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MRICS

VALUATION REPORT

**Residential Property (House)
at Block 4E Parcel 465
West Bay North West**

For

Client & Intended Users:

**Mr. Bud Volinsky
The Bridge Foundation
Grand Cayman
Cayman Islands**

December 2020

Ref.: 25136c/MM



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A Instruction, Property Details and Opinion of Value

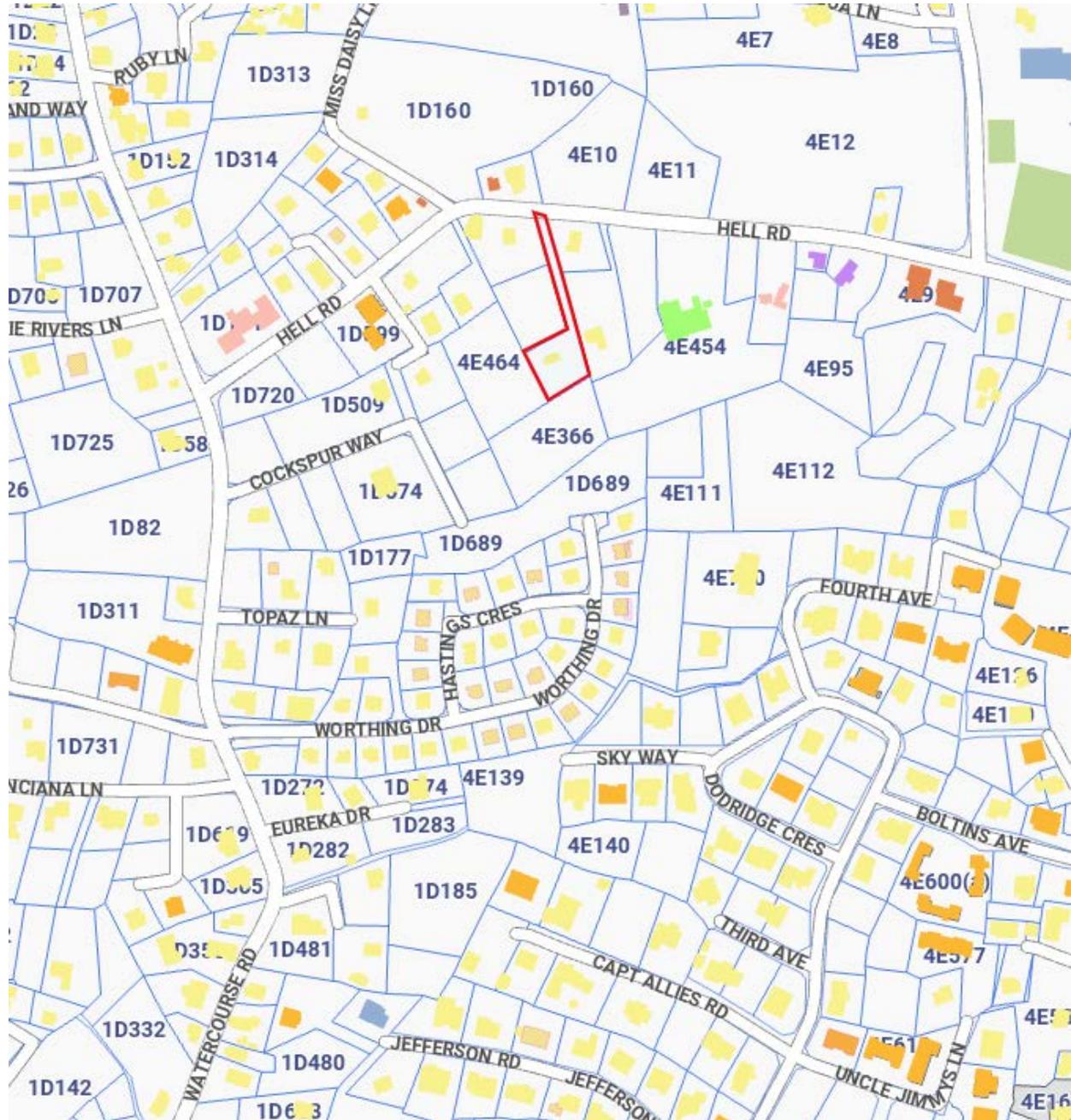
Client & Intended Users:	Mr. Bud Volinsky The Bridge Foundation, Cayman Islands
Details of Instruction:	Written from Mr. Bud Volinsky. Terms of engagement executed on 8 December 2020.
Surveyors Name:	Michael McGrath MRICS AAPI CPV
Date of Inspection:	10 December 2020
Valuation Date:	10 December 2020
Report Date:	17 December 2020
Purpose of Valuation:	Acquisition
Type of Valuation:	Residential Property (House)
Basis of Valuation:	Market Value
Approximate Age of Property:	30 years with a recent addition
Property Description:	Single storey residential dwelling
Title:	Private/Absolute
Registered In The Name Of:	ORETT OSTBY BANKER, West Bay, Grand Cayman.
Opinion of Market Value:	In our opinion the Market Value of the subject property is: CI\$185,000

