

## PURPOSE, USE, SCOPE & ASSUMPTION

### PURPOSE

The purpose of this report was to determine the Market **Value** on the subject freehold property on the highest and best use basis.

### VALUATION DATES

The subject property was inspected by S.K.Toronibau, Registered Valuer, No 12 MIV (EST MGMT) FIJI on 3rd September 2017. The report date is 4<sup>th</sup> September 2017.

### DEFINITIONS

#### OPEN MARKET VALUE

The “Open Market Value” is an opinion of best price or 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.

#### FREEHOLD ESTATE

Freehold (real property), a term used in real estate, meaning land held in fee simple. Fee simple ownership represents absolute ownership of real property.

### USE

#### HIGHEST AND BEST USE OF LAND

Different people have different plan to use a parcel of land.

In this case the block of freehold land ready to be developed into its highest and best use, considering its location with beautiful sandy beach and with one block yet to be developed for Tourism Development..

Recognition of the willing seller – willing buyer concept necessarily involves valuation for the highest and best use for which the land is adapted. The prudent and well informed vendor would not willingly part with his land for a price less than that appropriate to its highest and best use, and the well informed buyer would not expect to be able to purchase it for less. Each party would take into account not only the present purpose to which the land is applied, but also any more beneficial purpose to which, in the course of events at no remote period, it may be applied, just as an owner might do if he were bargaining with a purchaser in the Open Market. This is the mode in which land would be valued.

## SCOPE

### REPORT TYPE / DEPARTURES IDENTIFIED

This valuation is considered to be a Limited valuation assignment in a restricted report. This report was Limited in conformity with requirements of the International Valuation Standards. As a Restricted Use Report, it is intended to provide information which would be meaningful only to the addressee or client.

### SCOPE OF THE VALUATION

The valuation process involves the collection, verification and analysis of specific and general data related to the subject property. The following steps were taken in the completion of this report.

A preliminary inspection of the property was done to determine the market valuation in Fiji. The subject properties were identified as follows:

- CERTIFICATE OF TITLE NO. 18406 LOT 12 DP 4552 containing an area of 0.2106 ha or 0.5187 acres.
- CERTIFICATE OF TITLE NO. 18407 LOT 13 DP 4552 containing an area of .2096 ha or 0.5203 acres.

The subject property was inspected to determine its physical characteristics, including condition, topography, access, utilities, etc. The property inspection was conducted on 4<sup>th</sup> September, 2017 by S.K. Toronibau, Registered Valuer, No 12, MIV (EST MGMT) FIJI.

The surrounding area was investigated to determine the neighborhood boundaries and recognize competitive facilities as appropriate.

Government records were researched to determine the planning status of the subject property and surrounding land uses.

Sales comparable were obtained through searches of public records, interviews with property professionals and published sources of real estate data. A search was made throughout the area for sales of properties in the immediate area or island sales in the past years.

The subject is in a private sea coast location with good ocean view. The sales comparison approach is utilized to estimate the indication of value.

The data was organized and the valuation report was prepared.

## ASSUMPTIONS & LIMITING CONDITIONS

### SPECIAL ASSUMPTIONS

This valuation report has been made with the following special assumptions:

1. That proprietor is not in default to any payments, rates and premiums as it is fee simple and out of the town boundary.
2. That the property's valued freehold rights are fully transferable to a third party buyer.
3. The property has been valued based on the specific assessment that the highest and best use is for tourist attraction of its beautiful sandy beach or private holiday residential home.

### GENERAL ASSUMPTIONS

This valuation report has been made with the following general assumptions:

1. No responsibility is assumed for legal description provided or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is valued free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no Warranty is for its accuracy.
5. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining for engineering studies that may be required to discover them.
6. It is assumed that there is full compliance with all applicable environmental regulations and laws unless the lack of compliance is stated, described and considered in the valuation report.
7. It is assumed that the property conforms to all applicable planning and use regulations and restrictions unless a non-conformity has been identified, described and considered in the valuation report.
8. It is assumed that all required licenses; certificates of occupancy, consents, or other legislative or administrative authority from any government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
9. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

10. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the valuer.

The valuer has no knowledge of the existence of such materials on or in the property. The valuer, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property.

The value estimated is predicated on the assumption that there is no such materials on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is to retain an expert in this field, if desired.

### **LIMITING CONDITIONS**

This valuation report has been made with the following general limiting conditions:

1. Any allocation of the total valuation in this report between land and standing logs applies only under the stated program of utilization. The separate values allocated to the land and standing logs must not be used in conjunction with any other valuation and are invalid if sused.
2. Possession of this report, or a copy there of does not carry with it the right of publication.
3. The valuer, by reason of this report, is not required to give further consultation, testimony, or be attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the valuer or the firm with which the valuer is connected) shall be disseminated to the general public by the use of media for public communication without the prior written consent of the valuer signing this valuation report.
5. We do not have the required expertise for determining the presence of or absence of hazardous substances; defined as all hazardous or toxic materials, wastes, pollutants, or contaminants (including, but limited to, asbestos, PCB, UFFI, radon, lead based paints, or other raw materials, chemicals, or gases) used in construction, or otherwise present on the property. we assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances. We do not assume responsibility for loss as a result of the presence of such substances.

