
Land Notice

GOVERNOR (VESTING OF LANDS) LAW (2005 REVISION)
NOTICE UNDER SECTION 10(1)(a)
DISPOSITION OF CROWN LAND

Notice is hereby given that on the recommendation of Cabinet, Her Excellency the Governor is proposing to vest the freehold interest in the Crown property specified in the Schedule below, to Shoreline Development Company Ltd or other affiliate company of Dart Realty (Cayman) Ltd, in return for a total consideration of US\$1,310,000 (one million three hundred and ten thousand United States dollars) payable to the Government. Each party to bear its own costs. Shoreline Development Company Ltd to bear all survey and subdivision costs.

Block 11B Parcels 92, 93 and 94 (formerly Block 11B Parcels 7, 23 and 26) are currently subject to a 82 year lease to Shoreline Development Company Ltd due to expire in the year 2068. Upon completion of the vesting of the freehold interest in the Crown property specified in the Schedule below to Shoreline Development Company Ltd or other affiliate company of Dart Realty (Cayman) Ltd, the leasehold interest will be surrendered by the Tenant. The total consideration payable comprises US\$430,000 for the freehold interest in Block 11B Parcel 94 and US\$880,000 premium payment for the freehold interest in Block 11B Parcel 91.

THE SCHEDULE

The properties more particularly described as:

REGISTRATION SECTION	BLOCK	PARCEL	AREA
West Bay Beach North (formerly the eastern portions of Block 11B Parcels 7, 23 and 26)	11B	94	3.758 acres
West Bay Beach North (formerly the eastern portion of Block 11B Parcel 37)	11B	91	0.4497 acres

Total 4.2077 acres

The location of the properties may be inspected on the Registry Map at the Lands & Survey Dept public counter, Government Administration Building, 133 Elgin Avenue, George Town, Grand Cayman, and at the Lands Office, 19 Kirkconnell Street, Cayman Brac.

Approved by Cabinet on 17 May 2017

RUPERT VASQUEZ
Director, Lands & Survey Dept
Cayman Islands Government

RESOLUTION

SECTION 10 (2) (e) GOVERNOR (VESTING OF LANDS) LAW, (2005 REVISION)

PROPOSED DISPOSITION OF CROWN LAND BLOCK 11B PARCELS 7, 23, 26 & 37 (PART)

Whereas:

- 1) The Cayman Islands Government proposes to sell the Crown's freehold interest in Block 11B Parcels 7, 23, 26 & 37 (part) to Shoreline Development Company Ltd, or other affiliate company of Dart Realty (Cayman) Ltd, pursuant to clauses 8-17 of the NRA Agreement dated 16th December 2011 (as amended).
- 2) The total area is approximately 4.21 acres and comprises only the portions of these four Parcels located east of the public road under construction used to access the Seven Mile Public Beach & Park.
- 3) After careful analysis and consideration of the valuation reports Cabinet has advised Her Excellency The Governor that it is in the best interest of the Cayman Islands to sell the freehold interest in Block 11B Parcels 7, 23, 26 & 37 (part) to Shoreline Development Company Ltd, or other affiliate company of Dart Realty (Cayman) Ltd for a consideration of US\$1,310,000 (one million three hundred and ten thousand United States dollars).
- 4) Dart Realty (Cayman) Ltd agrees its affiliate company Shoreline Development Company Ltd will surrender the remainder of its 99 year leasehold interest in Block 11B Parcels 7, 23 and 26.
- 5) The Cayman Islands Government shall reasonably assist Dart Realty (Cayman) Ltd in having the lands it is disposing of rezoned to Hotel / Tourism.
- 6) Each party to bear its own costs where such responsibility is not apportioned in the NRA Agreement dated 16th December 2011 (as amended).

IT IS FURTHER RESOLVED that full details of the property and of the disposition proposed shall forthwith be published in the Cayman Islands Gazette and a local newspaper and that copies of this entire resolution and of the said advertisements in the Gazette and in the newspaper, together with all other items required for the purpose of the said Section 10, shall be laid on the table of the Legislative Assembly by the Minister responsible for land.

PASSED in Cabinet this 17 day of May 2017



CLERK OF THE CABINET

Higgs & Johnson Elevates Award-winning Attorney to Senior Associate

Full service corporate and commercial law firm Higgs & Johnson is pleased to announce that Jo-Anne Stephens has been named Senior Associate. Ms. Stephens has more than eleven years of experience in the profession and joined the Cayman office of Higgs & Johnson in 2015 as a member of the firm's Private Client & Wealth Management and Commercial Transactions practice groups. In May of this year Ms. Stephens was awarded the Society of Trust & Estate Professionals' (STEP) Student Award, presented to the STEP student in the Caribbean and Latin American region who achieved the highest average marks in all exams for the STEP Diploma in International Trust Management during 2016. This adds to an impressive list of top honours from the organisation, including four STEP Worldwide Excellence Awards for the highest average scores in Company Law and Practice (July-December 2015), Trust Administration and Accounts (January-June 2016) and Trustee Investment and Financial Appraisal exam (July-December 2016). She also received an award for the highest average score overall in all exams worldwide.

Ms. Stephens advises financial institutions, and high net worth individuals on the creation and administration of trusts, estate planning, contentious trust matters and the preparation of wills. She also advises



► JoAnne Stephens

on commercial law, local licensing and regulatory requirements, CRS and FATCA, mergers and acquisitions, corporate restructuring and other commercial transactions. She also possesses considerable experience in litigation and has appeared before the Privy Council in a successful pension plan appeal.

Ms. Stephens earned an LL.B at the University of the West Indies before going on to receive the CLE at the Norman Manley Law School. She completed an MBA at the University of Oxford where she graduated with Distinction.

GOVERNOR (VESTING OF LANDS) LAW (2005 REVISION) NOTICE UNDER SECTION 10(1)(a) DISPOSITION OF CROWN LAND

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Total			4.2077 acres

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Approved by Cabinet on 17th May 2017.

RUPERT VASQUEZ
Director, Lands & Survey Dept
Cayman Islands Government

CIMPA 2017 Marketing Awards Nominations Announced

Local Marketing Agencies and In-House Teams Shortlisted for CIMPA 2017 Marketing Awards, with Winners Announced at a Prestigious Awards Ceremony and Dinner on November 3rd.

Over the summer, many of Cayman's marketers compiled their most successful marketing initiatives from the past two years for submission to the Cayman Islands Marketing

Professionals Association's ("CIMPA") 2017 Marketing Awards. Last month over 40 submissions were reviewed and critiqued by the Award's three independent, international judges and down to the top four submissions across eight awards categories.

The nominees for the 2017 CIMPA Marketing Awards are:

Award Category	Nominations
Marketing Campaign of the Year	Polyn Best Dressed Chicken Grand Cayman Marriott Beach Resort's Dark Nights Taste of Cayman
Brand of the Year	Burger Shack Cayman Blood Bank Cayman Villas Anchor & Den
Digital Campaign of the Year	Burger Shack Cayman Blood Bank Cayman Enterprise City Property Cayman
Agency of the Year	BB&P Collective Meticulosity Tower Marketing
Market Disruptor of the Year	Burger Shack Cayman Blood Bank Grand Cayman Marriott Beach Resort's La Bomboneria Tower Marketing's Christmas Campaign
Video of the Year	Camana Bay's Holiday Campaign Digicel's OK is Not OK Campaign
Marketing Newcomer of the Year	Collective Grand Cayman Marriott Beach Resort: Nico Franco Meticulosity: Tanya Wigmore Tower Marketing: Ashani Francis Collins
Marketer of the Year	Grand Cayman Marriott Beach Resort: Nico Franco Tower Marketing: Elissa Costello

The biannual Awards recognise some of the best local marketing campaigns from January 1st, 2015 to December 31st, 2016 and celebrate the creativity, innovation and talent of the Islands' marketing firms and individuals.

This year's judges included Chris Logsdon, Creative Director at digital media powerhouse VaynerMedia, who earlier this year captivated the crowd at CIMPA's Annual Marketing Conference with his presentation on Marketing and Storytelling in an Environment of Shifting Attention. Fellow conference participant, and Top 10 AdAge rated agency the community, also made up this year's judging panel, in the form of Executive Creative Director Rodrigo Butori. The two were also joined by Anthony Atkinson, Group Creative Director at Leo Burnett Canada.

"The record number of submissions across an increasingly diverse range of industries highlights the strong calibre of marketing in the Cayman Islands that is keeping pace with a fast-moving

global industry," said Laura Skec, CIMPA Chairman. "We are now gearing up for a fantastic evening event and can't wait to toast all who submitted to this year's Awards, and celebrate the night's winners, at our Awards Ceremony next month."

Tickets are now on sale for the 2017 Marketing Awards Ceremony, taking place at the Grand Cayman Marriott Beach Resort on November 3rd. A glamorous evening showcasing the talent, expertise and innovation of Cayman's marketing community, tickets are CI\$150 per person or CI\$1,250 for a table of 10 and include welcome cocktails courtesy of Tito's Vodka, a three-course dinner, dancing and entertainment.

For more information about the Awards, visit www.cimpa.ky/awards. For sponsorship enquiries or to reserve your seat at the event, contact Catherine Healy, Head of Events, by email at events@cimpa.ky or by telephone on +1 345 916 4125.

Air-Conditioned Storage Units - Kingbird Drive Available for Immediate Rental

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REPORT & VALUATION

**‘SOTO’ Land – Public Beach Grand Cayman
National Roads Authority (NRA) 3rd Amendment Valuations
Cayman Islands Government / NRA / Dart Realty (Cayman) Ltd
30th May 2016**

October 2017



CAYMAN LAND INFO



RICS

The mark of
property professionalism worldwide

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Appendix 1	-	Regional Context Plan and Ownership Plan
Appendix 2	-	NRA 3rd Amendment Agreement
Appendix 3	-	List of Valuations
Appendix 4	-	Comparable Sales Evidence
Appendix 5	-	Terms of Engagement

1 EXECUTIVE SUMMARY

1.1 PROPERTY

Former Block and parcels: 11B 7 / 11B 23 / 11B 26 / 11B 37

1.2 LOCATION

A Regional Context Plan of the property subject to valuation is attached at *App 1*.

The parcels are located at the Public Beach, West Bay Beach North comprising lands to the East of the Beach area.

1.3 DESCRIPTION

The subject Parcels are substantially flat areas of land which slope from East to West from a maximum elevation above sea level of 17ft (West) to 4 Ft (East).

The area has been subject to recent extensive redevelopment facilitated by the 3Rd Amendment Agreement of 30th May 2016 which has re aligned the existing West Bay Road Highway rerouting onto the Esterley Tibbetts dual carriageway thus diverting traffic to the East of the land involved.

The old Highway has been incorporated into the new Public Beach Car Park area and the adjacent development of the 'Kimpton Seafire Resort' by Dart Realty (Cayman) Ltd has provided the landowners and agencies involved the opportunity to make both significant Highway improvements plus public car parking and amenity improvements to the Public Beach location all to the benefit of residents and tourist users of the area.

1.4 CLIENT

Cayman Islands Government (CIG).

