KEY REAL ESTATE

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VALUATION OF

A parcel of land accommodating a 4-storey building
held under Certificate of Real Estate Ownership
No. 18010404-0828

GBT Guesthouse & Restaurant
Village of 4, Commune of 4, District of Mitteapheap,
Province of Preah Sihanouk, Kingdom of Cambodia.

Under legal interest of
Meas Sokreth and Thim Ponnawatey

Prepared for
RHB Indochina Bank Limited
(City Mall Branch)

Date: 18 January 2014

Ref: V14-401

Reported by CRT

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EXECUTIVE SUMMARY

Purpose of Valuation	:	Financing.
Date of Valuation	:	9 January 2014.
Type of Property	:	A parcel of land accommodating a 4-storey building.
Address	:	Village of 4, Commune of 4, District of Mitteapheap, Province of Preah Sihanouk, Kingdom of Cambodia.
Location	:	Fronts onto an unnamed pave road and is located about 400 meters and 500 meters due south-west Golden Sand Hotel and Two Lions Roundabout respectively.
Legal Description	:	Certificate of Real Estate Ownership No. 18010404-0828, Lot No. 828, Village of 4, Commune of 4, District of Mitteapheap, Province of Preah Sihanouk, Kingdom of Cambodia.
Land Area	:	829 sq.m.
Building Area (GFA)	:	1,884 sq.m.
Registered Owners	:	Meas Sokreth and Thim Ponnawatey
Market Value	:	**USD1,320,000** (One million three hundred and twenty thousand US dollars).
Forced Sale Value	:	**USD1,056,000** (One million and fifty six thousand US dollars).
Fire Insurance Value	:	**USD539,000** (Five hundred and thirty nine thousand US dollars).

1.0 Introduction

Property valuation is the process of forming an opinion of value-in-exchange under certain assumptions. Supply and demand within the property market as a whole and in specific submarkets will be changing all the time and therefore a valuation is a snapshot estimate of exchange price at a particular point in time. In our valuation practice, we use 5 common property valuation methods as follow:

Comparison Method

This approach considers the sales of similar or substitute properties and related market data, and establishes a market value estimated by adjustments made for differences in factors (such as time element, location, frontage, shape, size, lot type, tenure and other relevant factors) that affect value.

Cost Method

This approach considers the possibility that, as a substitute for the purchase of a given property, one could construct another property that is either a replica of the original or could offer comparable utility.

In practice, the approach also involves an estimate of depreciation for older or less functional properties where the estimated cost of a new replacement is likely to exceed the price that would be paid for the subject property.

Investment Method

This approach considers the net income that a property might generate, typically in the form of rent, and this income is capitalized using an appropriate yield at a suitable target rate of return.

Profits Method

This approach is most appropriate for properties occupied as business premises and in essence, attempts to determine the net operating profit from the trading accounts which is then capitalized using an appropriate yield.

Residual Method

This approach is used to estimate land value remaining from value of the completed development, measured in terms of Gross Development Value, after deduction of the costs of creating the development, Gross Development Cost, and the Developer's Profit requirement.

1.1 Terms of Reference

We have been instructed by RHB Indochina Bank Limited (City Mall Branch) to ascertain the current **Market Value, Forced Sale Value** and recommended **Fire Insurance Value** of a parcel of land accommodating a 4-storey building held under Certificate of Real Estate Ownership No. 18010404-0828, Lot No. 828, Village of 4, Commune of 4, District of Mitteapheap, Province of Preah Sihanouk, Kingdom of Cambodia (hereinafter referred as subject property) for **Financing** purpose.

1.2 Date of Valuation

The date of valuation is 9 January 2014. The site inspection of the subject property was carried out with the assistance of owner, Mr. Meas Sokreth.

2.0 PROPERTY DESCRIPTION

2.1 General Description

Type of property

The subject property is a parcel of land accommodating a 4-storey building.

Address

Village of 4, Commune of 4, District of Mitteapheap, Province of Preah Sihanouk, Kingdom of Cambodia.

Utilities/facilities

Public electricity, water supply and drainage system have been connected to the subject property.