## PROPERTY IDENTIFICATION

### ABOUT FIJI

The Fiji Islands is an independent nation, the most diverse and multi-racial in the South Pacific.

#### 1. ITS POPULATION

Fiji is a multicultural country with 51% of population of indigenous (Fijian) descendant, 44% of Indian descendant, and 5% other (Rotuman, Chinese, European, other Pacific Islanders) with the total approximating 900,000. The smiling face of Fiji really is a tourist paradise. English is the official language and is spoken throughout the islands.

#### 2. ITS LOCATION

##### Fiji Islands

It is about 2,100 kilometers north of Auckland, N.Z. It forms part of the Melanesian cultural area. The archipelago consists of beautiful group of 322 islands located in the hub of the south pacific, consists of an archipelago surrounding the Koro Sea in the South Pacific Ocean, between longitudes 175deg East and 178deg West and latitudes 15deg and 22deg South. Fiji has a relatively good education system, especially for a developing country.



### **3. MATEI**

The property known as Lots 12 & 13 DP 4552 also known as “Matei part of contains an area of almost one acre beach front with white sand”. The parcel of land is almost rectangular in shape with the front white sandy beach facing towards Nuibani Island and the Pacific Ocean.

The most direct way to get to Matei is by Airplane. Matei is the main tourist area and where the Airport is located. It take about 90 minutes from Nadi International Airport and 60 minutes from Nausori Airport.

Aero plane, boat/ferry services are also available from Viti Levu to Taveuni Island.

Matei is a very popular area in Taveuni because of the Airport and Tourist development in the area like Taveuni Island Resort, Maravu Lodge, Taveuni Palm and Dive Resort.

Sun City Supermarket and other shopping Centre is close by in the vicinity.

### **4. MARINA MARKET**

Fiji is quickly becoming a one of the premier yachting destination in the world, in spite of lack of facilities. The international visiting yachts contribute some 30 million per year for the last 3 years. Savusavu already has the demand to fill out marina, which is visited by approximately 536 out of 700 annual Fiji visiting yachts. The average length of stay ranges from 71 days for vessels greater than 80ft and 185 days for vessels less than 80ft. Average spend for vessels greater than 80ft is FJ\$213,571 and FJ\$22,775 for vessels less than 80ft. Vuda Marina in Viti Levu is at 95% of capability and looking to expand. Denarau was at 95% of capacity prior to the cyclone damage in December 2012. Nawi Island in Savusavu Marina will provide some of the most protected moorings in the South Pacific. In Taveuni Soqulu Marina is becoming popular.

## **PROPERTY RIGHTS VALUED**

The property rights valued are the freehold interest.

### **FREEHOLD LAND TENURE SYSTEM**

Under the threat of war with Tonga and to repay a large debt to the United States, the self-proclaimed Tui Viti (King of Fiji) ceded Fiji to Britain in 1874. Subsequent to cession, native land, freehold land, and crown (now known as state land without title) lands were identified surveyed, and titled. The lands that had been previously claimed by nonnatives became freehold, whilst the remainder became native lands. Native customary lands currently represent approximately 89% of total lands. Freehold land is divided by traditional freehold (8%) and state freehold (3.5%).

## **NEIGHBORHOOD ANALYSIS**

A neighborhood is a group of complementary land uses. It can also be described as the area within which economic, environmental, governmental and social forces affect all surrounding properties, in the vicinity, in the same way as it affects the subject. Therefore, the neighborhood boundary must be delineated to conduct a thorough analysis.

The neighborhood in which the subject is located is Matei. This is much sought after destination for Resort, Residential development, game fishing, dining and shark feeding, and the spectacular tropical jungles.

## **SITE ANALYSIS**

A site is land that is improved so that it is ready to be used for specific purposes. It can have both onsite and off-site improvements.

## **ZONING AND LAND USE**

Investigations reveal that there is no approved town-planning scheme for this locality is close to Taveuni Rural boundary and any approval will require the consents Town Council in conjunction with the Director of Town and Country Planning.

## **ASSESSMENT AND TAX INFORMATION**

The subject vacant freehold block is within Matei under Cakaudrove Planning Scheme. However, the Cakaudrove Rural Local Authority in conjunction with the Directorate of Town and Country Planning controls all developments.

## **UTILITIES**

The site has access of Government water supply, Electricity power supply and solar power is currently on the properties generator and solar establishment.

## **SOILSCONDITION**

No soil reports have been provided. It is an assumption of this report that the soil conditions are adequate to support uses. It is also assumed that no environmental or health hazards are present on the surface, subsurface on/or surrounding the subject site. No hazards were apparent during the valuer's inspection of the property.

Zoning regulations establish the permitted uses of the property, determining the type of structure.

