Valuation Report
Beach Guest Hotel, Maiduguri
Borno state, Nigeria

Prepared by:

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Submitted to:

Mr. Adam Dimari
Primefield Limited
Alaka Estate
Lagos, Nigeria

28th May, 2014

JOB OJO &CO NO: 2006050000

28th May 2014

Dear Mr. Adam Dimari

Re: Beach Guest House, Maiduguri, Nigeria

In accordance with your request, we herewith submit our Valuation Report pertaining to the above properly. We have inspected the site and facilities and analysed the hotel market conditions in the Maiduguri. Job Ojo & Co has valued the prepared in accordance with the institution of Chartered Surveyor's (RICS) Appraisal and Valuation standards.

Based on the available data, together with our analysis and experience in the hotel industry, it is our opinion that the market value of the freehold interest in the property described in this report, as at May 2014, is:

#480,100,000.

FOUR HUNDRED AND EIGHTY MILLION ONE HUNDRED THOUSAND NAIRA

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings and valuation.

This opinion of value and the entire report are subject to the comments made throughout and to all assumption and limiting conditions set forth herein.

Yours sincerely
Job Ojo & Co

Consultant & Valuation Analyst
Director

Table Contents

1. Executive Summary

   …………………………………………………………………………1
2. Nature of the Assignment

   …………………………………………………………………………3
3. Description of the Hotel

   …………………………………………………………………………12
4. Valuation……………………………………………………………48

Addenda

Addendum 1- Photographs of the Beach Guest Hotel

1. EXECUITVE SUMMARY

Property:	Beach Guest House
Address:	332 Galadima Kyari Drive, Maiduguri, Nigeria.
Date of Inspection:	
Interest Valued:	Freehold
Date Value:	15th May, 2014
Property Description	
Site Area:	Approximately 13,500 M^2
Age:	Opened January 1973
Property Type:	Commercial
Guest Rooms:	80
Number of storey's:	3
Number of chaplets :	11
Food and Beverage Facilities	Restaurant
Car Parking:	Approximately 100 spaces

Summary of valuation parameters

Number of years of stabilize:	four
Stabilized year:	2013
Stabilized inflation rate:	2.5%
Mortage interest rate:	7.5%
Holding Period:	10 years
Amortization period:	15 years
Debt service constant:	0.113287
Loan to value ratio:	65%
Equity yield rate:	17.0%
Terminal Capitalization rate:	9.0%
Brokerage and Legal fees:	1.5%
Unleveraged Internal Rate of Return:	12.3%
Estimates of value	
Income capitalization Approach:	#480,100,000
Cost Approach:	#470,000,000
Sales Comparison Approach:	#400,500,000 to #600,300,000
Market Value Conclusion	
as at 1 January 2014:	#480,100,000

2. Nature of the Assignment

Subject of the valuation Report	The subject of the valuation report is the free hold interest in the Beach Guest House located at galadima kyari drive, Maidu guri,('the Hotel'). The Hotel has 80 guest rooms and opened in 1973. In addition to guest rooms, the hotel contains a -seat café restaurant, an 80-seat speciality restaurant, a 50-seat bar, 890 M^2 of meeting and banqueting space, a fitness centre and other facilities typically found in a commercial hotel.
Purpose of the Valuation report	The objective of the valuation reports is to estimate the market value of the freehold interest in the Hotel. Market value is defined as: 'The estimated amount for which an asset 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'
Property Rights Valued	The property rights valued are the freehold interest in the land and premises, including the furniture, fixtures and equipment (FF&E).The hotel has been valued assuming that, as at the end of value, it would be available free and clear of any specif ic management or operating leases. For the purpose of this valuation, we have assumed that a competent international or national operator will manage the Hotel. Planning we have visited the Min. of Land and Planning and have been informed that planning consent for use, of the premises as a 80-bedroom hotel was granted on 1 January 1972. We note from the consent that there are no onerous conditions. We have been informed that the use of the premises complies with current planning law so far as the local planning authority is aware.

