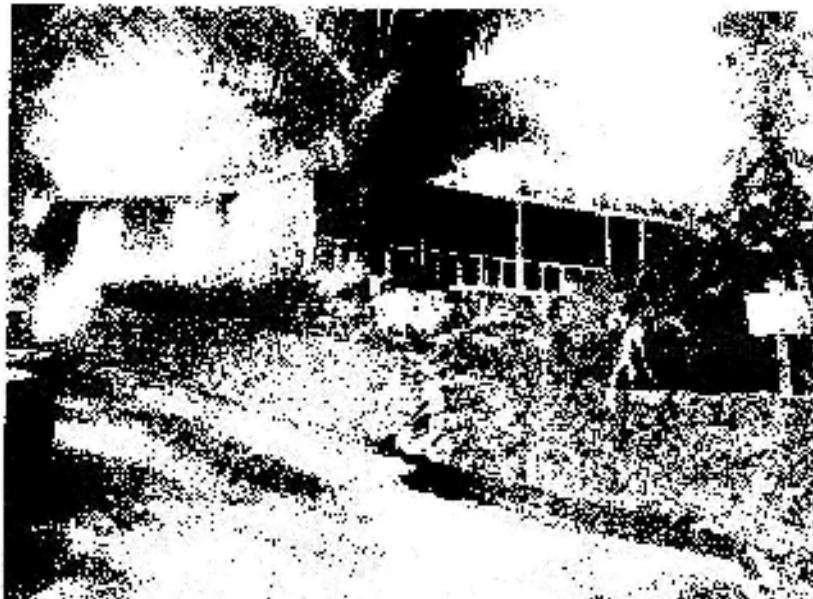


VALUATION REPORT

SUBJECT PROPERTY: TOULIA HARBOURVIEW LTD
LEASE No. 7802
TOULIA, VAVAU



OCTOBER 2010

MR VIJILA MATI B.Tech. Land Management (PNGUT)
VIJILA MATI & ASSOCIATES
Consulting Land Management Property Valuers
PO Box 111, Suva

CONTENTS

	PAGE
INSTRUCTION	1
PURPOSE	2
VALUATION DATE	2
TITLE PARTICULARS	3
ENCUMBRANCE	3
ZONING	3
LAND	4
LOCATION	4
LOCATION MAP	5
SURROUNDING DEVELOPMENT	6
SERVICES AVAILABLE	6
IMPROVEMENTS	6
GENERAL COMMENTS	15
VALUATION APPROACH	15
DISCLAIMER	15
VALUATION	16
RESEARCH SUMMARY	17-24

(2)

INSTRUCTION : I refer to instruction by Scott Percy to undertake a valuation of the Toula Harbourview Ltd Property at Toula, Vava'u.

I have undertaken my valuation on the basis of 'Open Market Value' being defined as:

The price at which the property might reasonably be expected to be sold at the date of the valuation assuming:

- i. *A willing, but not anxious buyer and seller and*
- ii. *A reasonable period within to negotiate the sale, having regard to the nature and situation of the land and the state of the market for land of the same kind, and*
- iii. *That property will be reasonably exposed to the market and*
- iv. *That no account is taken of the value or other advantage or benefit additional to market value, to the buyer incidental to ownership of the property being valued.*

PURPOSE : To determine the Market Value of the above-mentioned property to be used by Toula Harbourview Ltd for Sale negotiations.

DATE OF INSPECTION : 11th October, 2010

DATE OF VALUATION : 11th October, 2010

(3)

TITLE PARTICULARS : The subject property is legally described as Lot 2 Survey Plan 215/157 occupied on a Lease 'Deed' basis registered as Lease No.7802 details hereunder as follows:

Lessee	-	Lafitani Tonga
Lessor	-	Government
Area	-	5414 m2
Rental	-	\$100
Period	-	50yrs (18/3/2010 – 17/3/2060)
Purpose	-	Business
Location	-	Toula, Vava'u

Please note that the Cabinet Decision No.239 dated 20/3/2010 approved to transfer the above Lease from Lafitani Tonga to Toula Harbourview Ltd at a Sale Price of US \$320,000.

The above transfer is yet to be formalized by Toula Harbourview and the Ministry of Lands.

The property was formerly known as the Marcella's Nite Club.

ENCUMBRANCE : The subject property is free of financial liens.

ZONING : There are no formal zoning codes in the Kingdom of Tonga. However, the subject property notes the prime land use as 'Commercial'.