1.5 DATE OF INSPECTION

Friday 30th September 2016

1.6 DATE OF VALUATION

Assumed to be the date of agreement 30th May 2016

1.7 PURPOSE OF VALUATION / LIST OF VALUATIONS REQUIRED

- A. *Purchase of the Freehold Interest of Eastern portion 11B 37 by Dart Realty (Cayman) Ltd*
- B. *Premium payment for Freehold Interest of Eastern portions 11B 26 / 11B 7 / 11 B 23 by Dart Realty (Cayman) Ltd*
- C. *Lease surrender Dart Realty (Cayman) Ltd to Cayman Islands Government*

List of Valuations required:

The below are listed in accordance with the 'Terms Of Reference section of the NRA Agreement (3rd Amendment Dated 30th May 2016)':

NB PMV= Present Market Value, Current Planning = Neighborhood Commercial

Valuations required:

a. PMV – Crowns Freehold Interest – Blue Outlined Land

- Current Planning
- Hotel Tourism

b. Premium to be paid by Leaseholder to Freeholder – Yellow Outlined land

- Current Planning
- Hotel Tourism

c. Premium to be paid to the leaseholder by the freeholder for surrender of leases in area NOT Yellow Outlined Land

- Current Planning

d. PMV of freehold interest area Yellow Outlined Land

- Current Planning
- Hotel Tourism

e. PMV Leasehold Interest Yellow Outlined Land

- Current Planning
- Hotel Tourism

f. PMV Freehold interest Yellow Outlined Land – subject to Leasehold interest

- Current Planning

- Hotel Tourism

g. PMV Freehold Interest NOT Yellow Outlined Land

- Current Planning

- Hotel Tourism

h. PMV Leasehold interest NOT Yellow Outlined Land

-Current Planning

i. PMV Freehold Interest NOT Yellow Outlined Land subject to leasehold interest

- Current Planning

j. Marriage Value merging freehold / leasehold interests

Yellow Outlined Land:

-Current Planning

-Hotel Tourism

NOT yellow Outlined Land:

-Current planning

-Hotel Tourism

1.8 BASIS OF VALUATION

Market value in accordance with the RICS Valuation - Professional Standards 2014.

1.9 TENURE

Assumed freehold unencumbered title except where subject to lease.

1.10 PARCEL AREA

We have not measured the subject parcel on site. Instead, the parcel area has been obtained using areas provided by Lands & Survey's Cayman Land Info mapping system. These areas are as follows:

Total Parcels area	8.686 acres	378,362 square feet*
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Whilst we have relied upon these areas in arriving at an opinion of market value, the parcel area would need to be confirmed by a Chartered Land Surveyor, and if it is found that the parcel is smaller / larger, we reserve the right to change our opinion of value.

1.11 ZONING

See assumptions contained in list of Valuations required at 1.7 above.

1.12 MARKET VALUES

- A. Purchase of the Freehold Interest Eastern portion 11B 37 by Dart Realty (Cayman) Ltd – CI \$ 361,200*
- B. Premium payment for Freehold Interest of east portions 11B 26 / 11B 7 / 11 B 23 by Dart Realty (Cayman) Ltd – CI \$ 739,600*
- C. Lease surrender Dart Realty (Cayman) Ltd to Cayman Islands Government – surrender at CI \$ 0 (nil) value*

Note: The above values have been provisionally agreed with the Professional representatives of Dart Realty (Cayman) Ltd having regard to both the valuations contained in this report and the two sets of independent valuations obtained as a requirement of the obligations contained in the 3rd Amendment (annexed hereto at Appendix 2).

2 INSTRUCTIONS AND TERMS OF ENGAGEMENT

2.1 INSTRUCTIONS

In accordance with your email instructions received by us on 4th October 2016, we have inspected the property and carried out the necessary investigations to conclude our opinion of value.

This report and valuation has been carried out by Chris Dingsdale BSc MRICS, an internal valuer who conforms to the requirements of the RICS Valuation - Professional Standards 2014. Unless stated, this report is subject to the Terms and Conditions of Engagement, attached at *Appendix 5.*

We confirm that this valuation and report has been undertaken in accordance with current International Valuation Standards (2013).

The property subject to this valuation was inspected on 30th September 2016 by Chris Dingsdale BSc MRICS. The weather conditions at the times of inspection were sunny and dry.

We confirm that there is no conflict of interest in completing this valuation.

This report is for valuation purposes and is not a structural or environmental survey. You will therefore note that one of our assumptions is that the parcel has no deleterious materials or contamination present.

2.2 PURPOSE OF THE VALUATION

We understand that the purpose of the valuation is to assist the Client in determining the price(s) to be paid for the potential acquisition of the properties referred to at 1.12 above.

The 3rd Amendment (Appendix 3) places contractual obligations to value and agree mutually acceptable figures for the transactions noted at 1.7 above.

2.3 PRIVACY / LIMITATION ON DISCLOSURE OF VALUATION

This report is provided for the purposes and use of the Cayman Islands Government (CIG) and it is confidential to the CIG and its' representatives. The report has been prepared with the skill, care and diligence reasonably expected of a competent Chartered Surveyor. The valuer accepts no responsibility whatsoever to any party other than the client. Any party relies upon the report at their own risk.

Neither the whole nor any part of this report or valuation, nor any reference thereto, may be included in any published document, circular or statement, nor published in any way, nor disclosed to any third party without the prior written consent of the valuer.

2.4 VALUATION BASES AND CURRENCY ADOPTED

The basis of value is the accepted RICS definition of "Market Value", which is referred to in the Terms and Conditions of Engagement attached at *Appendix 8*.

"Market Value" is in essence the value negotiated between a willing vendor and a willing purchaser in an arm's length transaction with an unconditional exchange of contracts having taken place at the date of valuation. Market Value ignores any "Special Purchaser" value e.g. to an adjoining owner.

Currency adopted: Unless otherwise stated, all amounts expressing value are quoted in Cayman Islands Dollars (\$).

2.5 DATE OF VALUATION

Our valuation has been assessed as at an assumed valuation date of 30th May 2016.

The valuation reflects our opinion of value as at that date. Property values are subject to fluctuation over time as market conditions may change and, as such, this report is only valid for six months from the date of valuation.

3 THE PROPERTY

3.1 LOCATION

We attach at *Appendix 1* a Regional Context Plan and an Ownership Plan of the property subject to valuation here. The subject parcel is highlighted in colour and denotes the following:

- a. Blue Land (0.46 ac) – Part 11B 37
- b. Yellow Land (3.75ac) – Part 11B 26 / 11B 7 / 11B 3
- c. Cross Hatched (4.476 ac) – Remainder 11B 26 / 7 / 3

Note: The parcels have now been re classified on Caymap as: 11B 92 & 11B 94

The parcels are located in the Public Beach area of West Bay Beach North which lies to the North of George Town on Grand Cayman.

The immediate surrounding area is characterized by commercial and tourism uses and is a significant leisure destination for residents and tourists visiting the Island.

Land zoning in the surrounding area is predominantly Hotel Tourism and Neighborhood Commercial, with the exception of the immediate public beach area which is zoned Institutional.

The area has seen significant recent change with the closure and re alignment of the existing Highway together with the adjoining development and construction of the 'Kimpton Seafire Resort'.

3.2 DESCRIPTION

The subject property comprises several Block and Parcels previously identified as 11B 7 / 11B 23 / 11B 26 / 11B 37 which have now been re classified as 11B 92 and 11B 94.

The land lies to the East of the Public Breach area with land gently sloping from East to West at a height of 17 ft to 4 ft.

The area is bounded by the Public Beach on the Western boundary and the Esterley Tibbetts dual Carriageway on the Eastern boundary.

3.3 ENVIRONMENTAL SURVEY & CONDITION

There is no land contamination register in the Cayman Islands. The site inspection did not identify any obvious environmental issues, however this report is not an environmental survey and an environmental survey would be needed to confirm the parcel's condition.

3.4 PARCEL AREA

We have not measured the subject parcel area or the property itself. Instead, we have used the areas as provided by Lands & Survey's Cayman Land Info mapping system, this being as follows:

Parcel area	8.686 acres	378,362 square feet*
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Whilst we have relied upon these areas in arriving at an opinion of market value, the parcel area would need to be confirmed by a Chartered Land Surveyor, and if it is found that the parcel is smaller / larger, we reserve the right to change our opinion of value.

3.5 PLANNING

The property is currently zoned Neighborhood Commercial and Hotel / Tourism variously whilst the actual Public Beach area is zoned Institutional.

3.6 TENURE / TITLE

The land is held freehold by the Crown except where subject to lease.

4 VALUATION ANALYSIS AND COMMENTARY

4.1 VALUATION METHODOLOGY AND RATIONALE

The defined approaches of valuation of real property are the market approach (sales comparison method), the income approach and the costs approach. In order to arrive at an opinion of value for the subject property, we believe the most appropriate approach to use in this case is the market approach (sales comparison method).

International Valuation Standards (2013) describes valuation by comparison as a process of identifying identical or similar assets (properties) or liabilities that have been sold, analysing the sale prices achieved and the relevant market data and establishing value by comparison with those properties that have been sold. The valuer will have due consideration to the following elements (list not exhaustive) when analysing the subject property and sales evidence:

- Property location
- Physical characteristics
- Date of sale
- Conditions of sale

4.2 HIGHEST AND BEST USE

IVS define Highest & Best Use as *"the use of an asset that maximizes its value and that is physically possible, legally permissible and financially feasible."* The determination of the highest and best use involves consideration of the following:

- (a) To establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,
- (b) To reflect the requirements to be legally permissible, any legal restrictions on the use of the asset, e.g. zoning designations, need to be taken into account,
- (c) The requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to that use, over and above the return on the existing use.

The parcels are of a suitable size and shape to facilitate commercial and leisure development, in line with its zoning status and consistent with other development in the area. As such, this would be deemed to be its highest and best use.

4.3 COMPARABLE SALES EVIDENCE

See Appendix 4

4.4 COMPARABLE SALES COMMENTARY

The sales figures shown represent sales of land and property unencumbered by additional leasehold interests which are considered applicable in comparing land values on a de valued basis (ie CI \$ per square foot).

The figures show sales of land with the benefit of planning zoning of Neighbourhood Commercial. Planning zoning values appertaining to Hotel / Tourism are considered to be 10 – 15 % higher.

4.5 FACTORS AFFECTING VALUE

4.5.1 LOCATION

The location of a property is one of the key determinants of its value. The subject property is an attractive parcel for commercial and leisure development, with ample high quality beach and main road frontage.

4.5.2 ELEVATION

Following the devastating effects of Hurricane Ivan on property and infrastructure in Grand Cayman, elevation has been an increasingly influential factor affecting land values, with low lying ocean-fronting parcel being vulnerable to more severe levels of damage in such circumstances. The 'Ivan Flood' overlay tool on Lands & Survey's Cayman Land Info mapping system indicates that the subject parcel was partially flooded, by approximately 3 - 5 feet of water, following the impact of Hurricane Ivan.

4.5.3 MARKET CONDITIONS

The property market in the Cayman Islands is starting to exhibit signs of recovery and modest growth, and whilst economic indicators illustrate that the economy is also starting to grow again, this has yet to transfigure into a widespread improved property market in Grand Cayman. Certain segments of the property market are performing extremely well, particularly the condominium market along the Seven Mile Beach (SMB) corridor, with the number of SMB condominium sales up 120% in 2014 on 2013, however, there are also a growing number of foreclosures coming on to the market in the more secondary locations such as West Bay and Savannah. Thus, whilst there are signs of improvement in certain sectors of the property market, we would not expect there to be a significant improvement in the wider property market or a large increase in property values in the short to medium term.

