,000.00
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CONCLUSION

IXI Design N.V. opinion of value was determined by considering the three recognized methods of property of valuation the **Cost Approach**, the **Income Approach**, the **Direct Comparable Approach**.

In this case the **Cost Approach/The Income Approach/The Direct Comparable Approach** was taken into account for this to determine the market value of the subject property.

The following estimates are, in the opinion of the appraiser, true and correct, and are based on current market conditions on St. Maarten that the subject property equates to a value of **US\$2,000,000.00.**

The value is likely to remain static. The exposure time considered necessary to negotiate a sale, taking into account the nature of the property and state of the market would be an estimated 12 to 18 months. This property is located in a good neighborhood in St. Maarten and would be considered a desirable purchased property.



M. John Baker, RIBA
IXI DESIGN N.V.

LIMITING CONDITIONS

The report is confidential and provided for the sole use of the client and their professional advisers. The report has been prepared with the skill, care and diligence reasonably to be expected of a competent and experienced valuer.

IXI Design N.V. accepts no responsibility whatsoever to any persons other than the client. Any other persons who rely upon this report do so at their own risk.

Neither the whole nor any part of this report or any reference to it may be included in any published document, circular or statement nor published in any way without **IXI Design N.V.** written approval.

No warranties are expressed or implied as to the structural and or other condition of the building, the standard of workmanship, the quality of materials or the possibility of latent defects, not immediately evident on brief visual inspection.

Whilst all reasonable care is taken in examining the building, we do not hold ourselves responsible for establishing that the building conforms to any codes, whether or not a planning or building permit has been obtained nor whether the building complies with any permits issued or that the building is in fact correctly located.

Floor areas, where stated, are approximate and for information only and are measured to the outside face of external walls and include carports/garages, porch/patio and balcony areas unless otherwise stated.

The compensation for preparing this report is in no way contingent upon the opinion of value stated and **IXI Design N.V.** do not have any interest present or contemplated in the property valued, nor with the owner or any other party in connection therewith.

The legal description and title of the subject property has been obtained from the client or land owner. We were requested to obtain a copy from the Land Registry to verify ownership etc. this information obtained is assumed to be correct and our report relies entirely on the accuracy of said information. Extracts from the registry is attached.

No account has been taken of any other third party rights, other than those registered, either over, under or through the subject property.

This report shall be not valid if it does not have an original signature.

No allowance has been made for the effects of unpredictable future events involving terrorism or dislocations consequent upon changes in political or economic policies in relation to St. Maarten or elsewhere in the world. Due to the current uncertainty within the financial markets, the information contained within this report is subject to change through this volatile time.

The information and conclusion in this report should be regarded as valid for a limited period of time and should be subject to examination at regular intervals.

This report has been prepared for the information of our client and for presentation to relevant third parties. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis of any contract, prospectus, agreement or other document without prior consent, which will not be unreasonably withheld.

PHOTOGRAPHS







APPENDICES

- Title search

Cadastral extract (object)

Registration update through 11-8-2010
Extract per 14-12-2018
Reference Bo { Bermon } 14-12-2018 KB
Extract price ANG 65,00

Cadastral code object

Identification **SXM CB 404/1988**
Index

Object details

Area 144 m²
Description Subdiv. Jobco N.V.
Origin Meetbrief
Location

Object note

Date of commencement Previous certificate of admeasurement
Valid through
Description 123/1987

Entitled person**1/1 Ownership**

Name **KARDIMON N.V.**
Seat Sint Maarten (N.A.)
Nature NV
Address
Foreign address

Rights

Right obtained by C register volume/number 132/54
Type of deed Sale and purchase
purchase price USD 238.000,00
(acquired with more real estate)
registered on 1-3-1995 0:00:00
executed at 10-2-1995 before notary F.J.L.M. Steeman

Mortgages and seizures

Mortgage B register volume/number 193/17
principal sum USD 950.000,00
interest amount USD 380.000,00
Mortgage
registered on 7-10-2005 0:00:00

Cadastral extract (object)

Creditor	executed at 30-9-2005 before notary J.P.G.H. Schaepman RBTT Bank N.V.
Mortgage	B register volume/number 219/38 principal sum USD 2.821.000,00 Mortgage registered on 6-11-2007 0:00:00
Creditor	executed at 25-10-2007 before notary J.P.G.H. Schaepman RBTT Bank N.V.

Cadastral extract (object)

Registration update through 11-8-2010
Extract per 14-12-2018
Reference Bo { Bermon } 14-12-2018 KB
Extract price ANG 65,00

Cadastral code object

Identification **SXM CB 019/1987**
Index

Object details

Area 657 m²
Description
Origin Meetbrief
Location

Object note Previous certificate of admeasurement
Date of commencement
Valid through
Description 75/1970

Entitled person **1/1 Ownership**

Name **KARDIMON N.V.**
Seat Sint Maarten (N.A.)
Nature NV
Address
Foreign address

Rights

Right obtained by C register volume/number 116/65
Type of deed Sale and purchase
purchase price USD 210.000,00
registered on 10-7-1992 0:00:00
executed at 2-7-1992 before notary J.G.M. Speetjens

Mortgages and seizures

Mortgage B register volume/number 193/17
principal sum USD 950.000,00
interest amount USD 380.000,00
Mortgage
registered on 7-10-2005 0:00:00
executed at 30-9-2005 before notary J.P.G.H. Schaepman

Cadastral extract (object)

Creditor	RBTT Bank N.V.
Mortgage	B register volume/number 219/38 principal sum USD 2.821.000,00 Mortgage registered on 6-11-2007 0:00:00 executed at 25-10-2007 before notary J.P.G.H. Schaepman
Creditor	RBTT Bank N.V.

Stichting Kadaster & Hypotheekwezen St. Maarten
Backstreet 118, Philipsburg, St. Maarten

ph: (+1721) 5422282. fax: (+1721) 5422880, registry@kadastersxm.org. survey@kadastersxm.org

All our services are governed by the General Terms and Conditions of Stichting Kadaster & Hypotheekwezen St. Maarten, which include a limitation of liability. These terms, which have been filed with the Court of First Instance in St. Maarten, will be sent or given to you upon request.

Cadastral extract (object)

Registration update through 11-8-2010
Extract per 14-12-2018
Reference Bo { Bermon } 14-12-2018 KB
Extract price ANG 65,00

Cadastral code object

Identification **SXM CB 405/1988**
Index

Object details

Area 283 m²
Description Subdiv. Jobco N.V.
Origin Meetbrief
Location

Object note

Previous certificate of admeasurement
Date of commencement
Valid through
Description 123/1987

Entitled person**1/1 Ownership**

Name **KARDIMON N.V.**
Seat Sint Maarten (N.A.)
Nature NV
Address
Foreign address

Rights

Right obtained by C register volume/number 132/54
Type of deed Sale and purchase
purchase price USD 238.000,00
(acquired with more real estate)
registered on 1-3-1995 0:00:00
executed at 10-2-1995 before notary F.J.L.M. Steeman

Mortgages and seizures

Mortgage B register volume/number 193/17
principal sum USD 950.000,00
interest amount USD 380.000,00
Mortgage
registered on 7-10-2005 0:00:00

Cadastral extract (object)

Creditor	executed at 30-9-2005 before notary J.P.G.H. Schaepman RBTT Bank N.V.
Mortgage	B register volume/number 219/38 principal sum USD 2.821.000,00 Mortgage registered on 6-11-2007 0:00:00
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