(4)

LAND

The site is rectangular in shape being a corner lot with street frontage of 61.7 metres and a depth of 77 metres comprising an area of 5414 square metres (1a 1r 14p).

The land is about 1.5 metre above street level then gently slope to rear boundary with broken contours throughout the mid-section being defined and marked with stone retaining walls and well layout with landscapes and concrete foot paths connecting apartments with the main office and restaurant building.

LOCATION

The subject property is located in the township of Toula of about 5 minutes drive from Neiafu Central Business District.

More precisely, it is located in a newly township extension of Toula towards the coastline with a good wide view of the Harbour and Neiafu Township.

Its central location enjoys privacy and easy access to main traffic network to and fro Neiafu.

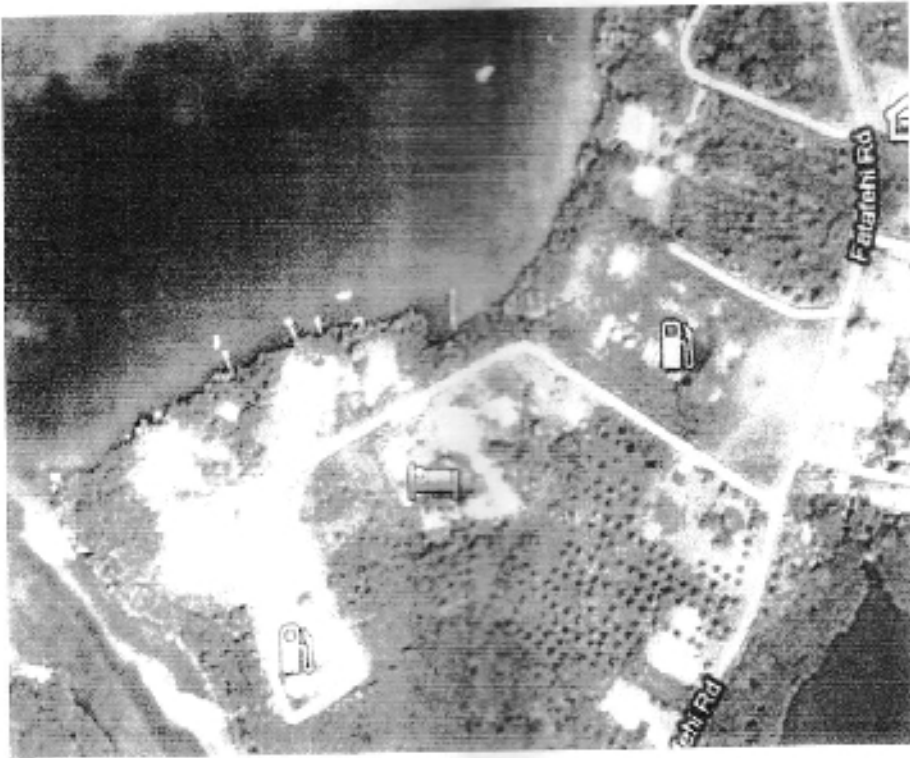
The locality has been recently developed with a mixture of high class and quality dwellings, resorts and scattered refurbished dwelling houses.

A map depicting the exact location of the subject property is attached.



View of Neiafu Harbour

LOCATION MAP



KEY :  Subject Property

(6)

**SURROUNDING
DEVELOPMENT :**

The surrounding development is a mixture of residential premises, The Blue Highway Resort and Tonga Gas Depot. Along the coastline is a number of individual own piers.

Toula central township is located to the south while Paradise International Hotel is within a kilometre from the subject property.

**SERVICES
AVAILABLE :**

All town services such as water, overhead electricity and telephone are connected to the subject property.

The street is still gravel filled and of fairly poor condition.

IMPROVEMENTS :

1. BAR & RESTAURANT



The building is an octagon shape comprises a total floor area of 287 square metres with an open verandah of 70 square metres in area erected in the year 2001.

It is constructed on reinforced concrete foundation walls, plastered concrete blocks exterior walls and sheltered with corrugated iron roof.

(7)

Interior construction is mainly concrete walls with concrete columns supported the mid-section. Ceilings are plywood timber lined with exposed rafters while concrete floor is covered with ceramic tiles.

Swing doors are full length glaziers framed with timber at front entrance and all rooms are solid-core. Windows are predominantly louvers framed with mosquito wire net.