See reduced copy of Land Registry documents for the Appurtenances and Encumbrances.

C Development, Accommodation and Condition

Location:

The subject property is located on the southern side of Hell Road, situated a short distance to the east of Watercourse Road in the West Bay North West registration section of Grand Cayman. The subject property is located within close proximity to various amenities situated in West Bay and the Seven Mile Beach corridor. George Town, the Capital and business centre of the Cayman Islands is approximately 6 miles to the south. The surrounding area comprises a mixture of single family residences, apartment complexes and undeveloped land. The parcel's exact location is highlighted on the attached Land Registry map extract.



C Development, Accommodation and Condition

Zoning:

Low Density Residential

Elevation:

According to Government Lands and Survey data, the land lies at approximately 4 to 5 feet above mean sea level and may therefore be prone to flooding in exceptionally inclement weather.

2018 Aerial Image *Source: Cayman Islands Government – Lands and Survey Department (on-line facility)*



Registered Area of Parcel:

Acres	=	Sq. Ft
0.48		20,909

C Development, Accommodation and Condition

The Development:

The subject property comprises a 'hatchet' shaped generally level inside allotment improved by a single level detached residence. The dwelling is currently being utilised as an office for The Bridge Foundation and currently does not have a kitchen or bathroom.

Accommodation:

Room	Qty.	Comments
Floor/s	1	
Living	1	
Kitchen	1	No cabinets or fixed appliances. Plumbing in place.
Study	1	
Bedrooms	1	
Powder room	2	One accessed within the main dwelling and one accessed via the covered deck
Covered deck	1	

External Works:

Steel pole and chainwire fencing
Loose gravel driveway
Landscaping

Gross External Area of Building:

Living	549 Sq. Ft.
Covered Deck	581 Sq. Ft.
Total	<u>1,130 Sq. Ft</u>

C Development, Accommodation and Condition

Condition & Finish:

We have undertaken only a limited inspection for valuation purposes. JEC have not undertaken a structural survey or tested any of the services. Overall the subject property appeared to be in generally a good state of repair and order taking into consideration its age and form. We have not been supplied with a survey report prepared by any other firm. Commenting on the structural integrity of the building is outside the scope of this report. For an assessment of structural integrity of the property we would recommend a structural survey.

Substructure/Foundations and Ground Floor:

Concrete Block Pilasters

Timber floor

External and Load Bearing Walls:

Lumber stud walls

Internal Walls:

Lumber stud walls

Roof:

Structure and covering: Pitched lumber structure with corrugated zinc coverings

Eaves soffits and facias: Painted plywood eaves, metal vents, painted lumber facias

Windows:

Single hung aluminium framed with insect screens

Doors:

External: Hollow core

Internal: Hollow core

All doors are complete with frames, trims and hardware.

External Finishes:

Painted T1-11

Painted plywood

Internal Finishes:

Walls: Painted sheetrock.