Zoning

Our investigation and enquiry conducted with Commune of 4, revealed that the subject property is located within an area designated for mixed use.

However, at the date of our inspection we note that the subject property is currently located within commercial area.

Location

It front onto an unnamed pave road and is located about 400 meters and 500 meters due south-west Golden Sand Hotel and Two Lions Roundabout respectively.

It is accessible from Phnom Penh City Center via National Road No. 4, Ekareach Street and thence turning onto an unnamed pave road, totally travelling about 242 kilometers.

APPROXIMATE LOCATION OF SUBJECT PROPERTY

LOCATION OF SUBJECT PROPERTY CAPTURED FROM GOOGLE EARTH

Neighborhood

Within 1 kilometer radius from the subject property, there are market, schools, shops, banks, restaurants, hotels, guesthouses, petrol stations, pagoda, vacant land and residences.

Landmark

Golden Sand Hotel is located about 400 meters due north-east of the subject property.

Two Lions Roundabout is located about 500 meters due north-east of the subject property.

Sihanouk Province Referral Hospital and is located about 1.1 kilometers due north-east of the subject property.

Angkor Brewery is located about 3.2 kilometers due north-east of the subject property.

ANGKOR BREWERY

SIHANOUK PROVINCE REFERRAL HOSPITAL

2.2 Site Description

Land area

The subject site has titled land area of 829 sq.m.

Land shape

It is an intermediate lot and rectangular in shape.

Terrain

The site is generally flat and lies same as frontage road level.

Site Boundaries

	Description	Demarcation
North	Abuts onto neighbouring lot.	Plastered brickwalls.
South	Abuts onto neighbouring lot.	Plastered brickwalls.
East	Abuts onto neighbouring lot.	Plastered brickwalls.
West	Abuts onto an unnamed pave road.	Nil.

- Site plan of the subject property 'edged red' extracted from title deed is attached as follow:

2.3 Building Description

Erected on the subject site is a 4-storey building which is described as follow:

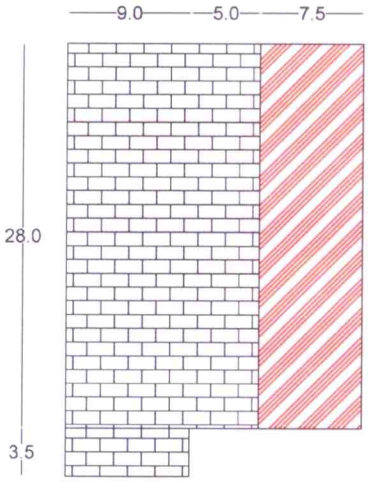
- Structure : Reinforced concrete frameworks.
- Floor : Ceramic tiles.
- Wall : Plastered brickwalls.
- Ceiling : Cement plaster and ceiling board.
- Roof : Roof tiles.
- Doors : Timber, metal and incorporating glass panels and glass panels.
- Windows : Aluminum casement incorporating glass panels secured by metal grills.

- Vertical access : Concrete staircase incorporating timber handrail.
- Accommodation : Guesthouse and mini mart.

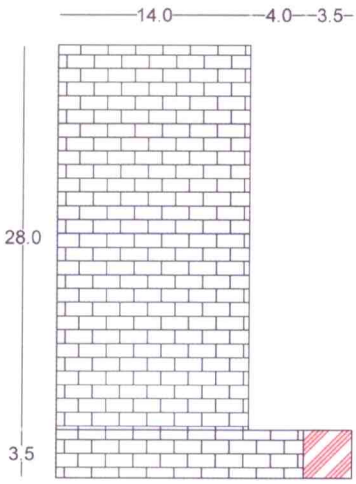
- Main floor area (MFA) : 1,662 sq.m.
- Ancillary floor area (AFA) : 222 sq.m.

- Gross floor area (GFA) : 1,884 sq.m.

