

**APPRAISAL REPORT
ON
REAL ESTATE ADDRESSED
@
LOT NO.10, BLOCK NO.12
LINCOLN GREEN UNIT 5
FREEPORT, GRAND BAHAMA**

**Requested by
FIDELITY BANK (BAHAMAS) LIMITED
FOR**

**[REDACTED] ML# [REDACTED]
of the city of Freeport, Bahamas,
and prepared by**

July 2nd, 2013

**ASTON JONES & ASSOCIATES
Licensed Real Estate Appraisers
Nervee Professional Building
7A, West Mall Drive
P.O. Box F-41684
Freeport, Bahamas
tel. 242 3512061**

PURPOSE OF APPRAISAL

This appraisal was made for the purpose of estimating market value of the subject real estate to assist a financial institution.

LEGAL DESCRIPTION

All that piece parcel or tract of land legally referred to as Lot no.10, Block no.12 in the Lincoln Green, Unit 5 Subdivision in the city of Freeport, Grand Bahama.

STATEMENT OF LIMITING CONDITIONS & ASSUMPTIONS

No responsibility has been assumed for matters which are legal in nature, and this appraisal assumes marketable title. Liens and encumbrances, if any, have been disregarded and the property is valued as though free from indebtedness.

The valuation is in Bahamian Dollars. The Bahamian dollar is on par with the U.S. dollar.

No investigation was carried out to determine the magnitude, nature and strength of the strata forming the subject land.

The areas and dimensions indicated in this report are assumed to be correct.

The appraiser has made no land survey of the property and assumes no responsibility in connection with such matters. Any related drawings or identified survey of the property included in this report is only for the purpose of assisting the reader to visualize the property.

The appraiser is not required to give testimony or attendance in court by reason of this appraisal unless arrangements have been previously made.

CERTIFICATION AND MARKET VALUE

I hereby certify that I have inspected the land as it physically exists at the present time, whose address is herein described as Lot no.10, Block no.12, Lincoln Green, Unit 5 Subdivision, Freeport, Grand Bahama, and that the fair value has been developed from verified information.

I further certify that:

The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions;
the appraiser has no interest, present or prospective, direct or indirect, financial or otherwise, in the property that is the subject of this appraisal; and is not associated with any of the parties involved with the subject real estate;
the appraiser's compensation is not contingent upon an action or event resulting from the analysis, opinions or conclusions in or the use of, the appraisal.

Assessment of the real estate, whose address is given at caption, made this 2nd Day of July 2013, results in an appraised market value of Thirty Thousand (\$30,000.00) Dollars.

Respectfully submitted,
Aston Jones & Associates


Aston Jones
Licensed Real Estate Appraiser
MBREA

SUMMARY OF SALIENT FACTS & CONCLUSIONS

Subject Real Estate: Lot no.10, Block no.12, Lincoln Green, Unit 5
Subdivision, Freeport

Date of Appraisal: 2nd July 2013

Appraisal Requested by:



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Land Size: 0.26 acres

Assigned Market Value: \$30,000.00

AREA PROFILE

The Island of Grand Bahama

Grand Bahama is the fourth largest island among the archipelago of islands which make up the Commonwealth of the Bahamas. It is the second most populous island. It lies 100 miles north of the island of New Providence which accommodates the capital city of the nation, Nassau; and it is 87 miles to the southeast of the coast of Florida. Freeport is the main city on Grand Bahama.

The City of Freeport

Freeport occupies approximately the middle third of Grand Bahama and has a land area exceeding 233 square miles. The community is supported by a relatively broad economic base of industry, commerce and tourism. Tourism has been the major support system for the last few decades, but industry based about the Freeport Harbour Area has become more supportive to Freeport's economy. The city is known as an important transshipping point for traders, covering markets in Latin America and the Caribbean.

Freeport's harbour accommodates the largest ships in the world and its airport's runway can accommodate the world's largest aircraft. It can supply 6.5 million gallons of potable water per day. The power company has a capacity of about 60 megawatts with a current demand of 58.4 megawatts. The electricity power company has developed serious challenges with reliability and production cost---to the extent where most local businesses are concerned that it affects their competitiveness to do business compared with other regional companies.

