



VALUATION REPORT
for
La Salle straat # 13.
ARUBA, D.W.I.

22 May 2024 v.2.0 24P05

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Appendices:

- cadastral plan and summary 1-E-336
- floor & site plans
- google earth
- bench mark study hotel rooms Oranjestad 2024

Literature:

- CBA-CBS-ATA yearly statistical updates
- kosten bibliotheek BKConsult 1982-2023
- Knirsch ea; Hotels-Planen and Gestalten
- Cahners ea; Hotels-Motels Design, planning and maintenance
- Trutes ea; Hotel planning and design
- Kuehle ea; The appraisal of Real Estate
- Kousemaecker; Onroerend Goed

0 Summary

has requested to value a property in the La Salle straat # 13, Oranjestad (lot 1-E-336).

The property is in a very poor state of maintenance and cannot be seriously used for value rental at the moment. The 'as is where is' value is AWG. 2.45 million.

The specific details of these properties and conditions are described extensively in this report.

In chapter II all relevant information on the properties is given.

In chapter III the necessary market related information is given.

In chapter IV the valuation models are described and calculations are made.

In chapter V investors information is given on Aruba.

This report has been prepared in the period of the 3d week of May 2024.

Prepared by Ir. Bert Kamsteeg, M.Sc.
BKConsult N.V.

I Introduction

This report has been prepared at the request

The property to be valuated consist of one 3 -storey building and a 1-storey building, all part of a hard-surfaced and fenced in land area. The property is located on a main thoroughfare in Oranjestad, just outside the city centre.

The property has 1 tenant. The property is being exploited as a hotel, with restaurant. However mos rooms are closed and/or not ready for rental. The restaurant is not operational.

This report valuates the market value of the property to date

II Description physical properties

This information is given as it determines the land preparation and building construction costs.

****Property A.:***

Neighbourhood.

The property is located in Oranjestad, on the edge of the city centre. In the ROPv 2021, this area is classified as 'Residential living area'. In this area, adjacent to the main road, up to 6 storeys high can be build, density up to 80%. Usage, a wide variety of possibilities allowed; commercial, apartments, hotels, medical, education, entertainment.

The property is at 20 minutes driving distance from the Aruba International Airport and about 15 walking minutes from the main shopping street of Oranjestad.. The beautiful beaches at the Caribbean sea are a 20 minutes drive away. All the roads are paved, with hard-surfaced side-walks.

Public transport passes along the property at regular intervals all day. The property has no space for parking though. The nearest public parking is at 5 minutes walking distance (Post Office).

Property title.

The property title of this land is registered to

The cadastral registration is: 1-E-336.

The official address is La Salle straat #13.

The total original land area is 1.140 m².

Building.

There are 2 buildings on the property. One building is 3 stories high and has hotel units in several sizes; 14 studios of 35 m², 1 suite of 70 m² and 2 one-BR apartments of 35 m². The other building is a restaurant with reception. Total build-up floor area is 1.080 m². There is a small pool on the property and a landscaped garden.

Technical description.

The buildings are made of ceramic block masonry and concrete beams and floors. The corridor railing is made of a lightweight cement panel. The roof is of metal roof sheets on timber purlins and trusses for the apartments and ABC corrugated roof sheets on wooden trusses with purlins for the restaurant. The floors are smooth finished cement, while the ceilings on the ground and 1st floor are made of gypsum board. Window and door frames are made of hardwood. The rooms are fully equipped with bathrooms, cement vanities and ceramic sanitary ware. The units have all electrical and air-conditioning. The finished hotel rooms and restaurant are fully furnished. We note that the building is in a poor state of maintenance. In some areas repair works have started and some paintwork has been done, but still a lot is to be done to bring the building to an acceptable tourist and artistic level. The upper floor is basically an unfinished shell. The outside areas are finished with tiles in poor state and pavers. The pool itself is in a very bad, neglected state. Some pool furniture is present. Around the building there is some landscaping.

Utilities.

The building are below ground connected to the utility grids for electricity, potable water,

sewerage, telephone, high speed internet and cable TV.

Economic life.

The building was build in the early 80-ties. Considering a well build complex, a remaining normal economic life of at least 60 years can be expected, assuming a regular and quality maintenance programme. The building is in a state of neglect, and needs a lot of deferred maintenance; concrete repairs needed, cracks in walls, painting deteriorated, water damages, leaking sewage, dirty. Furthermore a quality upgrade is needed, to be able to function as a special city hotel. Even service staff, as their were a few rooms occupied, was not present really.

III Market related information

*General

The Oranjestad area is ideal for activities related to the residential living or hospitality, because of the good location. In the direct vicinity, all kind of activities can be found. However there are no parking places directly at the property. But at 5 minutes walking distance there is a large Public parking at the Postal office and University.