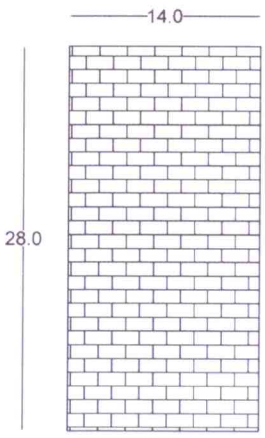
- Sketched floor layout plans of the building are attached as follow:



Ground floor



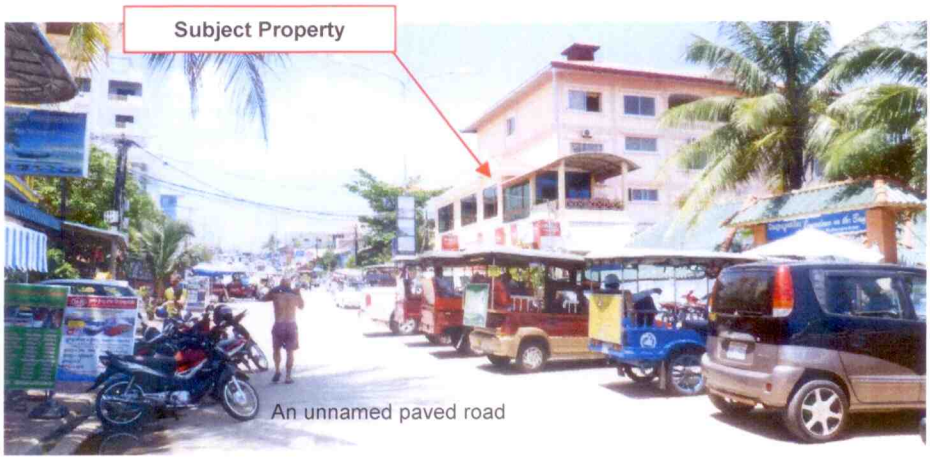
First floor



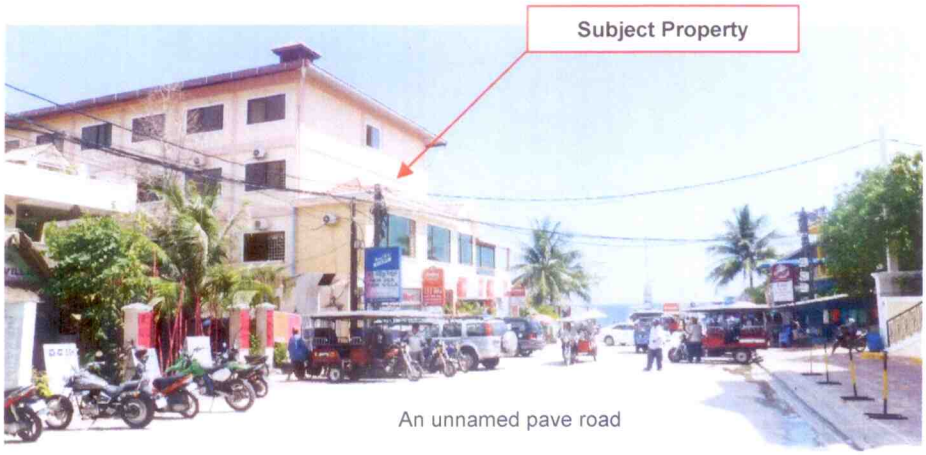
Second to third floor

2.4 Property Photos

VIEW FROM WESTERN ANGLE



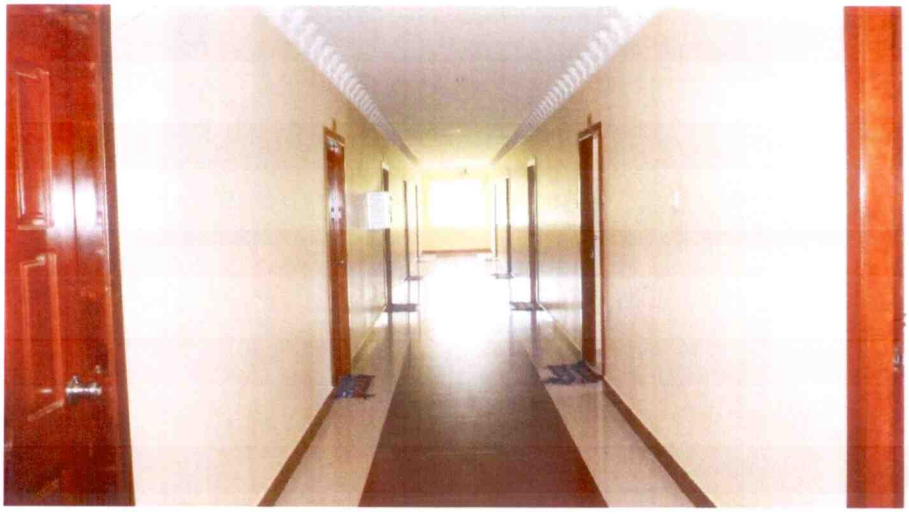
VIEW FROM SOUTH-WESTERN ANGLE



VIEW FROM NORTH-WESTERN ANGLE

VIEW OF GROUND FLOOR

VIEW OF BEDROOM ON GROUND FLOOR



VIEW OF FIRST FLOOR

VIEW OF TWIN ROOM ON FIRST FLOOR

VIEW OF SINGLE ROOM ON SECOND FLOOR

VIEW OF THIRD FLOOR

VIEW OF SINGLE ROOM ON THIRD FLOOR

3.0 SWOT ANALYSIS

The analysis groups key pieces of information into two main categories which are briefly described as follow:

3.1 Internal Factors

Strengths	Weaknesses
- The subject property is under hard title - It fronts onto paved road - It is rectangular shape - The terrain of the subject site is generally flat - The building is equipped with proper fire protection system - Subject property is being under commercial use	- It has limited parking lot

3.2 External Factors

Opportunities	Threats
- The subject property is currently located within commercial area - It is located within high density of population with 5 kilometers radius - It has alternative accessibilities - It can easily be converted into guesthouse, office, restaurant, and other workable business activities	- Nil

4.0 OCCUPANCY STATUS

At the date of our inspection, we noted that subject property is currently owner occupied and being operated as a guest house named 'GBT Guest house & Restaurant'.

5.0 TITLE PARTICULARS

Title particulars extracted from the copied title document provided to us by the client are as follow:

Legal Description	:	Certificate of Real Estate Ownership No. 18010404-0828, Lot No. 828, Village of 4, Commune of 4, District of Mitteapheap, Province of Preah Sihanouk, Kingdom of Cambodia.