The economy of the city of Freeport is poor. Although tourism is thought of as the major industry in the city the industrial activity based around the Lucayan Harbour (Freeport's only harbour) is what keeps the city's economy afloat: ship care facilities, crude petroleum storage, chemical manufacturing, rock and aggregate mining, container porting. The city does have in excess of two thousand hotel rooms, four active golf courses, lots of water sports, daily flights from about half a dozen cities in North America, and daily cruise ship visits. However, with a population of over fifty thousand, unemployment is presently pegged at almost twenty (20%) percent.

Freeport's strength is in its potential for business activity. Its strategic geographical position (in the midst of the best shipping route in the western hemisphere), its proximity to the mainland of the United States of America, and its existing infrastructure---roads, water, harbour and airport facilities, and communications are attractive. The Bahamas' pending membership in the World Trade Organization could easily multiply Freeport's business advantages.

Construction of a government complex valued at eighteen million dollars (\$18,000,000.00) is recently completed. Construction of additional storage facilities for crude petroleum to the tune of two hundred million dollars (\$200,000,000.00) is underway. Hopefully these projects will sustain the local economy until the world's economic recession improves to the point of causing an increase in tourist visits. Nonetheless, hope of quick economic improvement has been waning.

THE GENERAL VICINITY

Lincoln Green is the name given to an area which has been subdivided into five units and zoned for residential development. The fifth unit of this subdivision is now referred to as Clearwater Cove. A section of the northwestern section of Lincoln Green Unit 5 is called Lady Lake. To date about twelve houses have been constructed in this area by a company called Gold Rock. A number of the lots in this section of Lincoln Green have fresh water canal frontage. (The canals were constructed to be used as holding tanks).

The tract of land containing the Lincoln Green Subdivision is situated near the center of Freeport's overall area (developed and undeveloped).

The subdivision is bounded to the east by Fortune Bay Drive, and to the west by Churchill Drive; two neighborhood collector streets. The northern boundary of the subdivision is bounded by Grand Bahama Highway, and the southern boundary is bounded by East Sunrise Highway; two arterial roads.

The majority of lots range in size from .30 acres to .40 acres.

Lincoln Green Subdivision lies an approximate distance of 7-1/2 miles from the international bazaar which is the largest shopping complex on the island, 8 miles from the Freeport's town center and 5 miles from the nearest medical facility.

Lincoln Subdivision was developed rather recently. Most of the infra-structural facilities are in place. These include paved roads, mains electricity and city running water and aerially strung cables carrying boosted television reception service lines. These boosted television reception lines are not as yet available to all lots throughout the subdivision. The subject real estate has all the utility services mentioned.

The Development Company is the developer of the subdivision. This company is authorized by law to carry out the administrative functions and general maintenance of the city of Freeport. (That is, it acts as a quasi-government agency. The Bahamas Government is responsible for POLICE, IMMIGRATION, TAXES and REGISTRATION of LEGAL DOCUMENTS.).

THE SITE

The subject real estate is addressed at Lot No.10, Block No.12. This parcel of land is situate within the interior of the subdivision. The lot is positioned along the northern side of a minor street called Moor Avenue, a looped road. The lot is ten lots north of the intersection of Moore Drive and Moor Avenue (two minor streets). The real estate's positioning in the neighborhood is estimated to be about 1 mile to the north of East Sunrise Highway (an arterial road) and about 100 yards east of Churchill Drive (a neighborhood collector street).

Directions....when traveling east along East Sunrise Highway from the town area, turn north onto Churchill Drive, then turn right at the fifth corner (Moore Avenue) and the subject lot is the tenth on the left hand side of the street.

To date there is four occupied houses and three houses under various stages of construction within the immediate area. The surfaces of the vacant lots are consumed by the mature growth of natural vegetation. However, about 400 yards of the subject site to the south are a number of buildings that are under construction, occupied apartment complexes and a few single-family houses.