Other statutory consent we have assumed that the Hotel has a valid fire certificate, con complies with environment health legislation and holds all other necessary licences for the purpose of its operation. Furthermore we have assumed that there are no outstanding issues in respect of such consents and licenses. We have not inspected any of the licences, consents, permits or certificates relating to the property and we recommend that your lawyers verify their existence.

Marketing The marketing and exposure period, referring to the amount of time necessary for the hotel to have been exposed retrospectively, prior to our date of value, is estimated to be less than or equal to 12 months.

Pertinent dates The effective date of value is 15th May 2014. All projections ar e expressed in inflated Nigerian Naira, and the value estimate r epresents 2014 Naira. The Hotel was inspected by our consulta nt and director on 1 March 2014, and our analysis was perform ed shortly thereafter.

Use of the valuation This valuation report has been prepared for Primefield Nigeria Limited. The information presented in this report should not be disseminated to the public or third parties without the express written consent of Job Ojo & Co.

Scope of the valuation Ojo &Co Report All information was collected and analyses by the staff of Job **I**nformation such as historical operating statements, site plans, floor plans and so forth we supplied by Enerpro Nig Ltd. We have assumed that this information is acc urate and we have therefore relied upon it without undertaking any independent verification. We have investigated comparable sales in the market area and have spoken with buyers, sellers, brokers, property developers and public officials. Unless other wise noted, we have inspected the competitive hotels mentioned in section 6, *competition*, and analyzed the hotel sales summarized in section 9, *valuation*. Our value conclusion has been based on this investigation and analysis.

Method of study

The methodology used to develop this valuation Report has been based on the market research and valuation techniques set forth in the textbooks written by HVS International for the Institute of real Estate appraisers and the Appraisal Institute, and entitled *The valuation of Hotels and Motel* [2]*Hotels, Motels and Restaurants: valuations and market studies* [3] *The computerized income Approach to Hotel/Motel market studies and Valuations, Hotel and Motels: A guide to market analysis, investment Analysis, and Valuations, and Hotels & Motels: valuations and market studies,*

Our approach was as follows:

1. The subject site has been evaluated from the viewpoint of its physical utility for the operation of a hotel, as well as access, visibility and other relevant location factors.
2. The Hotel's existing premises have been inspected for their quality of construction, design, layout efficiency and items of physical deterioration and functional obsolescence.
3. The surrounding economic environment, on both an area and a neighborhoods level, has been reviewed to identify specific hotel-related economic and demographic trends that may have an impact on future demand for hotels
4. Division of the market for transient accommodation into individual segment has defined specific market characteristics for the type of traveler expected to utilize the area's hotels. The factors investigated include purpose of visit, average length of stay, facilities and amenities required, and seasonality; daily demand fluctuations and price sensitivity.
5. An analyze of existing and proposed competition has provided an indication of the current accommodated demand, along with market penetration and the degree of competitiveness.

6. Document for an occupancy and average rate projection has been derived from an analysis of market wide supply and demand combined with a penetration analysis to derive the Hotel's projected occupancy.
7. A Projection of income and expense has been made in accordance with the uniform system of accounts for Hotels. This Hotel and provides the basis for the income capitalization approach.
8. The report considers three approaches to values: income capitalization, cost and sales comparison. Because hotels are income-producing properties that are normally bought and sold on the basis of the capitalization of their anticipated stabilized earning power, the greatest weight has been given to the value indicated by the income capitalization approach. We find that most hotel investors employ a similar procedure in formulating their purchase decisions, and thus the income capitalization approach most closely reflects the relationale of typical buyers.