Floors: Ceramic and porcelain

Ceilings: Painted finish on sheetrock

D Specification

Standard sanitary fixtures comprising:

Lavatory basins

W.C. suites

Kitchen appliances comprising:

Fridge/Freezer

Services:

Water/Plumbing

Mains water

Water heater

Outside faucets

Electrical Installation (Not tested)

Average number of lighting and power points for age of building

Exterior lighting: To building corners at eaves

Interior lighting: Average quality light fittings throughout

Air Conditioning

Wall mounted A/C unit

Drainage

Septic tank

Furnishings:

Not included in this valuation

E Valuation

Sales Comparison Approach:

In making a determination of the value of the subject property, we have based the valuation upon the Market Data or Sales Comparison Approach. This is a method of estimating market value by comparing the subject property to recent sales of similar properties. The comparison unit used is the square foot and adjustments are made to allow for variable factors such as size and shape of the property, date of sale, condition and location. We have researched sales of comparable properties within the immediate and surrounding areas which are detailed below:-

Block & Parcel	Area in Sq. Ft.	Land Area in Sq. Ft.	Date of Sale	Price in CI\$	CI\$ per Sq. Ft.	Remarks
1D 523	1,475	22,216	Nov 19	268,450	182.00	Accessed via a VROW

Description:

The property comprises a duplex offering a 2 bed 1 bath and 1 bed 1 bath duplex units. Built about 2005.

Comparison:

Similar size site. Similar location. Larger improvements. More functional. Considered superior with a positive movement in value post the sale date.

Block & Parcel	Area in Sq. Ft.	Land Area in Sq. Ft.	Date of Sale	Price in CI\$	CI\$ per Sq. Ft.	Remarks
4E 146	2,802	21,780	Apr 19	264,130	93.26	Capt. Allies Road

Description:

The property comprises a single level residence providing 3 bedroom 2.5 bathroom accommodation. Built about 1994.

Comparison:

Similar size site. Superior location. Larger improvements. More functional. Considered superior with a positive movement in value post the sale date.

Block & Parcel	Area in Sq. Ft.	Land Area in Sq. Ft.	Date of Sale	Price in CI\$	CI\$ per Sq. Ft.	Remarks
5B 263	960	6,730	Apr 19	149,200	155.42	Henning Lane

Description:

Improved by a single level timber framed residence built in the 1970's.

Comparison:

Smaller site. Slightly superior location. Similar size improvements. Inferior.

Block & Parcel	Area in Sq. Ft.	Land Area in Sq. Ft.	Date of Sale	Price in CI\$	CI\$ per Sq. Ft.	Remarks
4E 483	1,445	20,473	Jun 19	200,000	138.41	Rev Blackman Road

Description:

Near regular shaped inside parcel improved by a very basic Texture 1-11 residential building. The sale represents land value. Zoning: Medium Density Residential.

Comparison:

Similar size site. Similar location. Larger improvements. Inferior condition. Superior zoning. Considered slightly superior with a positive movement in value post the sale date.

Source: Cayman Islands Government – Lands and Survey Department (on-line facility)

E Valuation

Sales Comparison Approach: (Cont'd)

The local market in this area appears to be undergoing a period of sharp growth, fuelled by increasing buyer demand set against a comparative lack of available stock linked to emergency pension withdrawals. Agents in the area continue to report an increasing number of 'strong' results, and furthermore a larger than usual number of properties are being sought for purchase prior to scheduled marketing releases.

There are relatively few recent sales of properties which are directly comparable to the subject property. The shortage of recent directly comparable evidence restricts the ability of the valuer to make direct comparisons with recent sales evidence in this market segment. We have however had regard to available market evidence in assessing our valuation, making adjustments for points of difference and or changes in market conditions in the ensuing period, in the case of older sales.

Based upon the above listed sales and giving due consideration to the time that has elapsed since the transaction dates, and making due allowance for the location, size, specification, condition and the investment characterises of the subject property, we have determined, in our opinion, a current market value using the comparable sales approach to be in the region of **CI\$185,000** or approximately **CI\$163.72** per sq.ft..

Investment Approach:

This method assesses what level of net revenue can be generated by letting the building and what yield in terms of percentage return on invested capital would be a reasonable expectation for a business investor in this type of property. To apply this approach, I have taken the actual or likely rentals and projected these to a gross annual income and deducted those outgoings that would be the obligation of the owner (repairs, insurance and management, etc.) to arrive at a net income from the property. This figure is then capitalised at a reasonable rate of return that an investor for the type of property could expect.