The following methods are available for the valuation of the property:

- Cost / Depreciation method; This method uses the current re-construction costs of the building and land acquisition costs as basis, taking into account the state of maintenance and its age.

- Income Capitalisation Method; With this method potential lease income of the property, minus on-going expenses to operate the property and to keep it in good shape are capitalized in to a present day value. This is the method most used for commercial and hospitality properties worldwide.

- Comparison Method; This method compares the prices of recent sales of similar properties in the area. For this method a good public record needs to be available. This is not the case in Aruba. Furthermore, many times the building itself is part of a limited liability company (N.V.) that is being sold, making it a different type of transaction (shares), which is not publicly recorded.

For the purpose of this valuation we performed a bench mark survey of the development of the rental fees for these type of buildings in this area, as Aruba's tourism industry has fully recovered again. The information is attached.

We notice that the prices have remained basically the same. There are limited properties listed in this area.

The normal nett rental fees for this area, for commercial space now varies between AWG. 35,- and 45,-/m², depending on the specifics of the property. For well-kept hotel rooms in Oranjestad we noted prices of around AWG. 250,-/m² up to AWG. 330,- /m² (unit size 35-50 m²), depending on season and quality level.

The tourism market is flourishing (again), with high occupancy numbers and very healthy room rates. Tourist spending is higher as 2019. The Aruban Government reports budget deficits and with the elections coming up next year is expected to spend these deficits fast. While the Aruban Government is working on the introduction of the VAT system or changes to the BBO system. The consequences are still considered worrisome by large investors and business groups, as they cannot fix their pricing.

In this report the May 2024 prices have been used, including the international inflationary effect, transport rates and euro/dollar rate at this moment.

IV Valuation of the property

The following methods will be used for the valuation of the property:

- cost/ depreciation method;
- income capitalisation method.
- comparison method.

IV-1 Cost/ depreciation method

This method uses the current re-construction costs of the building and land acquisition costs as basis, taking into account the state of maintenance.

A detailed cost estimate has been made for the re-construction of this building. Furthermore a field survey has been done to determine state of maintenance.

The land re-sale value we determine at:

parcel	area m ²	value AWG
1-E-336	1.140	342000

In the table the total reconstruction cost is calculated:

<i>description</i>	<i>area</i>	<i>reconstruction value (AWG)</i>
buildings and amenities	1.080	4387300
landscaping		27500
utility provisions		17500
fees		210000
pre-opening, unforeseen		30000
TOTAL		4672300

Considering depreciation of the 40 plus years for the building and its actual poor state of maintenance, as well the fact that the upper floor is a shell, the Building Value, without the land is AWG 2.100.000,- (rounded, remaining lifespan 60 years, condition class between 3.5 and 4.0 (low)).

Combined with the land value this gives us a Cost Value of AWG 2.450.000,-.

IV-2 Income Capitalization Method.

With this method potential income of the property will be determined. Taking into account the operational expenses of the developed property to keep it in good shape and the financing/ mortgage costs of the buildings, as well as other relevant expenses, the Investment Value has

been calculated. We emphasize though that the property at this moment is not suitable for guest rentals.

-Revenue:

Based on the bench market study we use AWG. 250,-/ room per night for the standard room and AWG 330,-/room per night for the suite. A conservative occupancy of 80% is assumed, based on the Aruban market, making for 292 room nights/year. Of course this needs special client attention.

Income from restaurant operations. Based on local industry standards for a 25 seat restaurant, a reasonably operated restaurant can at the moment generate AWG. 85,- per seat per room night.

room type	quantity	room nights	rate in AWG	total income
studio + 1-BR	16	292	250	1168000
suite	1	292	330	96360
total room revenue per year AWG				1264360
restaurant revenue	35	292	85	868700
Total possible revenue for the property is AWG/year				2133060

Investment value:

Industry standards, based on detailed feasibility and operational financial studies shows us that the operational costs for this type of hotel in Aruba, with a city location, are estimated at 35% of the revenue. This represents an amount of AWG. 746.570,-.

The calculations below are based on the local interest rates at commercial banks and other recognized financial institutions for property loans, at this moment we see rates fluctuating between 5½% (low), up to 8% (high). We use 6% for this calculation, considering climbing world interest rates.

The total possible nett income per year is AWG. 1.386.500,- .

Before the maximum rates as used can be realised, a considerable capital investment is needed for repairs and maintenance, as well as upgrade to level that can appeal to future guests. Time to market the new image must be taken into account as well. We estimate this amount needed, to be at least AWG.2.2 million.

The FF&E now present must be upgraded as well. This requires an additional investment of AWG. 155.000,-.

Furthermore the time needed to market the new hotel, is at least 1 year after the upgrade has been completed.

After the improvements and product upgrades are fully done, and calculating with an interest rate of 6% for all capital, the Investment Value of the property can be AWG. 21.000.000,- . Of course one needs to account with one year at least, of active marketing before full revenue can be realised.