Analysing the wider economy, the Cayman Islands has produced some positive economic results over the last 12 months. Gross domestic product (GDP) expanded at an annualised rate of 2.4 percent during the first quarter of 2016 with growth forecast to be 2.1 percent for the full year.

Property finance is becoming more readily available, with local banks and credit unions appearing to show a softening in lending criteria and an increased appetite for making loans secured against property. The cost of borrowing has increased in the first quarter of 2016, although it remains low in Cayman, with the prime interest rate being 3.5%. This low cost of financing has seen many borrowers re-finance existing mortgages, with local banks cutting margin rates to attract new borrowers.

Cayman's tourism sector remains a main driver for the local economy. Plans are afoot to improve facilities and infrastructure for both air arrivals and cruise ships, with the proposed construction of a new cruise terminal in George Town taking shape alongside the 2017 proposed re-development and expansion of Owen Robert International Airport.

4.5.4 SUPPLY & DEMAND

Property values are ultimately affected by supply and demand issues.

Over the last year there have been a small number of significant Leisure / Hotel / Tourism transactions with the Islands largest investors consolidating their holding within the Seven Mile Beach area reinforcing the location as the key area for tourism related commerce on Grand Cayman.

4.6 OPINIONS OF VALUE

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- c. Lease surrender Dart Realty (Cayman) Ltd to Cayman Islands Government – surrender at CI \$ 0 (nil) value*

5 CONFIDENTIALITY CLAUSE

We have relied on information from the Cayman Islands Government Lands and Survey Department's website (www.caymanlandinfo.ky).

The contents of this report and appendices are confidential to the party to whom they are addressed for the specific purpose to which they refer and are for their use only. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of their contents.

For the purposes of the Freedom of Information Law (2007), control of this valuation report lies with the Lands & Survey Department, to whom any requests for its release should be transferred.

We accept no responsibility or liability whatsoever to any third party in respect of the whole or any part of this report. Any third party who relies upon the contents of this report does so at his or her own risk.

Neither the whole nor any part of this report, nor any reference thereto, may be included or published in any document, circular or statement, or in any communication whatsoever, without the valuers prior written approval.

We advise that the valuation figure stated in this report must not be relied upon beyond six months from the date of report given the historic nature of the valuation date.

6 SIGNATURE AND DATE OF REPORT

The property was inspected and the report prepared by Chris Dingsdale BSc MRICS, an internal valuer, who has the relevant experience and knowledge of valuing this type of property.

We confirm that neither the department nor the valuer has any conflict of interest in this matter.

The undersigned have not previously had any professional involvement in connection with the property.

Signed:



Chris Dingsdale BSc MRICS
Valuation Officer

FOR AND ON BEHALF OF DIRECTOR OF LANDS & SURVEY

Valuation and Estates Office
Lands & Survey Department
Government Administration Building,
Box 120, 133 Elgin Avenue
Grand Cayman
Cayman Islands, KY1-9000

Date of Report: 20th October 2017

Block 11B Parcels 91, 93 & 94



Legend

11/7/17 11:55 AM

1:2,416



Notes

This map is a user generated static output from Cayman and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. Boundary lines are indicative only. Refer to the individual parcel survey for the correct location.

402.7 0 201.33 402.7 Feet



TELEPHONE: 244-3420
FAX NO.: 949-2187



LANDS & SURVEY DEPARTMENT
P.O. BOX 1089GT
GRAND CAYMAN
CAYMAN ISLANDS, BWI

IN ANY REPLY,
PLEASE QUOTE
REF: CF/66

November 14, 2017

CHIEF SURVEYOR'S REPORT

STATEMENT OF FACTS

WEST BAY BEACH NORTH – BLOCK 11B Parcels 91 and 94
(SHOWN HIGHLIGHTED IN YELLOW ON ACCOMPANYING DIGITAL RM EXTRACT)

In accordance with Section 10.2 (b) of the Governor (Vesting of Lands) (Amendments) (Dispositions) Law I can confirm that the boundaries of the subject parcel was defined in the following survey

- Fixed Boundary Survey (FB 52/034) authenticated on 9th February 2017

Boundary turning points have been marked with:-

- IPC KAP (Iron pins in concrete with kaps)

as indicated in the attached survey.

These boundary markers have not been validated recently on the ground but could be replaced if necessary. They represent old markers from the above referenced record.

A handwritten signature in black ink, appearing to read "M Whiteman".

Michael Whiteman
Chief Surveyor

Enc.:
Registry Map Extract
2013 Aerial Image with RM parcel overlay
FB survey 52/034



REGISTRY MAP EXTRACT

SECTION : WEST BAY BEACH NORTH

Block/Parcel(s) : 11B 91,94

Last Mutation Date: 23/10/2017

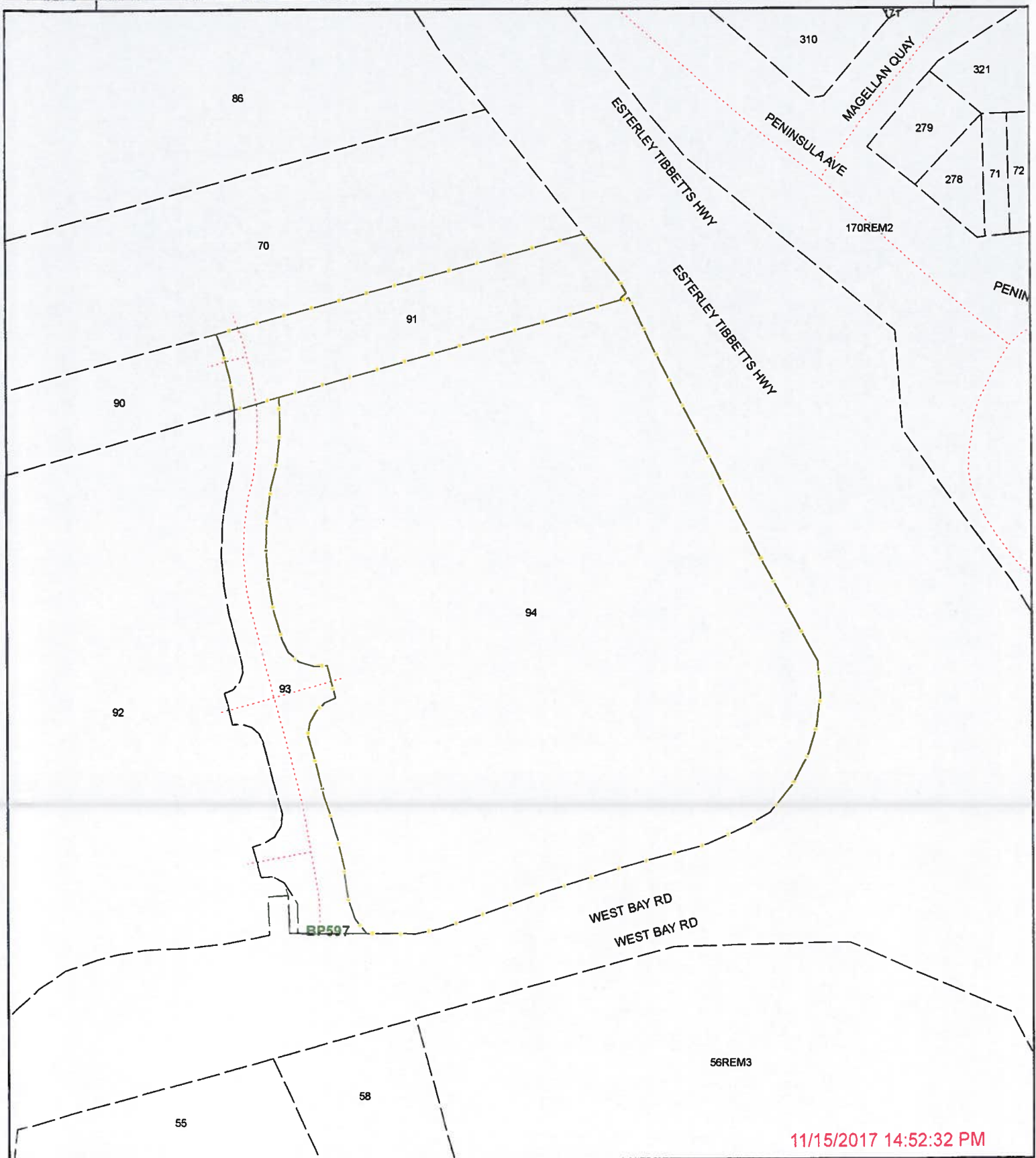
Registry Map Extracts must be printed to fit a paper size of 8.5" x 11" in order to retain a scale of 1:1,250

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Lands & Survey Department, P.O. Box 5089, Grand Cayman KY1-1102, Cayman Islands. Tel: 1 (345) 244-3420 | Fax: 1 (345) 948-2187 | Web: www.caymanlandinfo.ky

N



11/15/2017 14:52:32 PM



Block 11B Parcels 91 and 94



Legend

11/15/17 2:56 PM

1: 1,500



Notes
Using the 2013 imagery

250.0 0 125.00 250.00 Feet



CAYMAN LAND INFO
www.caymanlandinfo.ky

Lands and Survey Department © Cayman Islands Government

**REPORT OF THE CHIEF OFFICER,
MINISTRY OF EDUCATION, YOUTH, SPORTS, AGRICULTURE & LANDS**

**VESTING OF CROWN LAND
BLOCK 11B PARCELS 91 AND 94
TO SHORELINE DEVELOPMENT COMPANY LTD**

Block 11B Parcel 91 comprises 0.4497 acres of undeveloped Crown land zoned Neighbourhood Commercial and located immediately to the west of the Esterley Tibbetts Highway just north of the Seven Mile Public Beach Park. The Parcel is in the shape of an elongated rectangle, and forms the eastern half of a recent two-lot subdivision of what was formerly Block 11B Parcel 37 that extended from the Highway west to the public beach.

Block 11B Parcel 94 comprises 3.758 acres of undeveloped Crown land zoned Neighbourhood Commercial and located east of the Seven Mile Public Beach Park & car park, at the new roundabout junction of the Esterley Tibbetts Highway and the West Bay Road. The parcel is square-shaped, and adjoins Parcel 91. The Parcel forms the eastern half of what was formerly Block 11B Parcels 7, 23 and 26 that extended from the Highway west to the former route of the West Bay Road.

Block 11B Parcels 7, 23 and 26 (now Parcels 93, 92 and 94) are subject to an 82 year ground lease now held by Shoreline Development Company Ltd, that expires in 2068.

See the location map appended to this Report.

Shoreline Development Company Ltd is a Dart Realty-affiliated company. In the NRA Agreement signed by the Government, Dart Realty and the National Roads Authority in December 2011 (see the Third Amendment dated 30th May 2016) it is agreed that the Government will recommend to the Legislative Assembly;

- a) a sale of what is now Block 11B Parcel 91 to a Dart Realty affiliate in return for market value; and
- b) a conversion of the existing leasehold interest to a freehold interest in what is now Block 11B Parcel 94 for an appropriate premium payment.

In return, Dart Realty contracted that its affiliate company's long-term leasehold interest in Crown land Block 11B Parcels 92 and 93 will be surrendered for nil consideration (Parcel 92 comprises what will be part of the Government's Seven Mile Public Beach Park, and Parcel 93 comprises an intended public road), thus leaving the Government with an unencumbered freehold interest in those Parcels.