Internal Layout provides the following:

- i) Dining & Lounge - open space
- ii) Guest Room
- iii) Kitchen
- iv) Office
- v) Store Rooms (2)
- vi) Linen Room
- vii) Male & Female Toilet
- viii) Laundry Area

The verandah is sheltered by corrugated iron slanted roof supported by treated wood posts with pre-mould cement parapet walls.

The verandah offers a very wide view of the Harbour head and exposed to breezes.

The Bar and Restaurant is of average condition and requires improved maintenance.

(8)

2. APARTMENTS

No.1



A single fale constructed on concrete foundation walls, plywood timber exterior walls and sheltered with corrugated irons having an area of 36 square metres with a verandah of 12 square metres in area.

Interior constructions are lined with hardboards ceilings and walls with varnished timber floor.

The fale comprises of a bedroom area with a bathroom and toilet.

It is of average condition.

No. 2 & 3



(9)

A single fale divided into 2 identical rooms having a total floor area of 50 square metres. It is constructed on reinforced concrete foundation walls, plastered concrete blocks exterior walls and sheltered with corrugated iron.

Door is solid-core and windows are louvers framed with mosquito wire-net.

Each room comprises of a bed-room area with a bathroom and toilet. A bench for private cooking supplied to each room.

It is of average condition.

No.4 & 5



Construction is similar to No. 2 & 3

(10)

No.6



Similar in construction to Fale No.1 except that floor area is only 25 square metres with a verandah of 75 square metres.

No.7, 8 & 9



(11)



A split-level Fale constructed on reinforced concrete foundation walls, plywood exterior walls and sheltered with corrugated irons.

Interior construction is plywood ceiling lined with exposed rafters, laminate hardboards walls and concrete floor is covered with ceramic tiles.

Each room has an area of 30 square metres with areas for double & single bed and a bathroom & toilet.

A bench for stainless steel sink and private cooking. Each room is provided with hot water panels.

Each verandah is sheltered with corrugated irons supported by treated wood posts attached to main roof with timber parapet walls having an area of 15 square metres.

The fale is in good condition.

No.10



(12)

The fale is constructed on reinforced concrete foundation walls, part plywood timber and concrete blocks exterior walls and sheltered with corrugated irons having an area of 80 square metres with a verandah of 17 square metres.

Interior construction is plywood boards ceiling, part plywood and hardboard walls and concrete floor is covered with ceramic tiles.

The fale comprises of 2 bedrooms, Living area, kitchen & dining and a bathroom and toilet.

The fale is of average condition.

Outdoor Fale



A Tongan Fale type constructed on dirt floor (covered with sand) sheltered with thatched coconut leaves (pola) on timber roof frame supported by treated coconut posts with open walls.

The thatched roof requires immediate replacement. The open fale comprises an area of 23 square metres.

(13)

Tennis Court



Concrete slab of about 392 square metres with part concrete blocks and stone retaining walls. Part of the retaining walls requires repairs and renovations. The court is clearly defined with a 2 metre high cyclone fence.

Concrete Footpath & Landscape



(14)



Each fole are connected from the Bar and Restaurant with concrete footpaths aligned with tropical gardens and trees.

Stone walls and concrete steps to broken contours from street frontage provide good landscaping to the site as a whole.

Accommodation Rate Per Night

Fale No.1-9	-	\$180 + \$30 for extra person
Fale No.10	-	\$230

Occupancy Rate is not very high but only seasonal.

GENERAL COMMENTS : Land dealings in Tonga lack consistency in approach and value. The leasehold nature of ownership, birthright entitlement to land and the non-existence of town planning zoning make identifying a true market value basis difficult in the extreme.

The valuation is determined having regard to the Highest and Best Use of the property which is Commercial.

The subject land consists of excess area for further development if requires.

VALUATION APPROACH : This valuation is based on the information supplied. Therefore, the most applicable approach for the subject property is the Replacement Cost Approach with comparison to comparable sales around the locality.

DISCLAIMER : This valuation is for the use only of the Toulas Harbourview Ltd for security purposes. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

(16)

VALUATION : The Market Value of Toulia Harbourview Ltd at Toulia,
Vava'u as at 11th October, 2010 is considered to be set at:

: \$1,081,000

(ONE MILLION AND EIGHTY-ONE THOUSAND PA'ANGA)

Please note that the above valuation exclude value for chattels and furnitures etc.



Viliula Mafi - Licensed Professional Valuer.