3. Market Area Analysis

The macroeconomic climate in which a hotel operates is an important consideration in forecasting hotel demand and income potential. Economic and demographic trends that reflect the amount of visitation provide a basis form which the demand for hotel accommodation can be projected. The market area for a hotel encompasses not only its immediate surroundings, but also the geographic regions form which demand for hotel accommodation originates. In respect of the Hotel, we have considered the greater Maiduguri area, and also the Nigerian economy, as some of the Hotel's demand emanates from outsides the immediate Maiduguri area. The Hotel's market area is defined by Maiduguri metro centre and its suburbs. The purpose of the market area analysis is to review available economic and demographic data to determine whether the defined market area will undergo economic growth, stability or decline. In addition to a prediction for the director of the economy, the rate of change must be quantified. These trends are then correlated based on their p ropensity to reflect variations in Hotel demand with the objecti ve of forecasting the amount of growth or decline in transfer vi sitation by individual market segment.

National Economic Overview

The overall economic condition of an area is reflected by the p ropensity of individuals to travel there. Key indicators of future hotel demand are those trends that reflect the relative health of the economy and the spending power of individuals. This secti on of the report presents a discussion of the primary domestic e conomic factors that are likely to have the greatest influence on hotel demand in Nigeria Table 3-1 contains a summary of thes e economic indicators.

4. DESCRIPTION OF THE HOTEL

LOCATION

A hotel's site and its location within a specific neighborhoods can have a direct impact upon the hotel's performance relative to a competitive market. The following paragraphs describe the location of the Hotel in relation to its immediate surroundings and its market area, as described in Section 3. Following this site and location analysis, the Hotel's physical facilities are described in detail.

Size and Topography of the site

According to Enerpro Nig Ltd, the subject parcel measures app roximately 13,500 m^2. The site is roughly rectangular in shape and the topography of the site is generally flat.

The Beach Guest Hotel is adjacent to the main express road linking Nigeria to Chad, Cameroon, and Central Africa.
The Hotel is located on the east side of the development and is close to the Main Gamboru Market on the east and the express road gateway to neighboring countries.

Environment

We have inspected the property and made appropriate enquiries.

However, we have not discovered any contamination affecting either the property or any of the neighbouring properties. We have not been advised by the client that there is any contamination at the property nor are we aware of any reports that have been undertaken.

We have not been instructed to undertake an environmental audit or any formal investigation, nor are we qualified to establish whether there is any contamination either of the Hotel or of neighbouring properties.

For the purpose of our report and valuation we have assumed that no contamination exists. However, should this be proved otherwise it may have a material impact upon our opinion of value.

Access

The Hotel benefits from excellent access to and from Sir Kashim road linking to the international airport. The round about immediately west of the site links it through Bama Street and further to the Maiduguri Teaching Hospital. Heading to the south gives access to Banki Town. Banki town is a business hup to the people of Borno State, approximately 1 hour'drive south of the Hotel. Maiduguri International Airport is located some seven miles to the southwest via Sir Kashim Ibrahim road, some 15 to 20 minutes' drive from the site.

Visibility

The visibility of the Hotel is very good from all approaches to the site, including Dandal Way, Sir Kashim way and Bama

Street.

Proximity to Demand Generators

Ease of access to primary generators of demand is vital for the successful operation of a hotel. One of the primary factors when choosing a hotel over competitive facilities is its location relative to local demand generators, whether these are commercial businesses or tourist attraction. The Hotel enjoys a good location in relation to the following demand generators.

- Maiduguri city centre;
- Bama motorway;
- Ngala road
- Gamboru Market;
- Monday Market
- Hospitals located in city centre;
- University of Maiduguri.

Conclusion – Location

The Beach Guest House enjoys an excellent location. It is centrally located within Maiduguri city centre and easily reached by several modes of transport. The Hotel also benefits from its proximity to all the major demand generators in Maiduguri.

HOTEL FACILITIES

The quality of a Hotel's physical facilities has a direct influence on its marketability and attainable occupancy and average rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. The following paragraphs describe the Hotel's physical premises and facilities in an effort to determine how they contribute to its total value.

Property Overview

TheHotel is a commercial property with 80 guest rooms which opened in 1973. In addition to the guest rooms, the Hotel contains a restaurant, meeting and banqueting space, a fitness centre and other facilities space typically found in a city centre business Hotel.