In accordance with Section 10 (2) of The Governor (Vesting of Lands) Law, (2005 Revision), three (3) valuations were commissioned to determine the market value of Block 11B Parcel 91, and the premium to be payable for conversion of the leasehold interest to freehold interest in respect of Block 11B Parcel 94; one from Government's Lands and Survey Department and two from private sector property valuation companies.

The table below outlines the three (3) opinions of value:

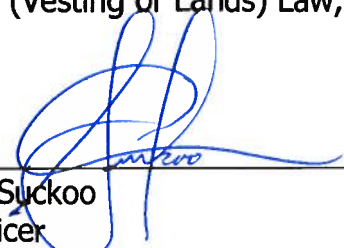
	DDL	IRR	Lands & Survey
Block 11B Parcel 91 – Market Value	CI\$ 225,000	CI\$ 487,200	CI\$ 360,500
Block 11B Parcel 94 – Premium payable for conversion of leasehold to freehold	CI\$ 810,000	CI\$ 562,800	CI\$ 740,000
Total (0.84 US\$ conversion)	CI\$ 1,035,000 (US\$ 1,232,143)	CI\$ 1,050,000 (US\$ 1,250,000)	CI\$ 1,100,500 (US\$ 1,310,119)

A report on this matter was considered by the Cabinet, after negotiations undertaken between the Shoreline Development Company Ltd and the Lands & Survey Department. After careful analysis and consideration of the reports provided by the Lands and Survey Department it was resolved (CP 2391/17, 17th May 2017) that Cabinet advise Her Excellency The Governor to approve the vesting of Crown land Block 11B Parcels 91 and 94 to Shoreline Development Company Ltd or other affiliate company of Dart Realty (Cayman) Ltd, in return for a surrender of the leasehold interest in Block 11B Parcels 92, 93 and 94 and payment of a consideration of **US\$1,300,000** to the Government, plus Stamp Duty and Registration Fee.

Accordingly, the vesting of Crown land is recommended on the following terms and conditions:

Vendor: The Governor of the Cayman Islands
Purchaser: Shoreline Development Company Ltd (or other Dart affiliate Co)
Property: Block 11B Parcels 91 and 94
Area: Total 4.2077 acres
Consideration: US\$ 1,300,000 plus Stamp Duty
Other: Shoreline Development Company Ltd to surrender its leasehold interest in Block 11B Parcels 92, 93 and 94 for nil consideration.
Costs: Each party to bear its own costs.

Accompanying this report are all the documents specified in Section 10 (2) of The Governor (Vesting of Lands) Law, (2005 Revision).


 Christen Suckoo
 Chief Officer
 Ministry of Education, Youth, Sports, Agriculture & Lands

Date: 28/3/18

Appendix One: Location Map

Block 11B Parcels 91, 93 & 94



Legend

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Notes





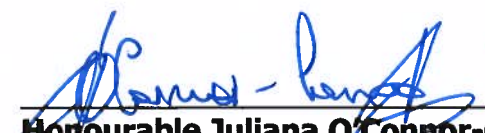
MINISTRY OF
EDUCATION, YOUTH, SPORTS
AGRICULTURE & LANDS
CAYMAN ISLANDS GOVERNMENT

Government Administration Building Box 108
133 Elgin Avenue Grand Cayman KY1-9000
CAYMAN ISLANDS
t. (345) 244 2417 f. (345) 949 9343
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Governor (Vesting of Lands) Law (2005 Revision)

REPORT & RECOMMENDATION OF THE MINISTER RESPONSIBLE FOR LANDS

This is my Report recommending the vesting of Crown land at Registration Section 'West Bay Beach North' Block 11B Parcels 91 and 94 to **SHORELINE DEVELOPMENT COMPANY LTD** or other affiliate company of Dart Realty (Cayman) Ltd in accordance with Section 10 (1) (b) of the above Law. It is accompanied by the documents required pursuant to Section 10 (2) of the said Law which contain the details of the proposed vesting.


Honourable Juliana O'Connor-Connolly, JP
Minister

DATE: Mar 29th 2018 2018

Appraisal of Real Property

Block 11B, Parcels 7, 23, 26 & Portion Parcel 37

Vacant Land

West of Esterley Tibbetts Highway

West Bay Beach North, Grand Cayman,
Cayman Islands

Prepared For:

Lands and Survey Department

Effective Date of the Appraisal:

January 1, 2015

Report Format:

Appraisal Report – Standard Format

IRR - Caribbean

File Number: 172-2015-0115





Block 11B, Parcels 7, 23, 26 & Portion Parcel 37
 West of Esterley Tibbetts Highway
 West Bay Beach North, Grand Cayman, Cayman Islands



August 26, 2015

Ruth Massarella, MRICS
Valuation Officer
Lands and Survey Department
Government Admin Building
Grand Cayman, KY1-9000

SUBJECT: Market Value Appraisal
 Block 11B, Parcels 7, 23, 26 & Portion Parcel 37
 West of Esterley Tibbetts Highway
 West Bay Beach North, Grand Cayman,
 IRR - Caribbean File No. 172-2015-0115

Dear Ms. Massarella:

Integra Realty Resources – Caribbean is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop opinions of the market value of a variety of different interests in the three parcels that comprise the subject property; under two different land use scenarios. These include market value opinions for the freehold interest in the properties both as encumbered by existing leases and as though unencumbered; the leasehold interests and also the premiums relating to the surrender and acquisition of freehold and leasehold interests. The client for the assignment is Lands and Survey Department, and the intended use is for asset valuation purposes.

The appraisal is intended to conform with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers, the RICS Valuation Professional Standards, and the International Valuation Standards.

The subject is portions of four parcels of vacant land containing a combined area of 8.686 acres or 378,363 square feet. The three individual components range in size from 20,038 sq. ft. to 194,975 sq. ft. All but one of the parcel areas are currently subject to land leases. The property is zoned Neighbourhood Commercial; however, a zoning change to Hotel Tourism is being contemplated for a portion of the property.

At the request of the client and for valuation purposes, the subject property has been divided into three parcels of land, referred to in this report as Portion A, Portion B and Portion C. An assumption has been made that Portion A is that part of Block 11B, Parcel 37 coloured blue on the plan indicated below. Portion B is that part of Block 11B, Parcels 26, 7 & 23 coloured yellow on the same plan and Portion C is the remainder of Block 11B, Parcels 26, 7 & 23 that is not coloured on the plan.



The proposed transaction involves the landlord (Crown) conveying the freehold unencumbered interest in Portion A as well as relinquishing the freehold (encumbered by ground lease) in Portion B. In return, the lessee (Dart Group of Companies) would relinquish their leasehold interest in Portion C.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusions*			
Parcel	Interest Appraised	Date of Value	Value Conclusion
Market Value of Portion A "As Is"	freehold unencumbered	January 1, 2015	\$580,000
Market Value of Portion B "As Is"	freehold unencumbered	January 1, 2015	\$4,740,000
Market Value of Portion B As If Rezoned	freehold unencumbered	January 1, 2015	\$5,210,000
Market Value of Portion B "As Is"	Freehold encumbered by lease	January 1, 2015	\$270,000
Market Value of Portion B As If Rezoned	freehold encumbered by lease	January 1, 2015	\$300,000
Market Value of Portion B "As Is"	leasehold	January 1, 2015	\$3,790,000
Market Value of Portion B As If Rezoned	leasehold	January 1, 2015	\$4,170,000
Market Value of Portion C "As Is"	Freehold unencumbered	January 1, 2015	\$6,820,000
Market Value of Portion C "As Is"	Freehold encumbered by lease	January 1, 2015	\$390,000
Market Value of Portion C "As Is"	leasehold	January 1, 2015	\$5,460,000

*Values expressed in United States Dollars

The following is a summary of the respective premiums to be paid by each party to the other for the transfer of the freehold interest in Portion B and the surrender of the lease in Portion C:

Summary of Premiums		
Premiums	As Is	As if Rezoned
Portion B (to be Paid by Dart)	\$610,000	\$670,000
Portion C (to be Paid by Crown)	\$5,950,000	Same as "As Is"
Net Premium to be Paid by Crown	\$5,340,000	\$5,280,000
Less Market Value of Portion A	-\$580,000	Same as "As Is"
Net Value of Premium to be Paid by Crown	\$4,760,000	\$4,700,000

The following is a summary of the marriage values due to the transaction as well as the calculated premium to be paid. *In this instance, it is a negative premium to be paid by the lessee; or a positive premium to be paid by the Crown.*

Marriage Value Valuation Summary (No Change in Zoning)

	Present Interest	Proposed Interest	Difference
Lessee	\$9,250,000	\$5,320,000	-\$3,930,000 Loss
Lessor	\$1,240,000	\$6,820,000	\$5,580,000 Gain
Totals / Marriage Value	\$10,490,000	\$12,140,000	\$1,650,000
Loss in Value to Lessee			-\$3,930,000
Marriage Value @ 50%			\$1,650,000
Indicated Premium			-\$4,755,000
Rounded			-\$4,760,000

Note: Values in US Dollars

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. This report relates to three parcels of land, referred to in this report as Portion A, Portion B and Portion C. An assumption has been made that Portion A is that part of Block 11B, Parcel 37 coloured blue on the plan supplied by our client. Portion B is that part of Block 11B, Parcels 26, 7 & 23 coloured yellow on the same plan and Portion C is the remainder of Block 11B, Parcels 26, 7 & 23 that is not coloured on the plan.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. One of the valuation premises is to value the subject properties on the hypothetical condition that they have been rezoned to H/T, Hotel Tourism Zone as of the valuation date. The three subject properties are currently zoned NC, Neighbourhood Commercial and therefore, the proposed zoning as Hotel Tourism is hypothetical at the current time.
-

Ruth Massarella, MRICS
Lands and Survey Department
August 26, 2015
Page 5

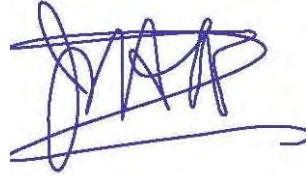
If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Caribbean



Terry L. Kerslake, AACI, P.App
Telephone: 345-746-3110
Email: tkerslake@irr.com



James V. Andrews, MAI, CRE, FRICS, ASA, CVA
Telephone: 345-746-3110
Email: jandrews@irr.com

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Summary of Salient Facts and Conclusions

Property Name	Block 11B, Parcels 7, 23, 26 & Portion Parcel 37		
Address	West of Esterley Tibbetts Highway West Bay Beach North, Grand Cayman, Cayman Islands		
Property Type	Land - Commercial		
Owner of Record	Crown with ground leases to the various Dart entities		
Parcel ID	11B 37 (Portion A), 11B 26, 7 & 23 (Portion B), and 11B 26, 7 & 23 (Portion C)		
Land Area	8.686 acres; 378,363 SF		
Zoning Designation	NC (current) and H/T (proposed), Neighbourhood		
Highest and Best Use	Hotel/tourism development		
Exposure Time; Marketing Period	12 months; 12 months		
Date of the Report	August 11, 2015		
Value Conclusions - As If Freehold Unencumbered			
Portion A - 20,038 SF	\$580,000	(\$28.95/SF)	
Portion B - 163,350 SF	\$5,210,000	(\$31.89/SF)	
Portion C - 194,975 SF	\$6,820,000	(\$34.98/SF)	
Total	\$12,610,000	(\$33.33/SF)	
Value Conclusions*			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value of Portion A "As Is"	Freehold Unencumbered	January 1, 2015	\$580,000
Market Value of Portion B "As Is"	Freehold Unencumbered	January 1, 2015	\$4,740,000
Market Value of Portion B As If Rezoned	Freehold Unencumbered	January 1, 2015	\$5,210,000
Market Value of Portion B "As Is"	Freehold encumbered by	January 1, 2015	\$270,000
Market Value of Portion B As If Rezoned	freehold encumbered by	January 1, 2015	\$300,000
Market Value of Portion B "As Is"	leasehold	January 1, 2015	\$3,790,000
Market Value of Portion B As If Rezoned	leasehold	January 1, 2015	\$4,170,000
Market Value of Portion C "As Is"	Freehold unencumbered	January 1, 2015	\$6,820,000
Market Value of Portion C "As Is"	Freehold encumbered by	January 1, 2015	\$390,000
Market Value of Portion C "As Is"	leasehold	January 1, 2015	\$5,460,000
*Values expressed in United States Dollars			
The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Lands and Survey Department may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.			