## IMPROVEMENTS



Bure No. 1



Bure No. 2



Bure No. 3 and Restaurant

### ACCESSIBILITY

It can be reached by plane from Nadi / Suva (one hour) or by ferry from Suva or Lautoka (approx. 12 hour trip).

Matei airstrip is located on the opposite side from the subject site however has limited flights from Viti Levu and Savusavu.

### ENVIRONMENT

In terms of climates, this region is said to be experiencing maritime and tropical climate, as experienced on other parts of the country.

Environmental considerations are natural or man-made forces that affect a geographic location. The current developments with new works have incorporated the surrounding environments.

During the cyclone months, November to April, tropical storms are sometimes experienced. The normal path of these storms is along the south western coast of Vanua Levu and south of Taveuni, and the western and northern side of Viti Levu which generally passes through following the southeast direction. However the resort has some natural protection from southeast bound trade winds.

## VALUATION

### SALES METHOD

Identifies genuine property sales that are comparable to the subject property with the necessary adjustments made on the unlike features to arrive at the value of the subject.

### LAND VALUATION

The subject Freehold property is unique in its location being frontage the coastline and facing the Pacific Ocean and North Taveuni Island.

To estimate the value, we have checked recent land sales in Fiji, especially vacant freehold land sales and analyzed its unit value for comparison to the subject herein.

**Sales Comparison Method** – identifies genuine property sales that are comparable to the subject property, with the necessary adjustments made as to the unlike features, to arrive at the value of the subject property. In particular we noted recent sales of the following comparable properties within the locality:

**Sales Analysis:** Some sales of freehold properties are stated hereunder.

No	Address/Locality	Description	Sale Price/Date	Remarks
1	MATEI	CT 18402 LOT 8 DP 4552 AREA - .1955HA ZONING – HOLIDAY HOME PURCHASER – PHILIP M. MILLS & STEPHANIE L. MILLS VENDOR – HENRI T. & ADALE L. BOUDREAU	\$1,066,031.88 8 <sup>TH</sup> MARCH 2016	LAND - \$450,000.00 Or \$230.00/M <sup>2</sup> IMPR - \$616,031.88
2	MATEI	LOT 5 DP 7429 AREA - .02010HA ZONING – SPECIAL	\$932,286.55 (USD475,000.00)	LAND - \$400,000.00 Or \$199.00/M <sup>2</sup> IMPR - \$532,286.00
3	VACALA	LOT 1 DP 9494 AREA - .2118HA ZONING - SPECIAL	\$902,845.93	LAND - \$400,000.00 Or \$189.00/M <sup>2</sup> IMPR - \$502,845.93
4	SAVAILA ISLAND	ITLTB 29761 LOT 1 SO 6357 AREA -0.3932 HA ZONING –CIVIC PURCHASER –EMEMI CAPITAL LTD VENDOR- SHORE EXCURSIONS (FIJI LTD)	\$1,742,500.00 19 <sup>th</sup> October,2015	Vacant Land Land -\$1,742,500.00 (\$4,432,000.00per/ha)  Small land area
5	SAVASI SAVUSAVU	CT11/932 LOT 2 DP 9977 AREA – 10.7274 HA ZONING – RURAL PURCHASER – LADY BIRD LIMITED (SOLD WITH LOT 3 DP 9977) VENDOR – LIFE PROPERTIES LIMITED	\$4,189,466.48 11 <sup>TH</sup> NOV 2013	Part of Savasi Island

From the above sales we noted that the similar type of interest i.e. Resorts, Holiday Homes and special interest were sold between \$1,000,000.00 to \$4,000,000.00 depending on the size of land and type of development carried out.

The subject property is freehold sandy beach frontage containing two blocks with total area of one acre and one block is improved with 3 cottages / villas, restaurant whilst the other block of half and acre is yet to be developed. This is a unique property i.e. opposite the Airport, Sandy Beach and just opposite Matei Airport. We noted that the near comparable in the area with less land area and 2 bedroom house was sold for \$1,066,031.88. The subject herein has big land area with resort development of 5 bedrooms, 6 bathrooms.

In comparison, the subject herein is much superior in location, land area is double the size and development of Villas, holiday home accommodation has been in operation on half the land area and marketed to oversea clients. Assessment is based on its average two (2) years performance of \$367,000.00. Gross profit after trading and 15% is estimated as other expenses, the Net profit is \$312,000.00 if the appropriate rate of capitalization say 12% is applied, the Capital Value of the Coconut Grove Beach Front Villa & Restaurant is the sum of \$2,589,000.00. It is noted that the operation is on the half acre only know as Lot 12 DP 4552. The other half acre is on the adjacent Lot 13 DP 4552 which is vacant and ready to be developed. The total assessment of the one acre freehold beach front property is the sum of Three Million.

## VALUATION

After considering all factors appertaining to the Valuation Assessment of one acre Beach front freehold property known as Lots 12 and 13 DP 4522, we form the opinion that the Open Market Value is the sum of **USD1,500,000.00 (ONE MILLION FIVE HUNDRED THOUSAND DOLLARS) or FJD3,000,000.00 (THREE MILLION DOLLARS).**

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