Boundaries	:	North - Lot No. 829. South - Lot No. 827. East - Lot No. 842. West - Road.
Type of Land	:	Nil.
Land Area	:	829 sq.m.
Registered Owners	:	Meas Sokreth and Thim Ponnawatey
Summary of Evidence and Court Judgement	:	Purchased.

A photocopy of the aforesaid title deed is attached as **Appendix 'A'**.

6.0 BASES OF VALUATION

The bases of valuation adopted are as follow:

6.1 Market Value

It is defined as the estimated 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.

Market Value is understood as the value of a property estimated without regard to cost of sale or purchase, and without offset for any associated taxes.

6.2 Forced Sale Value

It is the amount that may reasonably be received from the sale of a property under forced sale conditions that do not meet all the criteria of a normal market transaction. It is a price which arises from disposition under extraordinary or atypical circumstances, usually reflecting an inadequate marketing period without reasonable publicity.

Forced Sale is an inappropriate mode of sale reflecting an unwilling seller condition, and/or disposal under compulsion or duress.

The recommended Forced Sale Value is arrived based on assumptions that the disposal of the property is carried out in a manner reflecting the position of an unwilling seller under conditions of compulsion or duress without an adequate period of marketing for the sale of such property.

6.3 Fire Insurance Value

It is the recommended total cost of reinstatement / reproduction of the building(s) erected on the site including costs of demolition and debris clearance plus the professional fees.

The recommended Fire Insurance Value for building does not include advice on cover for loss of rent or benefits, or cost of use of alternative premises during their period of reconstruction. Clients are therefore advice to seek guidance from professional insurance consultants in respect of their insurance needs.