Marriage Value Valuation Summary (No Change in Zoning)

	Present Interest	Proposed Interest	Difference
Lessee	\$9,250,000	\$5,320,000	-\$3,930,000 Loss
Lessor	\$1,240,000	\$6,820,000	\$5,580,000 Gain
Totals / Marriage Value	\$10,490,000	\$12,140,000	\$1,650,000
Loss in Value to Lessee			-\$3,930,000
Marriage Value @ 50%			\$1,650,000
Indicated Premium			-\$4,755,000
Rounded			-\$4,760,000
Note: Values in US Dollars			

The negative premium results in a loss to the lessee due to the transaction, indicating a payment from lessor to lessee is appropriate.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. This report relates to three parcels of land, referred to in this report as Portion A, Portion B and Portion C. An assumption has been made that Portion A is that part of Block 11B, Parcel 37 coloured blue on the plan supplied by our client. Portion B is that part of Block 11B, Parcels 26, 7 & 23 coloured yellow on the same plan and Portion C is the remainder of Block 11B, Parcels 26, 7 & 23 that is not coloured on the plan.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. One of the valuation premises is to value the subject properties on the hypothetical condition that they have been rezoned to H/T, Hotel Tourism Zone as of the valuation date. The three subject properties are currently zoned NC, Neighbourhood Commercial and therefore, the proposed zoning as Hotel Tourism is hypothetical at the current time.
-

General Information

Identification of Subject

The subject is portions of four parcels of vacant land containing a combined area of 8.686 acres or 378,363 square feet. The three individual components range in size from 20,038 sq. ft. to 194,975 sq. ft. All but one of the parcel areas are currently subject to land leases. The property is zoned Neighbourhood Commercial; however, a zoning change to Hotel Tourism is being contemplated for a portion of the property.

Property Identification	
Property Name	Block 11B, Parcels 7, 23, 26 & Portion Parcel 37
Address	West of Esterley Tibbetts Highway West Bay Beach North, Grand Cayman, Cayman Islands
Parcel ID	11B 37 (Portion A), 11B 26, 7 & 23 (Portion B), and 11B 26, 7 & 23 (Portion C)
Owner of Record	Crown with ground leases to the various Dart entities

The parcels are further described as follows:

Land Area Summary		
Parcel ID	SF	Acres
11B 37 (Portion A)	20,038	0.460
11B 26, 7 & 23 (Portion B)	163,350	3.750
11B 26, 7 & 23 (Portion C)	194,975	4.476
Total	378,363	8.686
Source: Public Records		

Sale History

The subject property is Crown land, and to the best of our knowledge, no sale or transfer of ownership has taken place with a three-year period prior to the effective appraisal date. Portions B & C are currently held on 82-year land leases that commenced on April 1, 1986 and expire on March 31, 2068. As of the effective date, the leases had 53.25 years unexpired. The rent is entirely prepaid for the term of the lease. Copies of the leases and an amending agreement are held on file.

The current tenant acquired the leasehold interest in the Portion B and Portion C lands in June 2011, for a consideration of US\$6,000,000.

Pending Transactions

It is understood that negotiations are being conducted with the tenant relating to a surrender of the current leases and a sale of the freehold interest in the Portion A and Portion B lands. The details of these negotiations or the prices agreed (if any) for these parcels are not known.

Purpose of the Appraisal

The purpose of the appraisal is to develop opinions of the market value of the various interests in the subject properties under different land zoning scenarios, as of the effective date of the appraisal, January 1, 2015. As requested, we also estimate the premium to be paid by the tenant for the purchase of the freehold interest in the Portion B land and the premium to be paid to the tenant in exchange for the surrender of the freehold unencumbered interest in the Portion C lands. The date of the report is August 26, 2015. The appraisal is valid only as of the stated effective date or dates.

Basis of Value

Market Value is defined 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.”

(Source: *International Valuation Standards*, International Valuation Standards Council, 2011)

Definition of Property Rights Appraised

Leasehold interest is defined as, “The tenant’s possessory interest created by a lease.”

Lease is defined as, “A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.”

Freehold Interest is defined as, “Absolute ownership subject to limitations imposed by the state, also known as fee simple estate. An estate held for perpetuity.”

(Source: *The Dictionary of Real Estate Appraisal*, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010)

Intended Use and User

The intended use of the appraisal is for asset valuation purposes. The client and intended user is Lands and Survey Department. The appraisal is not intended for any other use or user other than the Cayman Islands Government. No party or parties other than Lands and Survey Department and the Cayman Islands Government rely on the analysis and conclusions conveyed herein.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- The Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers
- The RICS Valuation Professional Standards;
- The International Valuation Standards of the IVSC

Prior Services

It should be noted that we performed valuation services pertaining to a larger group of parcels which included the subject property for the same client in 2011 and 2012.

Competency

We hereby confirm that we possess adequate knowledge and skills to perform the assignment competently, including an understanding area/regional market conditions, and factors which pertain to the property type in question.

Independence

We hereby confirm that we have no conflicts of interest or material involvement in the property which is the subject of this valuation; and that we are acting as unbiased, independent, external valuers.

RICS Valuer Registration

We confirm that we are in compliance with the RICS Valuer Registration program, which is mandatory for RICS members in the Caribbean region.

Currency

Unless otherwise stated, all financial figures in this report are expressed in United States Dollars.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

We use only the sales comparison approach in developing opinions of value for the subject. This approach is applicable to the subject because there is an active market for similar properties, and sufficient sales data is available for analysis. Elements of the income approach were utilized in the estimates of value subject to the existing leases, in the valuation of the leasehold interests and in the calculations of the relevant premiums.

The cost approach is not applicable because there are no improvements that contribute value to the property.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Terry L. Kerslake, AACI, P.App, conducted an on-site inspection of the property on August 5, 2015. James V. Andrews, MAI, CRE, FRICS, ASA, CVA, also conducted an inspection on a later date.

Economic Analysis

Area Analysis

The Cayman Islands consist of three islands in the northwest Caribbean Sea: Grand Cayman, Cayman Brac and Little Cayman. George Town, Grand Cayman, about 450 miles south-southwest of Miami, is the capital and business center of the Cayman Islands. Grand Cayman is odd shaped, about 24 miles in length, and twelve miles wide at the widest point on the western edge. Grand Cayman has a resident population of about 55,000.

The majority of residents are concentrated along the western side of Grand Cayman, in the greater George Town, Seven Mile Beach and West Bay areas. The majority of the tourism product is located along Seven Mile Beach (the west coast), including resort condominiums, hotels, restaurants, shops, etc. George Town is home to tourism product related to cruise ships that anchor in the area each day, and also to the banks and many financial service businesses that operate there.



Cayman Brac lies about 89 miles northeast of Grand Cayman. It is about 12 miles long, with an average width of 1 1/4 miles. Its terrain is the most spectacular of the three islands. The Bluff, a massive central limestone outcrop, rises steadily along the length of the island up to 140 ft. above the sea at the eastern end. As of the latest estimates the population of Cayman Brac was 1,822 persons.

Little Cayman lies five miles west of Cayman Brac and is approximately ten miles long with an average width of just over a mile. The island is low-lying, with a few areas on the north shore rising to 40 ft. above sea level. The latest census reported a resident population of Little Cayman of 115 persons.

There are no rivers on any of the islands, but there are large areas of luxuriant vegetation. The coasts are largely protected by offshore reefs and in many places by a mangrove fringe that often extends into inland swamps that play a key role in the islands' ecology. The total land areas in square miles are 76 for Grand Cayman, 15 for Cayman Brac, and 11 for Little Cayman. The total land area of the country is 102 square miles.

Demographics and Economy

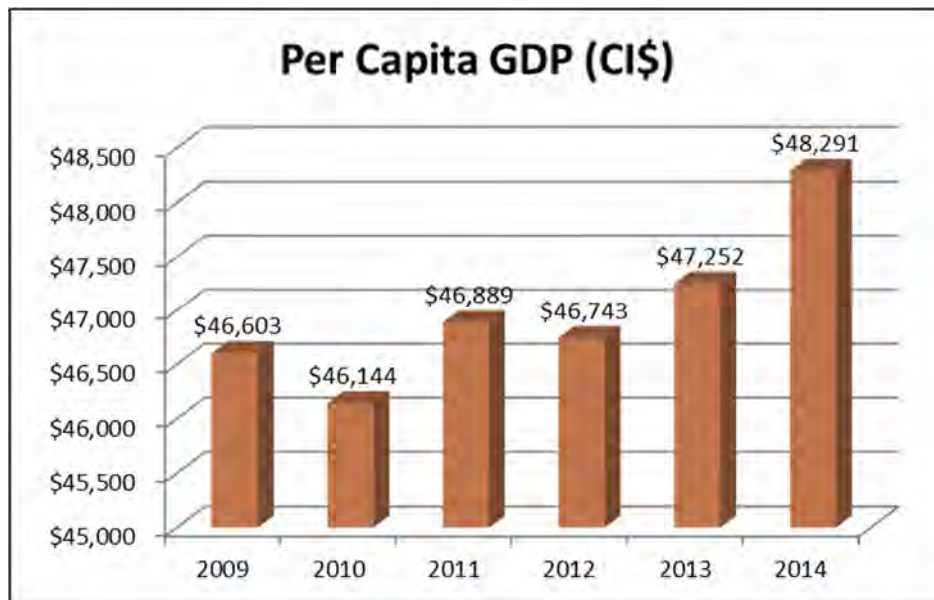
The estimated resident population of the country at the end of 2014 according to the Economic and Statistics Office was 58,238 with 57.4% being Caymanian (or Cayman Status holder). This overall population represents 4.5% growth from the 2013 population estimate, and an all-time high. The total estimated population has increased 150% in the twenty-nine year period from 1985. The vast majority of the population lives on Grand Cayman.

The country relies heavily on tourism and financial services (in Grand Cayman) for its economy. The country hosts a labour force of 39,582; with a 2014 unemployment rate of 4.7%. Due to the high percentage of work permit holders who would otherwise not reside in Cayman, the unemployment rate for Caymanians is much higher – 7.9% at the end of 2014. The Per Capita GDP was CI\$48,291, up 2.2%.