During the course of our inspection we inspected the public areas,the conference and banqueting rooms, back-of-the- house ar eas, the fitness centre, and a representative sample of bedroom and suites. The exterior elevations and the roof were viewed from street level only.

Photographs of the Hotel and of some of the facilities are attached in addendum 1.

History of Development

The Beach Guest Hotel was originally owned by the Dimari family, but upon Alhaji Ali Dimari's death in 2001 the estate passed to the beneficiaries, the Hotel remained in poor condition until 2003 when millions of naira were investment in restoring and extending the hotel business by the family.

The development of the Hotel was completed in December 2009, in keeping with the style and history of the building, but with added facilities for the bedrooms and leisure. Many of the public areas such as the reception, lounge areas, restaurants, bar, bedroom suites and conference rooms are located within the original building.

Summary of the Facilities

From our inspection and based on information provided by the management of the Beach Guest Hotel, Table 4-1summarises t he facilities available at the Hotel.

Capital Expenditure

For the purpose of this report, we have assumed that the Hotel will be maintained in a competitive condition over its remaining economic life. Furthermore we have assumed that the related, necessary capital expenditure will be funded by a reserve for replacement. An amount equal to 3.0% of annual gross revenues will be deducted from or forecast of income an d expenses in recognition of the ongoing cost of maintaining th e facilities.

Conclusion – Hotel Facilities

We have analysed the building, facilities and amenities offered by the Hotel and note the following advantages and disadvantages. In general, the Hotel's premises appear to be very well-suited for hotel use. The building is straightforward in design and configuration, permitting efficiency of operation and convenient guest and staff flow. The exterior design of the building is both modern and inviting and the interior finishes are of a high quality. The guest rooms are excellent in terms of size and decoration and the Hotel's ancillary facilities are appropriate for the operation of commercial, city centre hotel in Maiduguri.

5.Valuation

APPROACHES TO VALUE

In evaluating property to assess its market value, the professional valuer has three approaches from which to select: the income capitalization, cost and sales comparison approaches. The most relevant of these three is the income capitalization approach. However, the prudent valuer would also consider and have regard to the cost approach and the sales comparison approach. The former, in certain circumstances, indicated what the cost of entry' into the market would be, whilst the latter typically provides a range of values per room. Both approaches have some influence on operators' or investors' judgments.

The ***Income Capitalization Approach*** takes a property's forecast net operating income and allocates these future benefits to the mortage and equity components, based on market rates of return and loan to value ratios. Through a discounted cash flow and income capitalization procedure, the value of each component is calculated. The total of the mortgage component and the equity component equals the value of the property. This approach is often selected as the preferred valuation method for income-producing properties, because it most closely reflects the investment thinking of knowledgeable buyers.

Our international experience with numerous hotel buyers and sellers indicates that the procedures used in estimating the value by the income capitalization approach are comparable to those employed by the hotel investors who actually constitute the marketplace. For this reason, the income capitalization approach produces the most supportable value estimate and it is generally given the greatest weight in the hotel valuation process.

The ***Cost Approach*** estimates the value by computing the current cost of replacing a property and subtracting any depreciation resulting from one or more of the following factor; physical deterioration, functional obsolescence and external (or economic) obsolescence. The value of the land, as though it were vacant and available, is then added to the depreciated value of the premises in order to produce a total value estimate.

The cost approach may provide a reliable estimate of value for newly constructed properties; however, as buildings and other forms of premises increases in age and begin to deteriorate, the resultant loss in value becomes increasingly difficult to quantify accurately. We find that knowledgeable buyers of hotels generally base their purchase decisions upon economic factors such as forecast net operating income and return on investment. Because the cost approach does not reflect any of these income – related considerations, this approach is given minimal weight in the hotel valuation process. This approach does, however, provide an estimate of the cost to enter the marketplace.