The process of converting an annual income from a property to a total investment is known as capitalisation. This assumes a relationship between income and value depending on the yield requirement of an investor. The yield requirement is based on how much an investor will be prepared to pay for the right to receive the present and future monetary benefits from the property having regard to the alternative forms of investment available.

The Investment Approach does not provide an accurate indication of Market Value for this type of property and will therefore not be applied.

Market Commentary:

The real estate market in Grand Cayman has generally been experiencing a period of positive growth over the past 3 years. In particular, the Seven Mile Beach Corridor, South Sound, Rum Point and Grand Harbour have seen strong market growth, fuelled by increasing buyer demand set against a comparative lack of available stock. Agents in the area continue to report an increasing number of 'strong' results, and furthermore a larger than usual number of properties are being sought for purchase prior to scheduled marketing releases. The strongest gains have been limited to the seafront condo market on Seven Mile Beach and development land within the corridor. Prestige canal-front or seafront property has also performed well across the island with rising underlying land values helping to lift values in general.

The district of West Bay has also seen an increase in demand with improved access since the opening of the Esterley Tibbetts Bypass. Areas to the east of Grand Harbour have experienced much more modest growth with gains being price point specific. Demand for inland property above CI\$600,000 in these areas is still very limited and prices must be competitive to achieve a sale. The availability of vacant land in these areas and a continued flow of mortgagee properties for sale has contributed to keeping growth limited.

Government incentives for first time Caymanian buyers has propped up demand for property under CI\$400,000. This has encouraged a large number of new developments catering to this demand with many now under construction or in the presale stages.

Grand Cayman is now at a point with record numbers of new developments being approved or in the early stages of construction. As of the middle of March, due to the COVID-19 global pandemic, unprecedented restrictions on international travel and 'social distancing' measures have been enacted in most countries. It appears likely that a global recession is imminent. The tourism sector in the Cayman Islands has been significantly impacted and the broader economy is under stress. Significant job losses within the tourism sector have occurred and resulted in reduced rental values and mortgage stress. Global share and commodity prices fell sharply at the beginning of the pandemic; however, they have generally recovered though the financial markets are still considered volatile.

To date, we have seen little transactional evidence to suggest a decrease in sale prices/market values post the beginning of the pandemic, however, transactional volumes decreased dramatically during the 'lockdown' period and a number of purchasers withdrew from contracts. In April 2020, the Cayman Islands Government changed legislation in order for people to make a onetime withdrawal from their pension funds. This initiative along with the easing of 'lockdown' restrictions and the fact that COVID-19 is considered to be under control in the Cayman Islands has resulted in a number of properties transacting over the past three weeks and real estate agents and developers are reporting good levels of interest despite these unprecedented times. Further, there has been an increase in interest from North American buyers as they view the Cayman Islands as a safe haven. The situation is certainly dynamic and there may be greater than usual fluctuations and market uncertainty in the near term.

E Valuation

Summary:

	<u>Cl\$</u>
Sales Comparison Approach	185,000
Investment Approach	-

Market Value:

Having considered the proven valuation methods to the subject property, we are of the opinion that the subject property is most appropriately valued by using the Comparable Sales Approach. Having regard to all the preceding factors, we are of the opinion that the Market Value of the above described property is in the region of:

CI\$185,000
(One Hundred and Eighty Five Thousand Cayman Islands Dollars)
(excluding furnishings)

Material Valuation Uncertainty:

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainly – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the subject property under frequent review.

Validity:

This valuation is current as at the valuation date only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 6 months from the valuation date, or such earlier date if you become aware of any factors that have any effect on the valuation. However, it should be recognised that the 6 month reliance period does not guarantee the value for that period; it always remains a valuation at the valuation date only.

Status of Valuer:

We confirm that Michael McGrath is a Chartered General Practice Surveyor who is acting as an External (Independent) Valuer and who has the knowledge, skills and understanding to undertake the valuation competently. We confirm that the Valuer has no interest in the subject property, either present or prospective, direct or indirect, financial or otherwise and is not associated with the party with whom the Bank is dealing or any agent.

PREPARATION OF VALUATION:

This Valuation has been prepared by
J.E.C. PROPERTY CONSULTANTS LTD.