Economic and Demographic Statistics

	2013	2014	% Growth
Population	55,747	58,238	4.50%
Labour Force	38,521	39,582	2.80%
Unemployment Rate	5.3%	4.7%	
Caymanian	9.4%	7.9%	
Non-Caymanian	3.1%	1.5%	
Per Capita GDP (CI\$)	\$47,252	\$48,291	2.2%

Source: Economics and Statistics Office



Work permits had been declining since 2008 when the end of the construction boom came, and reportedly hit bottom in the third quarter of 2011 at just over 19,000. Part of the reason for this is that there has been some contraction in the financial services industry, with some jobs being moved to other jurisdictions where international firms operate. Additionally, the previous government administration introduced a 7-year term limits policy for work permit holders, which affected many long term residents who had not yet gained Permanent Residency Status. This policy has been recently revised, which now allows expatriate workers to stay for ten years which allows everyone the opportunity to apply for Permanent Residency status (though it is rumored that the criteria for Permanent Residency is more stringent than before).

Work permits have since increased at a modest rate, reaching 21,195 in September, 2014 (up 0.8%). Mirroring the trend in previous quarters, work permits in the third quarter rose 0.1% relative to the quarter ending June 2014.

Government

The Cayman Islands are a British Overseas Territory, with a governor as a liaison to the British government, and an independent Legislative Council responsible for local ordinances. There are several political parties in the Legislative Council, and the ruling party appoints a Premier who is the leader of Government Business. The Police department is controlled by the Governor's office, which reports to the British Government. The governor is appointed by the UK Foreign office, as a diplomat, and serves four year terms.

In early 2013, a mounting police investigation into allegations of corruption resulted in the arrest of the then Premier McKeever Bush who was the leader of the United Democratic Party (UDP). This event resulted in the rift in the party, resulting in a new temporary government led by the former Deputy Premier of the same party, though they no longer have a majority. Elections were held in May, 2013 with a return to power of the alternate party, the Peoples Progressive Movement. The former Premier Bush was subsequently charged with ethics violations but was acquitted on all charges that were not initially dismissed.

Financial Services Sector

The most influential industry is the financial services sector, and the Cayman Islands is currently the fifth largest banking center in the world. The economic downturn, as well as various controversial government decisions, led to a decline in this sector from 2009 through 2012. Some of this decline was attributable to the shrinking of the size of various companies, while part of the decline can be attributed to some companies moving registered offices and employees to other offshore jurisdictions.

Some of the indicators show a slight rebound in this sector in 2014, such as exempt company registrations and insurance company registrations. The largest sectors include private banking, company registrations, funds administration, and insurance (public and captive). The following tables illustrate the composition of this sector. Note that exempt companies do not carry out local business activities, but relate to business with overseas clients and activities. Class B Banks are strictly private and investment banks, while Class B insurance companies relate primarily to captive insurance organization.

Financial Services				
	Sep 2012	Sep 2013	Sep 2014	% Growth
Banks and Trusts	233	211	206	-6.8%
Class A	15	15	15	0.0%
Class B	208	206	191	-7.3%
Insurance Companies				
Class A	27	27	28	3.7%
Class B	734	755	765	1.3%
Company Registrations	6,775	7,120	7,223	1.4%
Exempt	5,966	6,325	6,521	3.1%
Non-Resident	51	31	21	-32.3%
Resident	409	339	202	-10.9%
Foreign	349	425	379	-10.8%

Source: Economics and Statistics Office

This industry also sustains the need for the numerous law, accounting, and company/trust management firms that exist here. The outlook for the offshore banking / financial services industry in Cayman varies depending on the individual asked. The country was briefly blacklisted by the multi-national Financial Action Task Force (FATF) in 2003, and since then the country has made legal adjustments relative to compliance. Again in 2008 the country was put on the "Grey List", and had to secure a required number of bi-lateral tax exchange agreements with other nations in order to be removed from this list.

Clearly there is a sentiment in the current climate to eradicate the option of offshore tax havens by governments who are in need of tax revenue; the question is whether "legal" use of these jurisdictions can be eliminated or if it is a practice here to stay. In 2013 the USA Government Accountability Office (GAO) visited the country in an effort to better understand the nature of USA based companies registered here in order to minimize or avoid certain taxes, and have since released a report that most consider a fair assessment of the country's well-monitored company registration industry.

There is a new US policy known as the Foreign Account Tax Compliance Act (FATCA) which was implemented in the Cayman Islands in 2014. This statute requires United States persons, including individuals who live outside the United States, to report their financial accounts held outside of the United States, and requires foreign financial institutions to report to the Internal Revenue Service (IRS) about their American clients. Congress enacted FATCA to make it more difficult for U.S. taxpayers to conceal assets held in offshore accounts and shell corporations and to recoup federal tax revenues. The effects that this event will have on the financial services industry is unknown, but it is generally felt that tax evasion and other illegal activities are no longer a primary incentive for most of the investors in this arena.

There are several unrelated reasons for contraction in the financial services sector. Firstly, the current government administration has made it more expensive for international firms to do business in Cayman, placing significant increases on work permit fees, business license fees, company registration fees, duties on funds and captive insurance programs. This has led to some international offshore firms moving many jobs to other competing jurisdictions such as Bahamas, Bermuda, BVI, and Europe. Despite the fact that Caribbean offshore jurisdictions have much more stringent disclosure and compliance requirements (resulting in the virtual eradication of “money laundering” in these areas), the issue of tax avoidance remains prominent in the press. There has reportedly been some pressure for European investors to move offshore funds out of the Caribbean and to the European low-tax jurisdictions such as Switzerland, Guernsey, Isle of Man, Jersey, etc.

Tourism

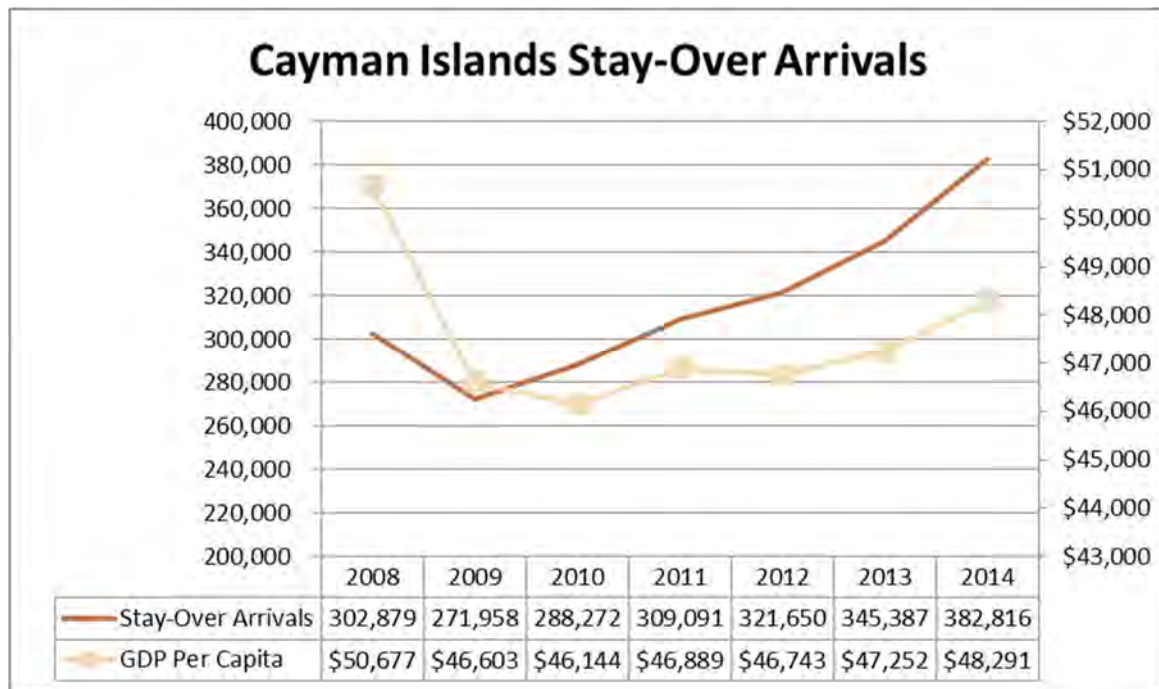
The Cayman Islands hosted over 1.9 million visitors in 2014 (including both stay-over and cruise tourists). All three islands also host a number of part-time residents and property owners who vacation here regularly.

Overnight visitor arrivals for the year 2014 totaled 382,816, representing an impressive 10.84% increase over 2013, which was an increase of 7.38% over 2012. The Cayman Islands currently ranks 13 in visitor arrivals of the Caribbean markets (excluding Mexico) reporting to the Caribbean Tourism Organization.

Stay-Over Arrivals Jan-Dec							
	2008	2009	2010	2011	2012	2013	2014
Stay-Over Arrivals	302,879	271,958	288,272	309,091	321,650	345,387	382,816
Growth		-10.21%	6.00%	7.22%	4.06%	7.38%	10.84%
GDP Per Capita	\$50,677	\$46,603	\$46,144	\$46,889	\$46,743	\$47,252	\$48,291 *
Growth		-8.04%	-0.99%	1.62%	-0.31%	1.09%	2.20%

* Annualized from January-June, 2014 Growth Rate
Source: Caribbean Tourism Association, Cayman Islands Economics and Statistics Office

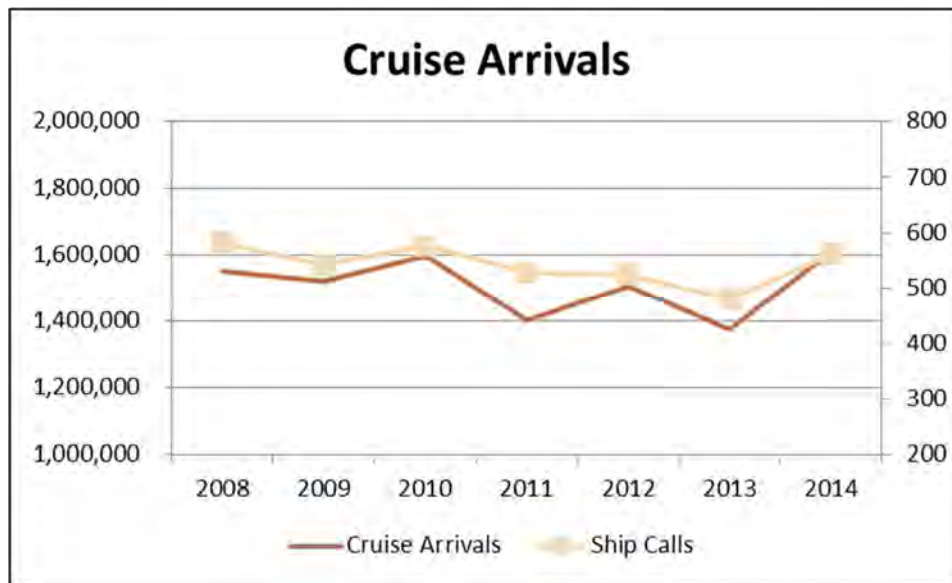
The following graph relates stay-over arrivals to the country's GDP per capita.



Stayover tourism in Cayman has increased significantly each year since 2009. These visitors contribute much more to the overall economy than cruise ships, with the average stay being 5-6 days versus less than one.

