

FEBRUARY 22, 2013

**APPRAISAL REPORT
ON
RESIDENTIAL DEVELOPMENT
LOT NO.20, BLOCK NO.21
CHESAPEAKE SUBDIVISION
FREEPORT, BAHAMAS**

Requested by
FIDELITY BANK
of the city of Freeport, Bahamas
and prepared by

**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.20, Block no.21 in the Chesapeake 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 ~~state~~ ~~state~~ 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.20, Block no.21, Chesapeake 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 22nd Day of February 2013, results in an appraised market value of Twenty-two Thousand (\$22,000.00) Dollars.

Respectfully submitted,
Astyn Jones & Associates


Astyn Jones
Real Estate Appraiser
MBREA



SUMMARY OF SALIENT FACTS & CONCLUSIONS

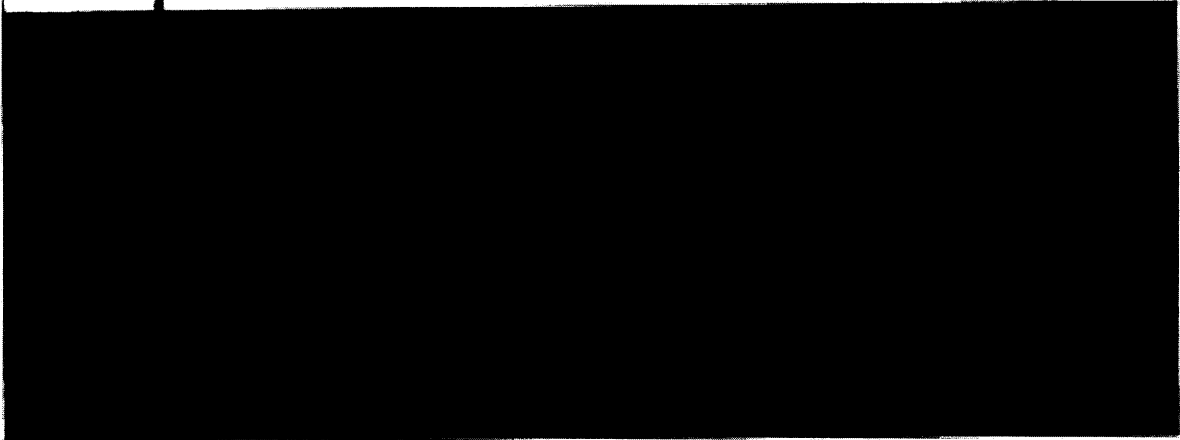
Subject Real Estate: Lot no.29, Block no.21, Chesapeake
Subdivision, Freeport

Date of Appraisal: 22nd February 2013

Appraisal Requested by: Fidelity Bank

Land Size: 0,38 acres

Assigned Market Value: \$22,000.00



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 57 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

Chesapeake Subdivision is located in the eastern district of Freeport, approximately ten miles from the town's business center. It borders the north side of one of the main arterial roads in the Lucaya area called Midshipman Road. The neighborhood is multi-zoned with two-family or duplex residential areas, single-family residential areas and civic areas. It is surrounded by other residential communities. The closest shopping and entertainment district are five miles away. The closest schools and medical facilities are approximately seven miles away.

Chesapeake has become a popular residential area for members of Freeport's middle class. Both duplex and single family developments are growing at a fairly rapid rate. There is one church in the general vicinity, but in its designated zone.

There is a cluster of lots in the northwestern section of the Chesapeake Subdivision which does not comprise the immediate vicinity of the subject real estate. The Grand Bahama Realty, Limited, was responsible for a special housing development in this immediate vicinity. This housing development was targeted at Freeport's middle economic class. Each house contains three bedrooms and two bathrooms. There are twenty (20) houses.

Individual lot development in the vicinity progressed at a rapid rate. There are about sixty-five occupied houses to date and about two under construction. Many vacant lots, however, still exist about the vicinity. Their surfaces are consumed with the mature growth of natural vegetation typical to the island of Grand Bahama. Underground water lines, street lights, mains electricity and paved roads are all installed in some areas of the Chesapeake Subdivision. The subject area is without electricity, city running water, cable and telephone services.

THE SITE

The subject real estate is addressed at Lot No.20, Block No.21. This parcel of land is situated within the interior of the subdivision. The lot is also positioned along the northern side of a minor unpaved road with a grass called Star Avenue. Star Avenue is half moon in configuration. Both ends of the street connects to Capstan Drive which connects to an entrance street to the neighborhood called Caravel Road. The lot is about 300 yards south of East Sunrise Highway (an arterial road).

Individual lot development about the immediate vicinity is void except for one house under construction. To date there are other buildings in the nearby vicinity. The surfaces of the undeveloped lots are consumed by the mature growth of natural vegetation typical to the island of Grand Bahama.

The terrain of the subject lot is basically flat although it drops abruptly below the road surface. The lot's configuration comprises a rectangle. The lot has a width of 110 feet and it has a depth of 150 feet. These lot dimensions give a land area of 16,499 square feet or 0.38 acres.

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 judgment 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 but it is not within convenient proximity to most services a resident will require in a city such as Freeport.