IV-3 Comparison value.

Real estate sales for these buildings are very few. Furthermore the cadastral and mortgage Registry is not publishing sales records for easy comparison. Also many times the building itself is part of a limited liability company NV that is being sold, making it a different type of transaction (share), not public to acquire the specific sales value.

V Investors information of Aruba

-1 Introduction

Aruba is a safe, stable and friendly Caribbean island with Dutch roots. A former colony of the Netherlands, it later formed a part of the Netherlands Antilles before gaining its autonomy in 1986; under 'status-aparte' conditions; Aruba functions as an independent entity within the Kingdom of the Netherlands. Aruba's government is founded on democratic principles.

Aruba is located in the Southern part of the Caribbean sea, about 29 km off the coast of Venezuela. The island is 30 km long and 8 km wide with an area of 193 sq km. The capital is Oranjestad. The island has approximately 130.000 inhabitants, divided over 40 nationalities. The official languages are Dutch and Papiamentu. English and Spanish is widely spoken.

-2 History

Aruba's first inhabitants were the Caquetiios indians from the Arawak tribe, who immigrated from the main land, nowadays Venezuela. The settlements date back to 1,000 AD.

Europeans arrived in 1499 with Spanish discoverer, Alonso de Ojeda. Over 100 years the Spaniards remained the colonizer. Aruba has been under Dutch administration since 1636, first under the known Peter Stuyvesant who acted on behalf of the Dutch West Indian Company and later as part of the Kingdom of the Netherlands.

The islands economy was at first mainly agricultural and horse farming for the DWIC. In the 2d half of the 19th century this was replaced by gold mining, phosphate mining and aloe export. In the beginning of the 20th century oil refineries arrived on the island to process crude out of the Maracaibo lake fields in Venezuela. During World war II the 2 oil refineries in Aruba, together with the one in Curaçao, even supplied the allied forces with a substantial part of the refined products needed for the war effort.

As of the beginning of the 1960-ties tourism started growing and has since then grown into the main pillar of the Aruban economy.

-3 Political status

Historically, Aruba was part of the Netherlands Antilles, a six-island federation which also included Bonaire, Curaçao, St. Maarten, St. Eustatius and Saba. Together they form the Caribbean component of the Dutch Kingdom. Today the Kingdom consists of 3 partners: Holland, Aruba and the 5 islands of the Netherlands Antilles. In 2011 the constitution of the Netherlands Antilles shall change where 3 island shall have a direct oversees provisional status with the Netherlands, while Curaçao and St Maarten shall also pertain a 'status-aparte' relation.

As a result of this 'status aparte' agreement, Aruban affairs; aviation, customs, immigration, communications, and other internal and external matters are now handled autonomously by Aruba. The Kingdom retains responsibility for defence and foreign affairs.

Aruba has its own constitution based on Western democratic principles and manages its own aviation, customs, immigration, and communications. Briefly stated, this political status is a form

of commonwealth with Holland and sister islands, with which Aruba retains strong economic, cultural and political ties.

The Governor is appointed by the Queen of the Kingdom for a term of six years and acts as the sovereign's representative on the island. The Legislature consists of a 21-member Parliament, the so-called Staten, elected by popular vote for a four-year term of office. The Council of Ministers, presided over by the Prime Minister, forms the executive power. Legal jurisdiction lies with a Common Court of Justice of Aruba and the Netherlands Antilles and ultimately with a Supreme Court of Justice in the Netherlands.

-4 Tourism

Aruba attracts over 1,000,000 international stay-over visitors annually and enjoys the highest return rate in the Caribbean. Over 500.000,- visitors arrive for a day with over 300 cruise ships yearly.

Perfect weather, its hospitable people and world renowned beaches are the most compelling factors for return visits. Also important are the island's mix of luxury high-rise and casual low-rise resorts, its unique, natural beauty and culture, abundant land and sea activities, safety and security, and long-time friendships.

Over 70% of the guests come out of the USA, while the remainder is from other international destinations. The average time they stay on the island is over 7 nights.

-5 Economy

Aruba is characterized by an open economy which, because of its small scale, is mostly dependent upon imports from other countries.

The main economic activities in Aruba are tourism, banking and transportation. The locally manufactured goods exported used to be to a large extent semi-finished petroleum products. However the refinery has been closed for a number of years now, with very limited chance of re-opening. Nowadays export is limited to small quantities of plastic bags, soaps/disinfectants, printed textiles, refined sugar and rice products. There is also still an active transshipment business in petroleum products.

Since most goods must be imported, it has become necessary to expand Aruba's export market in order to maintain a proper balance of trade.

The liberal economic policies of the Aruban government are aimed at accomplishing such, by actively stimulating the establishment of "export-oriented" or "import-replacement" companies in Aruba.