RESEARCH SUMMARY

SALES

1. Lease No.5842
Approved by CD 710 dated 2/7/2008 to transfer from Tonga Investment Limited to Pacific Properties Limited at a Sale Price of \$931,500.

Details of Lease:

Lessor - H.M The King
Area - 5484 m2 (1a 1r 16.8p)
Rental - \$5000 p.a
Period - 50 yrs (20/4/1995 - 19/4/2045)
Purpose - Commercial & Office
Location - Neiafu, Vava'u

Remarks:

A commercial lease located in the heart of Neiafu CBD fronting the main Fatafehi Road.

Consists a two storey concrete building erected in the mid 1960's and of average condition let as office space, backpackers and Retail and Wholesale stores.

There are 3 other buildings let to 'Alatini Fisheries, local cafeterias and stores.

The land is steeply fall from street level to a firm reclaiming land at rear boundary. However, the subject lease has a wide view of the harbour head and the surrounding coastline area of Neiafu.

ANALYSIS:

Improvements is estimated to be valued at \$500,000.
LLI is estimated to be \$431,500

Adopted Rate = \$80.00 per square metre.

(18)

3. Lease No.4574

Approved by CD 709 dated 2/7/2008 to transfer from Tonga Investment Limited to Epic International Limited at a Sale Price of \$17,000.

Details of Lease:

Lessor	-	Government
Area	-	169 m2 (6.7p)
Rental	-	\$120.00 p.a
Period	-	50 yrs (9/5/1973 – 8/5/2023)
Purpose	-	Copra Shed
Location	-	Neiafu , Vava'u

Remarks:

A vacant land gradually slope from a side street off from Fatafehi Road in the heart of Neiafu CBD along the coastline.

ANALYSIS:

Adopted rate for this sale is \$100.00 per square metre.

3. Lease No 4420 A

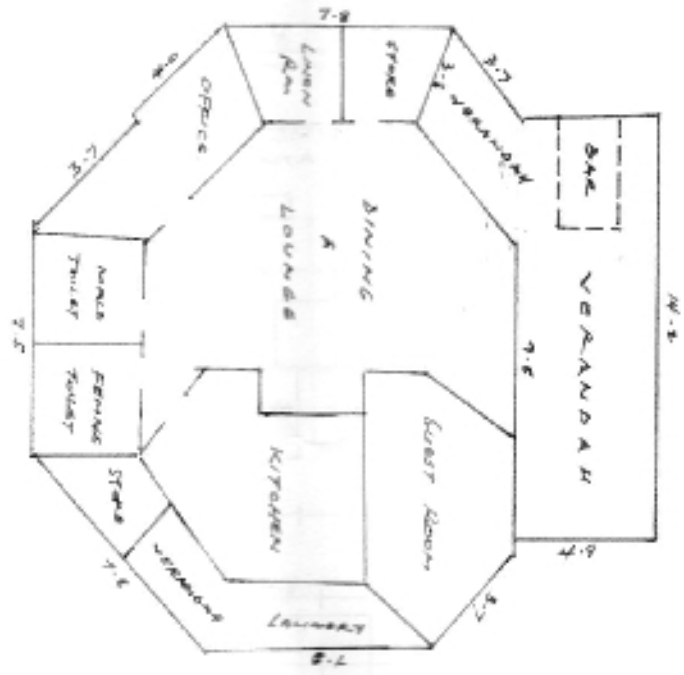
The subject Lease was transferred from Olga Moa to Lennie & Manjula Nitt approved by CD 615 dated 11/4/2002 at a Sale Price of \$170,000.

COMMENTS:

- 1) It is noted that the previous sales at Vava'u only occurs within the Neiafu Central Business District.
- 2) There are no comparable sales within the immediate area of the subject property.
- 3) To derive a suitable rate for the subject property, it is recommended that adjustment to rates at Neiafu with regards to time of sale, area and purpose. Therefore, a rate of **\$80** per square metre should be adopted for land.
- 4) Construction rate for buildings vary from \$800 - \$1,200.