LAND EVALUATION MARKET DATA APPROACH

The Grand Bahama Development Company, Limited is the developer of the immediate vicinity in the subdivision in question. The prices of their single-family zoned lots are common knowledge. The lots are listed with a basic price between fifty-five thousand (\$55,000.00) and seventy-three thousand (\$73,000.00) dollars per acre. Immediate positioning in the neighborhood would, of course, affect price adjustments. This figure would give the real estate in question a value of **Twenty-two Thousand (\$22,000.00) Dollars.**

Physical condition

To date the lot has not been cleared of its natural vegetation pine and shrubbery typical to Freeport.

VALUE OF IMPROVEMENTS - COMPARABLE SALES APPROACH

AREA VALUES

The real estate in question is situated in a single-family only residential neighborhood. House sizes will range from 1,400 square feet to in excess of 3,800 square feet. Replacement values on single-family developments (without land value) would range between \$150,000.00 and \$350,000.00.

ANALYSIS, CORRELATION and CONCLUSIONS

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

The cost approach is usually a useful guide to replacement value but gives no consideration to neighborhood influences. Unless comparable value and/or income value is known, one cannot determine whether a property is underdeveloped or overdeveloped.

The income approach, when available, serves as a good comparison with the cost approach when comparable sales data is not available.

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, **Twenty-two Thousand (\$22,000.00) Dollars.**

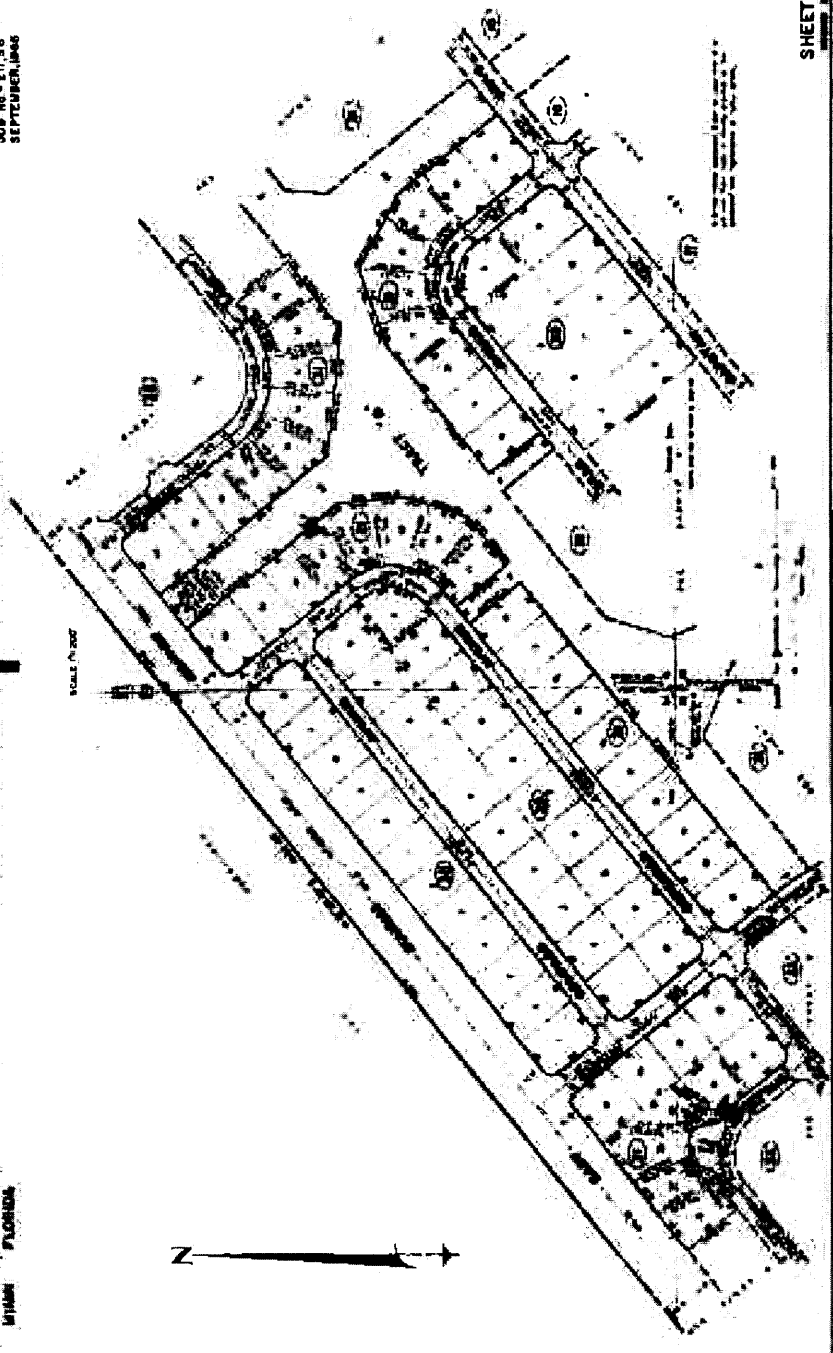

Aston Jones

Chesapeake

BOOK 317 PAGE

JOB NO - 511.86
SEPTEMBER 1988

CONSTRUCTION ASSOCIATES
INCORPORATED
FLORENCE, VIRGINIA



SHEET 1
B-45