The Cayman Islands ranks 5th in the Caribbean in terms of cruise ship visitor arrivals. Cayman hosted 1,609,555 cruise visitor arrivals in 2014 (up 16.98%). This follows decline in this sector in 2013 due to a decrease in cruise ship calls.

Cruise Ship Arrival Statistics							
	2008	2009	2010	2011	2012	2013	2014
Cruise Arrivals	1,553,053	1,520,372	1,597,838	1,401,495	1,507,370	1,375,872	1,609,555
Growth		-2.10%	5.10%	-12.29%	7.55%	-8.72%	16.98%
Ship Calls	583	542	577	529	525	481	562
C.I. Department of Tourism							

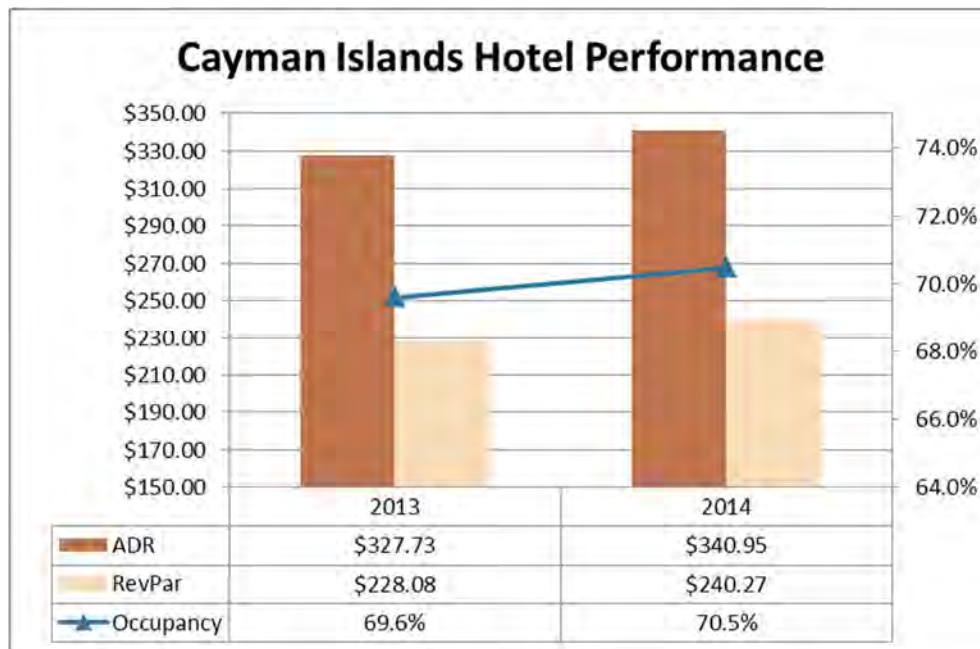


The cruise lines have stated that they will continue to shift their stops to other markets until Cayman develops a cruise ship pier or docking facility, as there is increased liability and cost associated with the tendering operation that currently exists. Various attempts at tendering the construction of cruise berths have been made over the last 10 years, and the current government claims that construction will start on a berthing facility in 2015.

Data from Smith Travel Research (STR, Inc.) indicates 2014 occupancy for reporting hotels in the Cayman Islands of 70.5%, up 0.88% over the prior year. The reported average daily rate (ADR) was \$340.95 (up 4.03%), leading to Revenue Per Available Room Night (RevPar) of \$240.27 (up 5.34%).

Hotel Performance by Country - Cayman Islands			
	2013	2014	Growth
Sample Size (Rooms)		1292	
Room Nights Available (Supply)	1,391,733	1,393,178	0.10%
Room Nights Sold (Demand)	968,573	981,769	1.36%
Occupancy	69.6%	70.5%	0.88%
Room Revenues	\$317,432,265	\$334,737,018	5.45%
ADR	\$327.73	\$340.95	4.03%
RevPar	\$228.08	\$240.27	5.34%
Rooms in Active Pipeline 12/31	263	263	
Note: Values in United States Dollars			
Source: Smith Travel Research (STR, Inc.)			

Note: Sample Size reflects the number of rooms within the STR participating hotels



Source: Smith Travel Research (STR, Inc.)

The active pipeline solely consists of the proposed 263-room Kimpton Grand Cayman on Seven Mile Beach, which would add 6.4% to the existing room stock of 3,862 rooms. This project will also include 66 residential units.

Construction and Development

The previous government administration had been particularly favorable toward development and construction, and development in Grand Cayman has been consistent from since the 1980's (although construction has slowed significantly in the last 2-4 years from the previous pace). The 1980's saw significant development of condominiums along Seven Mile Beach which has continued to the present day and this area is effectively 100% built-up. Although there were several fairly large hotels on the island prior to 2004 (The Westin Casuarina, The Grand Cayman Marriott and the Hyatt Regency – all along Seven Mile Beach), the profile dramatically changed with the development of the 1,500 room Ritz Carlton Hotel and Residences (2003-2007). During construction of the Ritz in 2003, the Government raised the minimum number of stories from five to seven in the Hotel Tourism zone along Seven Mile Beach. The Ritz took advantage of this change as have four other new luxury condominium developments to date.

More recently, the number of maximum stories in this area has again been raised - to ten (or 65 feet) for hotels/condos, and the first development to take advantage of this is the Watercolours – a 60-unit condominium development under construction on the former site of the Beach Club Colony hotel. The replacement of older, mid-priced resorts with newer, luxury condominium resort developments is becoming a trend. For example, the Ritz Carlton is on the site of the former Holiday Inn Resort, and several older condominium properties have been re-developed with luxury properties.

Development and construction was further enhanced after the passage of Hurricane Ivan in 2004. The insurance industry effectively fueled this economy with millions of dollars for re-development, and new development was the strongest in the three years following the storm. One major project is the ongoing development known as Camana Bay – a 550 acre, planned “new-urban” town along the North Sound on the Seven Mile Beach peninsula. The overall plan includes five office buildings (four are existing and one is under construction), an existing cinema complex, four retail/restaurant blocks along a pedestrian promenade, urban style residential apartment units; and hotel and condominium portions which are not yet developed.

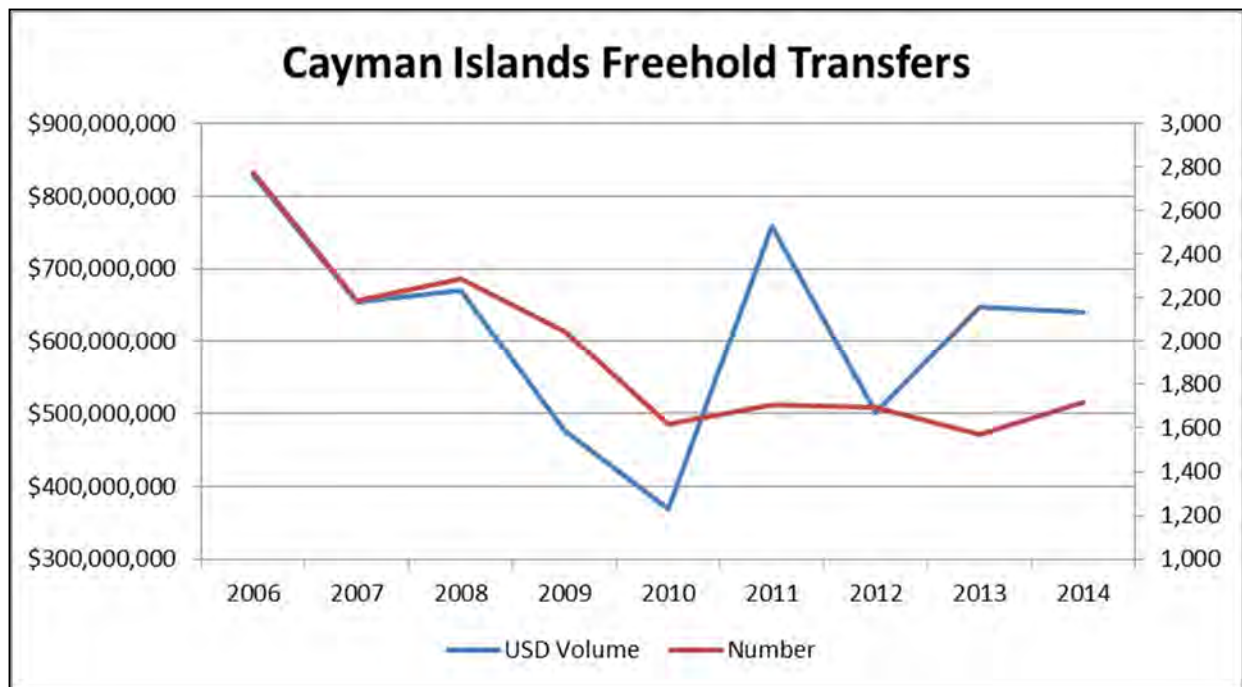
This project is being developed with 100% equity by the Dart Group of companies, owned by the founders of the Dart Container Corporation (Styrofoam cups, etc.). This organization has continued to amass a significant amount of land, including the 2011 purchase of an additional 64 parcels totaling 1,481 acres of land and some buildings along the Seven Mile Beach peninsula (though very little is beachfront), from developer Stan Thomas, for a price of \$124 million. This transaction, which noticeably affected the real estate transfer statistics for 2011, included the Cayman Islands Yacht Club and the former Courtyard by Marriott hotel across the road from Seven Mile Beach. This hotel, which was closed since 2009 from storm damage (Hurricane Paloma), has been demolished in favor of development of a new, Kimpton branded, luxury hotel resort. As part of the For Cayman Investment Alliance agreement with Government, Dart has closed about 3,000 feet of West Bay Road in order to create a large, deep oceanfront parcel for this resort and surrounding parcels they own. In exchange, Dart has built a bypass extension from the existing Esterly Tibbetts Highway at Governor’s Harbor all the way north into the Batabanoo area of West Bay; along with donating other parcels for public properties.

There are a few other large scale developments either under construction or recently completed, such as Health City Cayman Islands, a medical tourism hospital recently completed in the high Rock area of East End. The first phase has 105 beds with a planned eventual development of up to 2,000 beds over ten years. Should this be successful, additional development of support services in the Eastern Districts is inevitable.

Another project with Government support is the Cayman Enterprise City, a special economic development zone where businesses from overseas in certain sectors can take advantage of concessions on work permit fees, license fees, import duties, stamp duties, etc. The developers plan to eventually build over 200,000 square feet of office and R&D space, with the first phase likely being one building of about 50,000 square feet. This project was to be underway by now, but appears to be struggling with sourcing funding.

Real Estate

The value of freehold property transfers in the Cayman Islands for 2014 declined slightly (-1%) to just over US\$640,000,000, following a 29% bump in the prior year. The number of transfers has held fairly steady at around 1,700 per year, though there has been a gradual downward trend since 2006. It should be noted that the trend in sales volume in Cayman is relatively erratic given the relatively small size of the market.