The ***Sale Comparison Approach*** estimates the value of a property by comparing to similar properties recently sold on the open market. To obtain a supportable estimate of value, the sales price of a comparable property should be adjusted to reflect any dissimilarity between the comparable property and the Hotel.

The sales comparison approach may provide a useful value esti mate for simple forms of property, Such as vacant land and single-family homes, where the properties are homogenous and the adjustments are few in number and relatively simple to compute. However, in the case of more complex investments, such as shopping centres, office buildings, restaurants and hotels, where the adjustments are numerous and more difficult to quantify, the sales comparison approach loses much of its reliability.

Hotel investors typically do not rely upon the sales comparison approach in reaching their final purchase decisions. Various factors, such as the lack of timely comparable hotel sales data, the numerous unsupportable adjustments that are necessary and the general inability to determine the true financial terms and human motivations of comparable transactions, often make the results of the sales comparison approach questionable. Nevertheless, the sales comparison approach may provide a range of values to bracket and support the final estimate of value, and we use it to support any adjustments in our valuation conclusions.

INCOME CAPITALISATION APPROACH

The income capitalization approach is based on the principle that the value of a property is indicated by the net return to the property, or what is also known as the present worth of future benefits. The future benefits of income-producing properties, such as hotels, are net operating income, derived by a forecast of income and expense, and any expected reversionary proceeds from a sale. These future benefits can be converted into an indication of value through a capitalization process and discounted cash flow analysis.

Mortgage and Equity Components

The conversion of a property's forecast net operating income into an estimate of value is based on the premise that investors typically purchase real estate with equity cash (30% to 50%) and mortgage financing (50% to 70%). The amounts and terms of available mortgage financing and the rates of return that are required to attract sufficient equity capital form the basis for allo cating the net operating income between the mortgage and equi ty components and deriving a value estimate.

Data for the ***Mortgage Component*** are developed from an anal ysis of the prevailing interest rates offered in the marketplace c oupled with interviews with hotel investors, banks and other in vestment institutions.

To reflect the appropriate rates and investment yields required by international banks, we have reviewed the ten-year swap rat e for naira, which is currently around 6.5%. A typical premium of 100 to 150 basis points is usually added to the yield for the risks associated with a project of this nature.

Based on this information and the perceived risk of the Hotel's location, it is our opinion that a 15-yeart term mortgage is app ropriate for the Hotel. Furthermore, we consider that anmortga ge provider will lend up to 65% of the Hotel's value as determi ned by this valuation.

In order to estimate the value of the Hotel's ***Equity Componen t,*** we have assumed a loan to value ration and taken into accou nt the risk inherent in achieving the projected income stream, t he age, condition and anticipated market position of the Hotel, the freehold nature of the site, and the opportunities for compet ition to enter the market. It is our opinion that an equity investo r is likely to require an equity yield rate of 17.0% for a hotel in vestment such as this.

Purchase Costs

The income capitalization value has been adjusted to allow for deductions for stamp duty (4% of value) and legal fees (0.5% o f value), which we have treated as purchaser's costs in arriving at the price which would be paid for the Hotel.

Terminal capitalization Rate

Inherent in this valuation process is the assumption of a sale at

the end of an assumed ten-year holding period. The estimated r
eversionary sale price as of this date is calculated by capitalizin
g the projected 11th year's net operating income by an overall t
erminal capitalization rate. From this sale price, a percentage is
deducted for the seller's transaction costs and legal fees. The n
et proceeds to the equity interest are calculatedby deducting th
e outstanding mortgage balance from the reversion.

We have used a terminal capitalization of 9.0% and assumed th
at the seller's brokerage and legal fees would be 1.5% of the sa
le price.

Summary of Valuation Parameters

Tables 9-1 summaries the key valuation parameters utilized in
the value of the hotel by the income capitalization approach.