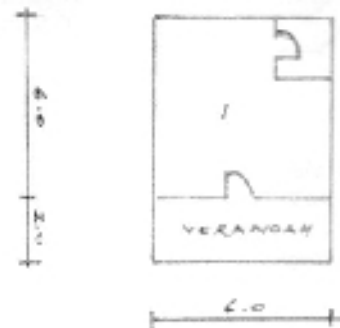
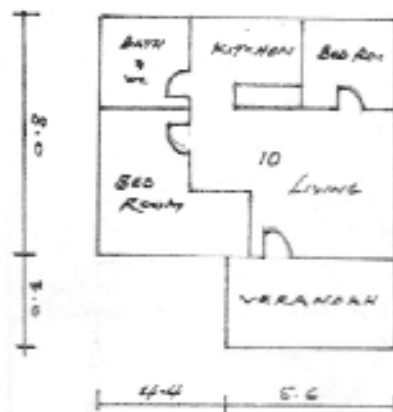
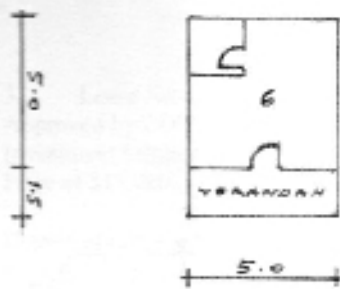
SKETCH FLOOR PLAN OF BAR & RESTAURANT
AT THE TOULA HARBOUR VIEW LTD - TOULA.

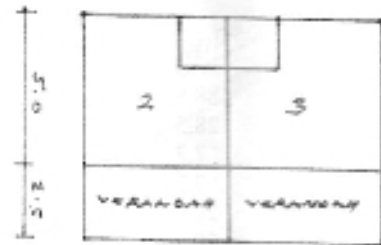
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SKETCH FLOOR PLAN OF APARTMENTS

Scale 1:200.

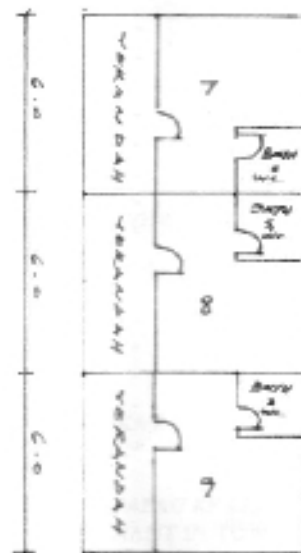




10.0



2.5 5.0



FLOOR AREA CALCULATIONS

1. BAR & RESTAURANTS

14.5 m	x	13.0 m	-	188.5
7.5 m	x	3.8 m	-	28.5
3.8 m	x	1.9 m	-	7.2
3.8 m	x	1.9 m	-	7.2
6.9 m	x	3.0 m	-	20.7
6.9 m	x	3.0 m	-	20.7
3.8 m	x	1.9 m	-	7.2
3.8 m	x	1.9 m	-	7.2
				287.2 m ²

Verandah

14.2 m	x	4.9 m	-	69.58 m ²
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2. APARTMENTS