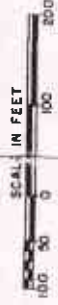
The terrain of the subject lot is flat. The lot's configuration has four unequal sides. The road boundary has a length of 64.55 feet, the rear boundary (canal frontage) has a length of 115.59 feet, the eastern side boundary has a length of 125 feet and the western side boundary has a length of 146.62 feet. These lot dimensions give a land area of 11,718 square feet or 0.23 acres.

KUNDE AND ASSOCIATES
MIAMI, FLORIDA

SURVEYING & ENGINEERING
PORT - NASSAU BAHAMAS

Lincoln Green

Unit 15



SHEET

SEE

SEE

WEST LINE SHC. 24 TWP IN. REG. 15

11

11

GRID NORTH

SHEET

SEE

50

50





THE APPRAISAL PROCESS

(a) Property Rights Appraised

The property rights appraised are all rights that are existing in fee simple on the appraisal date. These rights are the legal and economic properties of the owners that may rightfully be exchanged for money or equivalent goods.

Property rights inherent in the ownership of tangible personal property, and intangible benefits of the property itself, are not the subject of this report.

(b) Market Value

For the purpose of this appraisal, Market Value is defined as the highest price estimated in terms of money which a property will bring if exposed for sale in the open market, allowing a reasonable time to find a purchaser who buys with the knowledge of all the uses to which it is adapted, and for which it is capable of being used.

Frequently, it is referred to as the price at which a willing seller would sell and a buyer would buy, neither being under abnormal pressure. It is the price expected if a reasonable time is allowed to find a purchaser and if both seller and prospective buyer are informed. (Appraisal Terminology And Hand Book 5th. Ed., American Institute of Real Estate, Appraisers, Chicago, 1973).

The generally accepted method of obtaining the market value of a parcel of property is by the use of the three (3) approaches to value. These approaches are the Cost Approach, the Income Approach, and the Market Data Approach.

The value indicated by each approach is carefully reviewed and that approach, which in the judgement of the appraiser most adequately reflects all the circumstances in connection with the property under appraisal and the purposes for which the appraisal is being made, will be selected as the best indication of Market Value.

In this appraisal, we apply the **market data approach** using comparable nearby land sales to prove **land value** of the subject property.

We apply the **cost approach**, and the **comparable sales approach** with respect to the **site improvements**.

ZONING and HIGHEST AND BEST USE

The subject lot of land exists in a vicinity which is zoned for single-family residential development. Its geographical location is such that it enjoys peace and privacy and it is within convenient proximity to most services a resident will require in a city such as Freeport.

LAND EVALUATION MARKET DATA APPROACH

Market data on undeveloped lots in the subject subdivision is easily available in Freeport. Single family zoned real estate with canal frontage now has base sales value of \$134,000.00 per acre of land. Modifications such as land elevation, lot configuration, adjacent site development and immediate positioning in the neighborhood affect the given base value.

The developer has just about depleted his inventory, and lots for sale in the subject area are scarce. It should also be noted that land values throughout the city of Freeport continue to stabilize.

Consequently, the land addressed at Lot No.10, Block No.12, in the Lincoln Green Subdivision, Unit 5, is assigned a market value of **Thirty Thousand (\$30,000.00) Dollars.**

Physical condition

To date, the lot has been cleared of its natural vegetation.

VALUE OF IMPROVEMENTS - COMPARABLE SALES APPROACH

AREA VALUES

The real estate in question is situated in a single-family only residential neighborhood. Projected house sizes will range from 1,400 square feet to in excess of 1,800 square feet. Replacement values on single-family developments (without land value) would range between \$150,000.00 and \$400,000.00.

ANALYSIS, CORRELATION and CONCLUSIONS

The purpose of the appraisal is to arrive at a fair market value.

In the subject appraisal, because the comparable sales value, or value by market data is available, this serves as the most accurate of the three approaches to appraising.

Consequently, the writer assigns the value from comparable sales, **Thirty Thousand (\$30,000.00) Dollars.**



Aston Jones