The promotion of small sustainable business based on the UN sustainability principles, is a priority for the government because of the fact that small business adapts more rapidly to changes in the market with appropriate support and encouragement and provide much needed stability to the economy.

The island has a first class international airport with direct daily flights to Europe, the USA, Canada, Venezuela, Colombia and Panama. The Airport has a complete pre-clearance US-INS

and Customs facility to facilitate travel to the USA. While plans are in the make to create similar facilities for travel to the EU.

Aruba also has 3 large harbour ports; one serving mainly the petro-industry, one for all commercial and tourist (cruise) vessels and one serving container and industrial ships. There are plans of further developing the cruise harbour. Adjacent to this industrial port the government is planning to create a new free zone area for which the legal frame work is already in place.. There are weekly shipping connections from Europe and the USA, as well as other international destinations.

The Aruban currency is the Florin. The official denomination is AWG. One US\$ is apr 1.79 Florin.

VI Limiting Conditions

The report is provided for the sole use

Areas where stated are approximate and for information only. The values are given on actual prices as normal in the market at this time.

The report has been prepared with the skill, care and diligence reasonable to be expected of a consultant working under RVOI-conditions.

Kadastraal uittreksel (object) beperkt

Registratie bijgewerkt t/m	27-6-2022
Inzage per	28-6-2022
Referentie	2022-2706
Prijs uittreksel	AWG 16,00

Kadastrale aanduiding object

Kadastrale aanduiding	1 E 336
Index	

Objectgegevens

Grootte	1140 m ²
Omschrijving	Zakenpand en erf
Herkomst	Kadastraal perceel
Bladnummer	4
Bladvolgnr en ruit	G/5
Locatie	de la Sallestraat 13 Aruba

Gerechtigde **1/1 Eigendom**

Rechten

Recht verkregen bij	C register deel/nummer 1043/42
Type akte	Verkoop en koop
	koopprijs AWG 1.100.000,00
	ingeschreven op 7-7-2017 13:50:00
	verleden op 6-7-2017 voor mr. T.R. Johnson

In dit uittreksel zijn eventuele hypotheken en beslagen buiten beschouwing gelaten.

Dienst Landmeetkunde en Vastgoedregistratie

Omschrijving	LEGENDA Inwinning		Puntsymbool
	Gedigitaliseerd	Terristisch	
Afdelingsgrens			Kolk klein
Sectiegrens			Riool- / inspectieput
Bladgrens			Electriciteitsmast
Kadastrale grens			Telefoonmast
Hoofdgebouw			Electr. -/telefoonmast
Bijgebouw			Lantaarnpaal
Overige lijnobjecten			Lichtmast
Cultuurgrens			Afsluiter waterleiding
Perceelnummer	2513		Brandkraan
Perceelnummer verdraaid	4400		Verkeerspaal/-bord
Huisnummer	19A		Verkeerslicht
Straatnaam	Kerkstraat		Schakelkast electriciteit
			Schakelkast telefoon
			Regelkast verkeerslicht
			Boom


Technische informatie






DATUM	GETEKEND	KWITANTIE NR.
28 / 06 / 2022	FS	2022 - 1363

Kadastrale			
Schaal	Afdeling	Sectie	Blad

Small hotel bench mark May 2024

City Hotel (Oranjestad)	Period low \$	Period High \$	Photo	Details
Talk of Town	158	180		Queen- King – Pool – 69 rooms- Beach walking distance.
Wonder	135	157		Deluxe 24m2 – King 19m2 - Pool
Victoria	132	132		Queen
RH boutique hotel	220	300		Queen- Pool- Restaurant
Camacuri residence	126	252		23 rooms - Pool
Punto di Oro	85	110		One and two bedrooms - Pool

Noord hotel	Period Low \$	Period High \$	Photo	Details
Coconut inn	92	108		Double bed 30/35 m2 – pool – 40 rooms
Montana eco	116	190		Queen – twins
Blue Village	89	115		Queen – 2 single 40 m2 – pool – restaurant

Caribbean Palm village	136	221		King 40m2- pool 0 restaurant – 170 rooms
Arubiana Inn	100	135		King- pool – restaurant – 18 rooms
Boardwalk	410	575		45 m 2 cottage – pool – Beach walking distance

Monastery Estate

Write a description for your map.

Legend

Monastery Estate

Beauty Flow Hair Salon

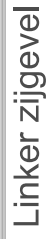
Monastery Estate

Google Earth

Image © 2022 Maxar Technologies

40 m





TERRAS

Schaal 1:100
Opp:164

PROJECT TITEL: Monastery Suits Restaurant	PAGINA:
TYPE TEKENING:	
DRAWN BY:	1:100
SCHAAL:	-
TEKENING#:	-
DATUM:	



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