7.0 VALUATION METHODOLOGY

In arriving at our opinion of the market value, we have used **Comparison Method** and/or **Cost Method** to value the Subject Property.

Using the Comparison Method, we have considered the sales of similar or substitute properties and related market data, and establishes a market value estimated by adjustments made for differences in factors (such as time element, location, frontage, shape, size, lot type, tenure and other relevant factors) that affect value.

Detail worksheet and comparable plan are attached as **Appendix 'B'**.

** Worksheet: Market Value Analysis*

8.0 OPINION OF VALUE

Based on our investigation and analysis, it is our opinion that the market value, forced sale value and recommended fire insurance value of the subject property as at 9 January 2014 are estimated to be as follow:

Market Value

USD1,320,000 (One million three hundred and twenty thousand US dollars).

Forced Sale Value

USD1,056,000 (One million and fifty six thousand US dollars).

Fire Insurance Value

USD539,000 (Five hundred and thirty nine thousand US dollars).

For and on behalf of
Key Real Estate Co., Ltd

KHAN SOVANNAROTH
Deputy General Manager
Professional Certificate
No. V-10079-01

ព្រះរាជាណាចក្រកម្ពុជា
ជាតិ សាសនា ព្រះមហាក្សត្រ

វិញ្ញាបនបត្រសំគាល់ម្ចាស់អចលនវត្ថុ

លេខ : 18010404-0828

ខេត្ត ក្រុង : ក្រុងព្រះសីហនុ
ស្រុក ខណ្ឌ : មិត្តភាព
ឃុំ សង្កាត់ : លេខ៤
ភូមិ : ៤

សន្លឹកផែនទីលេខ : 5730-III 19 c 3
លេខក្បាលដី : 828
ទំហំ : 829 ម២
ប្រភេទដី :
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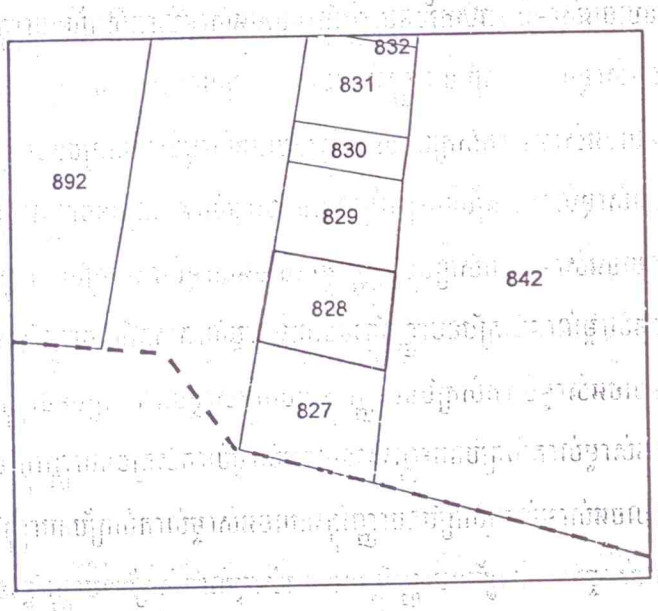