Summary of Valuation Parameter

Stabilized Year:	2009
Inflation:	2.5%
Loan to Value:	65%
Amortization:	15years
Term:	10 years
Interest Rate:	7.5%
Terminal Capitalisation Rate:	9.0%
Transaction Costs:	1.5%
Equity Yield:	17.0%

Mortgage-Equity Discounted Cash Flow Analysis

To estimate the value of the Hotel, we have used a discounted
cash flow analysis. The cash flow to equity and the equity reve
rsion are discounted to present value at the equity yield rate, an
d the income to the mortgage is discounted at the mortgage int
erest rate. The sum of the equity and mortgage values is the tot
al property value. The process of estimating the value of the m
ortgage and equity components is as follows:

1. The terms of typical hotel financing are established, including interest rate, amortization period and loan to value ratio.
2. An equity yield rate of return is established. Numerous hotel buyers base their investments on an equity yield rate projection that takes into account income growth and perceived risk.
3. The value of the equity component is calculated by first deducting the annual debt service from the forecast net operating income, leaving th4e net operating income to equity for each projection year. The net operating income of the eleventh year is capitalized into a reversionary value. After deducting the mortgage balance at the end of the tenth year and the typical brokerage and legal costs, the equity residual is discounted back to the date of value at the equity yield rate. The net operating income to equity for each of the projection years is also discounted to the present value. The sum of these discounted values equates to the value of the equity component. Adding the equity component to the initial mortgage balance yields the overall property value.
4. Because the mortgage and the debt service amounts are unknown but the loan to value ratio was determined in step 1, the preceding calculation can be solved through an iterative process or by the use of a linear algebraic equation known as the ***Simultaneous Valuation Formula,*** which computes the total property value.

The value is proven by allocating the total property value betw een the mortgage and the equity components and verifying that the rates of return set forth in steps 1 and 2 can be met from th e forecast net operating income.

Using a simultaneous valuation formula to perform the necessa ry algebraic calculations results in the following estimate of va lue.

Total Property Value as Indicated by
The Income Capitalisation
Approach (Say) = #490,200,000

Proof of Value

The value is proven by calculating the yields to the mortgage a nd equity components over the projection period. If the mortga ge achieves its yield and the equity yield is 17.0% then #490,2 00,000 prior to any capital deduction is the correct value by the income capitalization approach.

Using the assumed financial structure set forth previously, the value can be allocated between the debt and the equity compon ents as follows:

Mortgage Component (65%)	#320,403,000
Equity Component (35%)	#160,832,000
Total	**#490,235,000**

The annual debt service is calculated by deducting the debt ser vice from the projected net operating income before debt servi ce.

Return Components

In evaluating the risk associated with an investment, it is useful determine the portions of a property's value that are attributabl e to annual cash flow and reversionary proceeds upon sale. The larger the percentage of value attributable to reversionary proc eeds, the greater the risk, because a property's sale price and re sultant appreciation are uncertain.

Based on the previous discounted cash flow analysis, 57.4% of the Hotel's estimated value is attributable to cash flow and 42. 6% is attributable to property appreciation. These percentages, which fall within the typical range of 55% to 65% for cash flo w and 35% to 45% for appreciation, are considered reasonable for a hotel of this type.

Debt Coverage Ratio

The projected net operating income, expressed as a percentage of debt service, provides for a debt coverage ratio that ranges from 1.19 in the first year of the forecast to 1.41 in the stabilized year of operation. Lenders active in hotel financing generally require debt coverage ratios from 1.25 to 1.40 in the stabilized year of operation. Although the debt coverage ratio fluctuates as a result of varying levels of net operating income, the Hotel's projected debt coverage ratio is above the required levels and provides a sufficient margin of cash flow to cover annual debt service.

Discounted Cash Flow Analysis

Using the total property yield of 12.3% results in the same value as that derived from the mortgage-equity discounted cashflow capitalization technique, as presented in the proof of value. Following is the discounted cash flow analysis.