.....
MICHAEL MCGRATH MRICS AAPI CPV
CONSULTANT CHARTERED SURVEYOR

F Assumptions and Limiting Conditions

DEFINITION OF VALUE:

"MARKET VALUE" is defined by the International Valuation Standards Committee as:-

“The estimated amount for which an asset or liability 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 the parties had each acted knowledgeably, prudently and without compulsion”.

CERTIFICATION:

We hereby certify that to the best of our knowledge and belief, the statements contained in this valuation report are correct and no responsibility has been assumed for matters which are legal in nature. The valuation assumes marketable title. Employment in and compensation for making this report are in no way contingent upon the value. We further certify that we have no interest, present or contemplated, in the property valued nor have any material connection with either the lender or the borrower and that we have undertaken this valuation in the capacity of External Valuers.

The report has been prepared in accordance with the RICS Valuation Professional Standards, (the “Red Book”) except as may be varied by your instructions.

The legal description and title of the subject property have been obtained from the Cayman Islands Land Registry and a copy of the register and a Land Registry map is attached to this report unless otherwise stated we assume that where the property is developed that planning and building control consents have been granted. These documents are assumed to be true and correct and our valuation report relies entirely upon their accuracy.

In order to arrive at a supportable opinion of value, it was necessary to utilise both documented and hearsay evidence of market transactions. A concerted effort has been made to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct and has been gathered according to procedures and principles which are laid down by the Royal Institution of Chartered Surveyors. Comparable sales prices have been obtained from the Cayman Islands Land Registry, or as reported to us by the Realty Companies active in the subject area or by published reports.

The opinion of market value excludes the following:-

- a) Selling expenses
- b) Legal fees and expenses
- c) Stamp duty or other fees levied by Government
- d) Furniture, contents and possessions
- e) Sales commissions

F Assumptions and Limiting Conditions

We have assumed no responsibility for matters legal in character, nor do we render any opinion as to title, which, is assumed to be good. All existing liens, encumbrances or encroachments, if any, have been disregarded and the property appraised as though free and clear. This report is intended for the sole use of the client and their representatives and no reliance on its contents by third parties will be accepted under the principles of Hedley Byrne & Co. Ltd. –V- Heller & Partners Ltd., (1963). Photographs, sketches, etc. presented in this valuation report are included for the sole purpose of illustration.

No legal survey or soil test reports concerning the subject property have been presented to us. Accordingly, no responsibility is assumed concerning these matters, or other technical or engineering techniques which would be required to discover any latent or inherent hidden defective condition of the subject property.

For the purposes of this valuation, therefore, we have assumed that the subject land and property are free from any defects as stated. Parcels sizes have been obtained from the Land Register unless otherwise stated. The property rights valued exclude any mineral rights or values arising therefrom.

Possession of this valuation report, or a copy thereof, does not carry with it the right of publication. Neither the whole nor any part of this valuation report or any reference thereto may be included in any published document, circular or statement, nor published in any way without the valuer's written approval of the form and context in which it may appear.

It is assumed that there are no charges against the subject property which would have a bearing on the market value, except for those, if any, noted in the report and on the Land Register.

It is assumed that the buildings are structurally sound and in need of no immediate repairs, unless noted within the report. **It is not intended that this valuation report is to be read as a structural survey report.** We have **not** carried out a structural survey nor have we inspected woodwork or other parts of the property which are covered, unexposed or inaccessible, and such parts will be assumed to be in good repair and condition. The report will not purport to express an opinion about or to advise upon the condition of un-inspected elements and should not be taken as making any implied representation or statement about such elements.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement or calcium chloride additive or any other potentially deleterious material has been used in the construction of this property or has since been incorporated and we are, therefore, unable to report that the property is free from risk in this respect. For the purposes of this valuation, we have assumed that such investigation would not disclose the presence of any such material in any adverse conditions.

We have not arranged for any investigation, inspection or test of any of the services in connection with the subject land and property - gas, electrical, water (cistern, mains, well, hot, cold, waste), drainage (septic tank, sewage disposal or treatment and mains) or air conditioning. We are, therefore, unable to report that the services have been correctly designed and/or installed or that they are in accordance with the byelaws and regulations appertaining to the property. For the purpose of this valuation, we have assumed that such investigation or test would not disclose any adverse defects.



THE
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FOUNDATION