មាត្រដ្ឋាន 1/2000

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ស៊ុយ ស្រ៊ុន

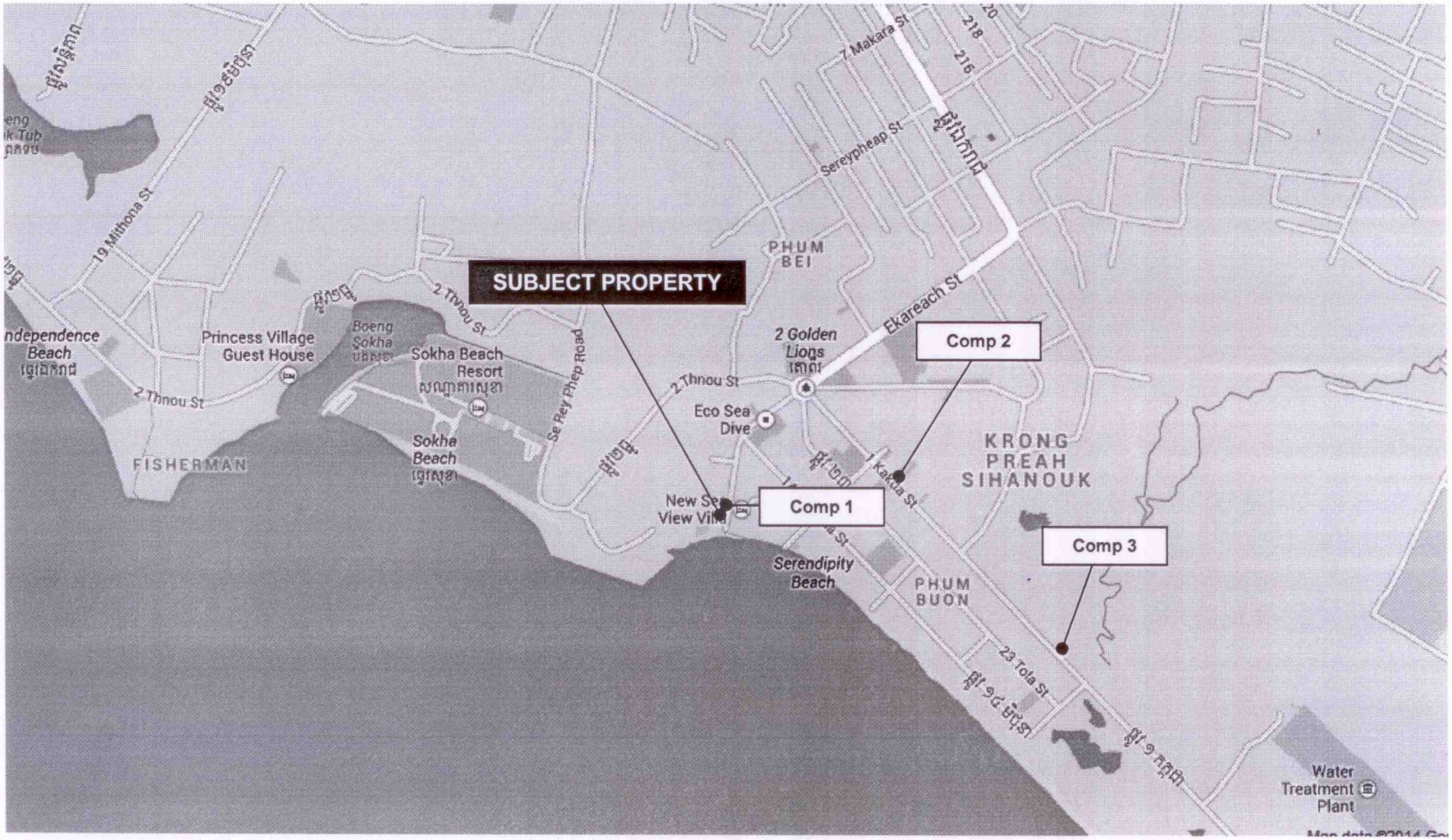
ប្រសិនលោកអ្នកបានទទួលវិញ្ញាបនបត្រសំគាល់ម្ចាស់អចលនវត្ថុនេះ តែលោកមិនបានចំណាយកាក់ក្តីទទួលនិញ-ផ្ទេរក្តី ទទួលបន្ទាំ ឬហ៊ីប៊ូតែកក្តី ឬជួលរយៈពេលវែងជាដើម ដូច្នេះលោកអ្នកកុំភ្លេចនាំម្ចាស់ដីទៅធ្វើលិខិតជាលាយលក្ខណ៍អក្សរ នៅចំពោះមុខមន្ត្រីមានសមត្ថកិច្ចដើម្បីផ្ទាស់ឈ្មោះ ឬធ្វើលេខាចរិកនៅការិយាល័យរៀបចំដែនដីនគរូបនីយកម្ម សំណង់ ក្នុងភូមិជាស្រុកដែលដីធ្លីលោកអ្នកស្ថិតនៅ ព្រោះបើកាលណាមិនបានធ្វើការកិច្ចទាំងនេះទេ ការទទួលវិញ្ញាបនបត្រនោះនឹងទុកជាការានាប្រាក់ស្លាកស្នាមកិច្ចមិនត្រឹត ឬទុកជាកន្លែងសិទ្ធិការបស់លោកអ្នកក៏ពុំបាន។