Conclusion – Sales Comparison Approach

The sales comparison approach has some limited use in providing a range of values. Differences in location, facilities, and property rights transferred and many other variables make aprecise comparison between the comparable sales and the Hotel difficult. Subjective adjustments used to lessen these differences are highly speculative. Moreover, there is no accurate way of determining whether the sales prices actually paid represent market values, because it is difficult to determine the exact motivations of the buyers and sellers, or what special conditions may have influenced the sale. We are of the opinion that although the sales comparison approach is generallyunsuitable forindicating a specific final estimate of value, this may serve to establish a range that can test the reasonableness of the values indicated by the income capitalization and cost approaches.

RECONCILIATION OF VALUE INDICATION

Reconciliation is the last step in the valuation process in which the final value is estimated from the various indications develo ped by the income capitalization, cost and sales comparison ap proaches. The relative significance, applicability and defensibil ity of each indicated value is analysed, with the greatest weight given to that approach deemed most appropriate for the proper ty being to valued. Based on the preceding data and analysis se t forth in this report, the following value indications were devel oped.

Approach	**Value Indication**
Income Capitalisation	#480,100,000
Cost	#470,000,000
Sales Comparison	#400,500,000 to #600,300,000

Income Capitalisation Approach

The Income capitalization approach took the Hotel's forecast ne t operating income and allocated this future benefit to the mortg age and equity components based on market rates of return and loan to value ratios. Through a discounted cash flow and incom e capitalization procedure the value of each component was cal culated. The total of the mortgage and equity components equat es to the value of the property.

Cost Approach

We give the cost approach limited weight in arriving at a final e stimate because knowledgeable buyers of hotel facilities genera lly base their purchase decisions on economic factors such as fo recast net operating income and return on investment. However, had the value indicated by the income capitalization approach, a downward adjustment of the income capitalization approach v alue may have been necessary to reflect the theory of substitutio n. No downward adjustment was considered to be necessary in t he case of the Hotel.

Sales Comparison Approach

The sales comparison approach was considered and several sales were evaluated in an attempt to develop a range of value indications. Because these sales are only somewhat comparable to the Hotel, they require several adjustments and the reliability of any specific value estimate is, therefore, diminished. Furthermore, typical buyers and sellers of hotels generally employ a sales comparison procedure to establish broad value parameters only.

Conclusion

Our experience with numerous hotel buyers and sellers indicates that the procedures used in estimating the value by the income capitalization approach are comparable to those employed by the hotel investors who constitute the marketplace. For this reason, we consider that the income capitalization approach produces the most supportable value estimate, and it is given the greatest weight in our final estimate of the Hotel's market value.

Based on the preceding analysis and our specialist experience in valuing hotels, we have given primary weight to the income capitalization approach. It is our opinion that the market value of the freehold interest in the hotel described in this report, as at 15 May 2014, is:

#480,100,000

FOUR HUNDRED & EIGHTY MILLION ONE HUNDRED THOUSAND NAIRA

This value equates to all chalets and storeys of the Hotel.

Valuation Certainty

An opinion of value will always involve a degree of subjectivity and uncertainty that will affect the probability that the opinion of market value would be the same as the price achieved by an actual sale at the valuation date.

The methodology employed in valuing a hotel is dependent upon the accuracy of the historical trading results for the subject Ho tel as well as the level and accuracy of information available in the marketplace in order to determine the current marketwide trading conditions, and to estimate the future trading potential of the subject Hotel.

We consider our projections of future income and expense to be appropriate when compared alongside those of similar hotel properties, and therefore we consider the level of uncertainty attached to our opinion of value to be low.

Suitability of the property for Loan Security Purposes

We consider the freehold interest in the Beach Guest hotel to be suitable for loan security purpose. We have assumed that throughout the proposed term of 15 years the property will be maintained in a good state of repair and condition commensurate with a commercial hotel.

We consider that the operation of the business is sustainable for the foreseeable future but we recommend that the bank monitor its trading performance as any change may have a material impact upon the values reported herein.

Appendum 1. Photographs of the Beach Guest Hotel, Maiduguri.