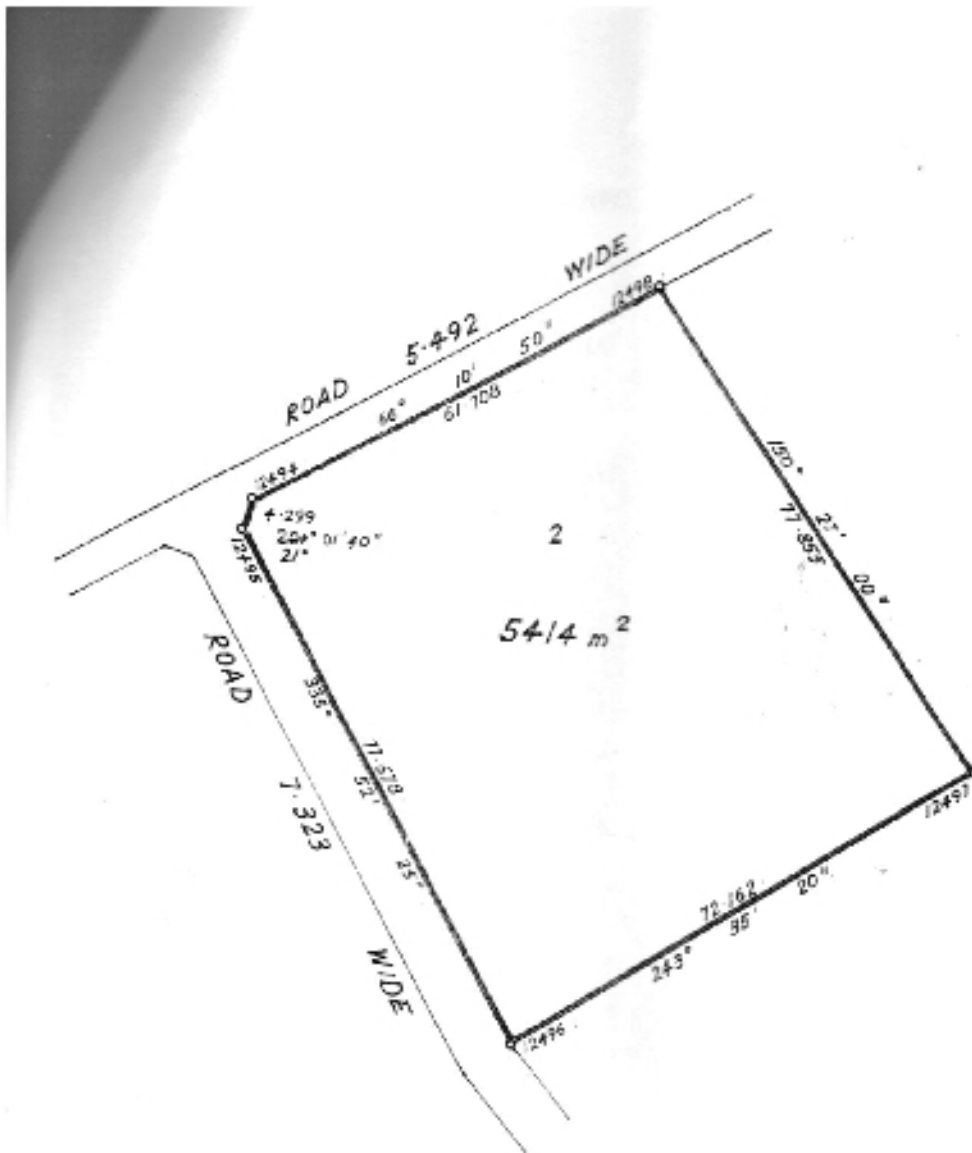
No.1	6.0 m	x	6.0 m	-	36 m ²
Verandah	6.0 m	x	2.0 m	-	12 m ²
No. 2 & 3	10.0 m	x	5.0 m	-	50 m ²
Verandah	10.0 m	x	2.5 m	-	25 m ²
No.4 & 5	10.0 m	x	5.0 m	-	50 m ²
Verandah	10.0 m	x	2.5 m	-	25 m ²
No.6	5 m	x	5 m	-	25 m ²
Verandah	5.0 m	x	1.5 m	-	7.5 m ²
No.7,8 & 9	18.0 m	x	5.0 m	-	90 m ²
Verandah	18.0 m	x	2.5 m	-	45 m ²
No.10	10.0 m	x	8.0 m	-	80 m ²
Verandah	5.6 m	x	3.0 m	-	16.8 m ²

3. OUTDOOR & BBQ PALE

6.0 m	x	3.0 m	-	18.0
2.5 m	x	1.0 m	-	2.5
2.5 m	x	1.0 m	-	2.5
				23.0 m ²

4. TENNIS COURT

28.0 m	x	14.0 m	-	392 m ²
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Scale 1:800

Exit Date 9/2/10.

SIPINGA FIKA 7
FORM NO. 7

TOHI 'O E TOE FAKAPAPAU KE LISI
FORM OF ADDITIONAL COVENANT IN TOWN LEASES

ku fakapapau heni 'e he Lesi pe ko e kau faitohi tuku, pe kau pule mo kinautolu 'oku hoko au 'e 'ikat ke langa pe
e Lessee for himself, his executors, administrators and assigns doth hereby covenant that the said Lessee will not at any time

ke langa i he kekele 'oku 'au heni 'i ha taimi ha fale ta'e tomua ma'u ha fakangofua 'a e Minisitua Fonua pea ka
ke langa i he kekele 'oku 'au heni 'i ha taimi ha fale ta'e tomua ma'u ha fakangofua 'a e Minisitua Fonua pea ka

(24)

VALUATION

1.	Land	5414 m2	-	\$433,100
2.	Improvements			
i)	Bar & Restaurant		-	232,000
ii)	Apartments 1 – 10		-	273,800
iii)	BBQ Fale		-	4,000
iv)	Tennis Court		-	58,000
v)	Footpaths & Landscaping		-	<u>80,000</u>
			<i>Total Value of Improvements</i>	- \$647,800
3.	Market Value		-	\$1,080,900
			Adopt	\$1,081,000