Comparison Method of Ref: **V14-401**

Property Detail		**Subject Property (SP)**	**Comp 1**	**Comp 2**	**Comp 3**
Property Type	:	A parcel of vacant land	Vacant Land	Vacant Land	Vacant Land
Address / Location	:	Village of 4, Commune of 4, District of Mitteapheap, Province of Preah Sihanouk	Village of 4, Commune of 4, District of Mitteapheap, Province of Preah Sihanouk	Village of No. 4, Commune of No. 4, District of Mittapheap, City of Sihanoukville,	Village of No. 4, Commune of No. 4, District of Mittapheap, City of Sihanoukville,
Land Area (sq.m)	:	**829**	**750**	**900**	**1,200**
Frontag (meter)	:	**23.3m x 35.6m**	**20m x 37.5**	**30m x 30m**	**30m x 40m**
Type of Information	:	-	Transacted Dec 2013	Current Asking	Current Asking
Source	:	Valuation on 10 Apr 2014	Owner	Owner	Owner
Asking amount (USD)	:	-	**$750,000**	**$414,000**	**$540,000**
Analyzed (USD psm)	:	-	**$1,000**	**$460**	**$450**
Negotiation / Market	:		5%	-10%	-10%
Adjustement Base	:		**$1,050**	**$414**	**$405**
Other factors					
Location	:	SP is 40 meters due of south of the sea	-	50%	50%
Reason	:		Similar	SP is better	SP is better
Size	:	829	-	5%	10%
Reason	:		Similar	Comp 2 is 1 time bigger	Comp 3 is 2 times bigger
Road condition	:	Pave road	-	-	
Reason	:		Similar	Similar	Similar
Frontage	:	23.3m x 35.6m	10%	-5%	10%
Reason	:		SP is better	Comp 2 is better	SP is better
Shape	:	Rectangular	5%	5%	5%
Reason	:		Similar	Similar	Similar
Lot type	:	Intermediate	-	-	-
Reason	:		Similar	Similar	Similar
Title	:	Hard title	-	-	-
Reason	:		Similar	Similar	Similar
Tenure	:		-	-	-
Reason	:		Similar	Similar	Similar
Terrain	:	same as frontage road level	-	-	-
Reason	:		Similar	Similar	Similar
Improvement	:		20%	20%	20%
Reason	:		SP is improved	SP is improved	SP is improved
Total adjustment	:		**35%**	**75%**	**95%**
Adjusted Value	:		**$1,418**	**$725**	**$790**

		Reconciliation Value	Adopted Market Value
Per square meter	:	$977	$980
Amount (USD)	:	$810,000	**$812,000**
Forced Sale Value (FSV)	:		$568,000

Cost Method - **V14-401**

Subject Property		Area (Sq.m)	USD/sq.m	Amount	
Land		829	$980		**$812,420**
Building					
Ground floor	MFA	423	$301	$127,323	
	AFA	210	$24	$5,040	
	GFA	**633**		**$132,363**	
First floor	MFA	455	$301	$136,955	
	AFA	12	$150	$1,800	
	GFA	**467**		**$138,755**	
Second & third floor	MFA	784	$301	$235,984	
	AFA	-	-	-	
	GFA	**784**		**$235,984**	
Total:	MFA	1,662	$301	$500,262	
	AFA	222	$31	$6,840	
	GFA	**1,884**	**$269**	**$507,102**	
Total Building Value:					**$507,102**
Reconciliation Value:					$1,319,522
Adopted Market Value:					**$1,320,000**
Forced Sale Value (FSV) - (80% of MV):					$1,056,000
Fire Insurance Value (FIV):					$539,000

COMPARABLE PLAN [**V14-401**]