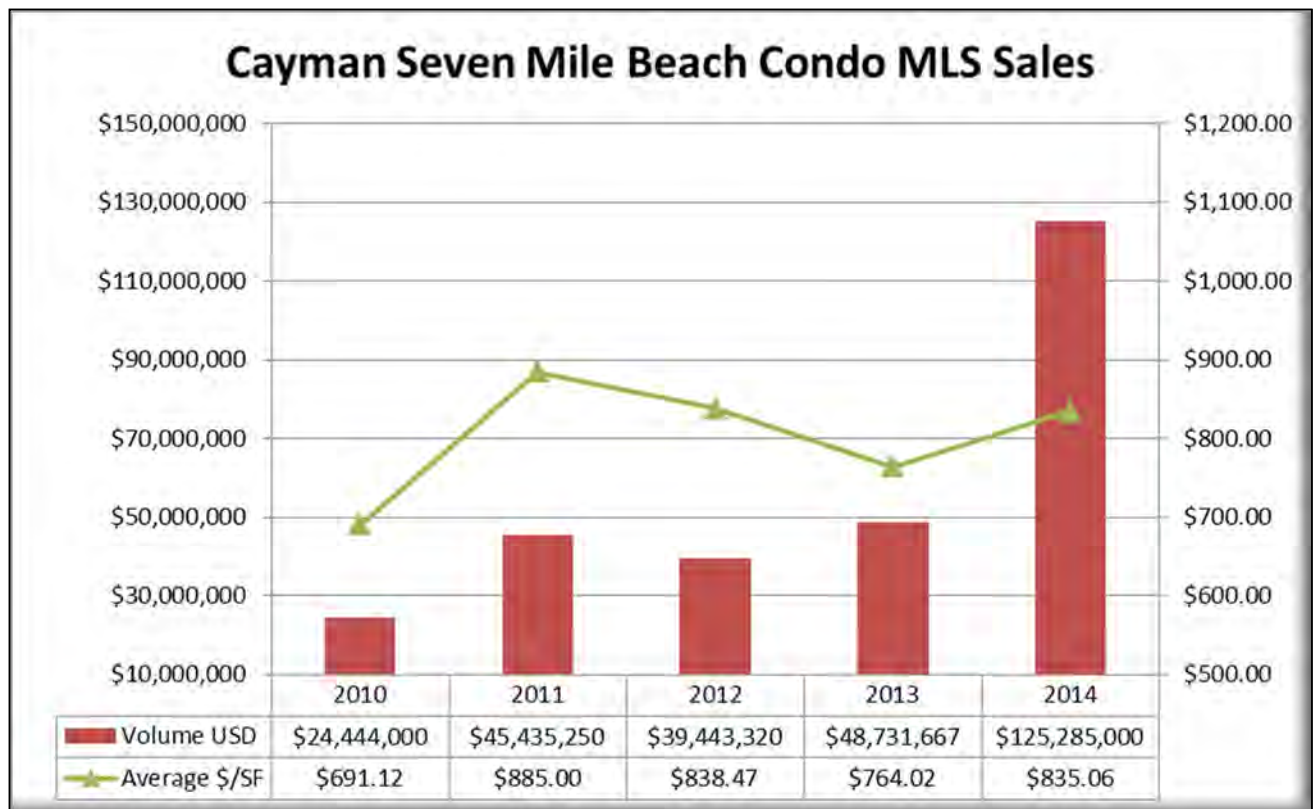
Source: Cayman Islands Department of Lands and Survey (www.caymanlandinfo.ky), Integra Realty Resources

Note: Spike in value in 2011 due to large Dart acquisition of Stan Thomas portfolio

Note: Spike in value in Q2 2013 due to sale of Ritz Carlton Resort

Seven Mile Beach Condominium Market

One of the most dynamic real estate markets in the Cayman Islands is the Seven Mile Beach condominium market, which is said to emulate the overall Caribbean vacation home market fairly closely. Sales volume from transactions noted in the local MLS jumped 157% in 2014, though this is partly due to 14 closings of units previously under contract at The Watercolors; the area's newest project which recently completed construction. Excluding sales at The Watercolors, sales volume for 2014 was slightly over \$74.4 million; a 53% gain over 2013. Prices per square foot are about US\$835 on average, a 9% gain above that of the prior year.



Source: Coldwell banker Cayman Islands Realty (CIREBA MLS), Compiled by Integra Realty Resources

Land Ownership, Title and Taxation

The Cayman Islands uses a Torrens Title system for the registration of land title. The basic difference between a typical deeds registration and Torrens systems is that the former involves registration of instruments while the latter involves registration of title. Land Registers are created for legal parcels registered on the Land Registry Map with a cadastral based mapping system, by a Licensed Land Surveyor.

Torrens title “is a system of land title where a register of land holdings maintained by the state guarantees indefeasible title to those included in the register (no title insurance is necessary). The system was formulated to combat the problems of uncertainty, complexity and cost associated with old system title, which depends on proof of an unbroken chain of title back to a good root of title. The Torrens title system was introduced in South Australia in 1858, formulated by then colonial Premier of South Australia Sir Robert Torrens. Since then, it has become pervasive around the Commonwealth of Nations and very common around the globe.” (Source: Wikipedia)

Values associated with an appraisal relate to the value of the Property Rights. In the Cayman Islands title to land is registered as either Absolute or Provisional. Provisional Title is only used when there is a question or dispute over title or boundaries, and is intended to be temporary. Property Rights associated with normal Freehold or Fee Simple estate are referred to as “Absolute Title”.

Absolute Title is “one which vests in the registered proprietor an estate in fee simple absolute in possession (which can loosely be described as indefeasible ownership) of that parcel of land together with all rights and privileges belonging or pertinent to the land, which ownership is free from all other interests and claims whatsoever not shown on the Register, save for overriding interests. All mineral rights are, however, vested in the Crown.” (Source: Registered Land Law {1995 Revision})

Land Ownership Taxation

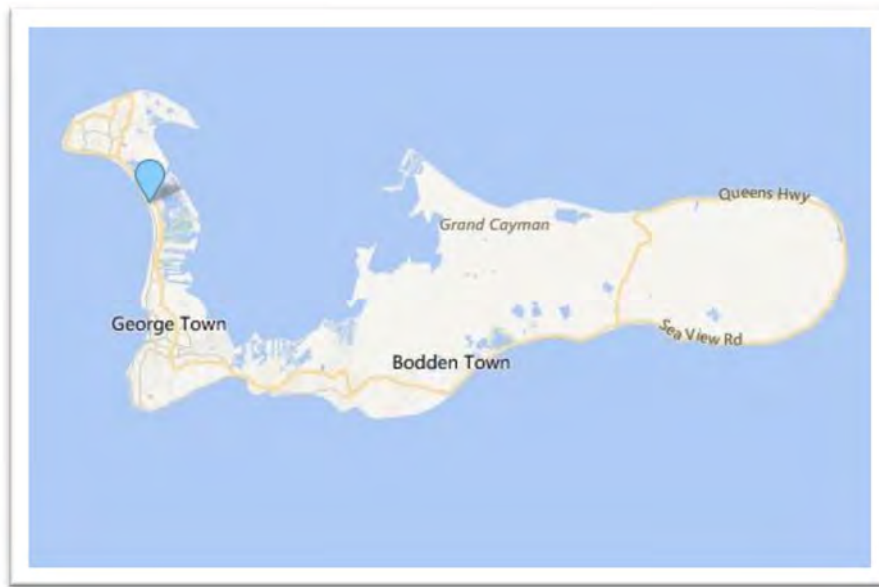
There are no periodic real estate taxes in the Cayman Islands, rather a one-time stamp duty based on the value at the time of transfer, usually paid by the purchaser. Currently stamp duty on property transfers are based on 6% of the price (or assessed value), or 7.5% for parcels in the areas of Seven Mile Beach and central George Town. Any individual or company (which would have to be registered in the Cayman Islands) can own property in this jurisdiction. The only clarification is that companies that do business locally have to have a Trade and Business License to operate, and this includes companies leasing property more than four contiguous residential units. In order to obtain a Trade and Business License the Ordinary Company must have at least 60% Caymanian Shareholders and Directors, or alternatively obtain a Local Companies (Control) Law License (LCCL) which provides for up to 100% foreign ownership. This can be obtained as long as there are no Caymanians wishing to (and able to) invest the level of financial input required; and this is demonstrated by way of advertisements.

Alternatively, a foreign owned “exempt” company can also own property as a holding company and license the management of the property to an Ordinary Company that is licensed.

Conclusions

The economy in the Cayman Islands appears to be relatively flat, but perhaps in a bit better shape than many of its competitors in the Caribbean region due to the influence of the financial services sector on the domestic economy. Until early 2009 (and to a certain extent still) the economy has been relatively strong, and a considerable amount of money was injected into the economy from the insurance companies after Hurricane Ivan in 2004. Although the real estate market appears to be experiencing difficulty in regaining pre-recessionary levels, the expectation is that there is still a fairly strong market of investors looking for a stable offshore jurisdiction to invest in property and/or financial instruments.

Area Map



Surrounding Area Analysis

Location

The subject is located in the general Seven Mile Beach area in the West Bay Beach North area of Grand Cayman. This location is four miles north of the capital and commercial center of George Town.

Seven Mile Beach exists along the “West Bay Peninsular” with the Caribbean Sea to the west and the North Sound to the east. The west (Caribbean Sea) side of this area has more or less been fully developed. Numerous condominiums and the hotels line the beachfront land from north to south, and there are commercial uses such as shopping center and restaurants on the land side of West Bay Road. As such, there has been some re-development of older beachfront properties such as a portion of the Ritz Carlton resort having been constructed on the site of the former Holiday Inn.

In 2002-2003 the peninsula was bisected by the construction of the Esterley Tibbetts Highway, which, until recently, ran from Laurence Boulevard at the southern end (at the entrance to what is now Camana Bay) up to Governor’s Harbour at the northern end. This development severed some major properties, and is likely a primary reason that the former Hyatt Regency Grand Cayman never re-opened after Hurricane Ivan in 2004.

Access

Primary access to the area is via either West Bay Road or the Esterley Tibbetts Highway; both of which traverse the seven mile beach peninsula from George Town at the southern end to West Bay at the northern end. The Owen Roberts International airport is 4 miles to the south-east. Public transportation is provided by bus which stops along West Bay Road. Overall, access to the area is considered good.

Land Use

There are several large hotels; some with international branding (Ritz Carlton, Westin, Marriott, Holiday Inn and Comfort Suites, all located in the famous “Seven Mile Beach” area, which is ironically a five-mile stretch of pristine sandy beach with calm waters along the western (leeward) side of the island. The vast majority of the island’s tourism is located in this area which is just north of George Town. In addition to these internationally branded resorts, several independently operated hotels also exist, such as Sunshine Suites and the Grand Cayman Beach Suites.

Most of the area’s resort properties, however, are actually condominium resorts including those that make up the majority of the beach frontage along Seven Mile Beach. In addition to the beachfront resorts which are on the west side of West Bay Road, land on the east side of this thoroughfare (and west of the Esterley Tibbetts Highway (ETH), is mostly commercial in nature; including various retail plazas, restaurants, bars and office buildings.

The land to the east of the ETH, however, is more residential in nature and has mostly been developed with mid to upper priced, canal oriented residential subdivisions and condominiums. These canals, which run westward into these developments from the tranquil North Sound to the east, provide easy boat access for residents along these canals to any part of the North Sound and beyond into the Caribbean.

Portions of the land to the east of the ETH have been left in a swampy state, and some areas are protected mangrove buffers. Dart Realty, developers of the 550-acre Camana Bay (planned urban development) acquired much of this land in 2011, and presumably have long range plans for development. Currently, they are sporadically developing sections of this area, such as the Salt Creek residential community to the north.

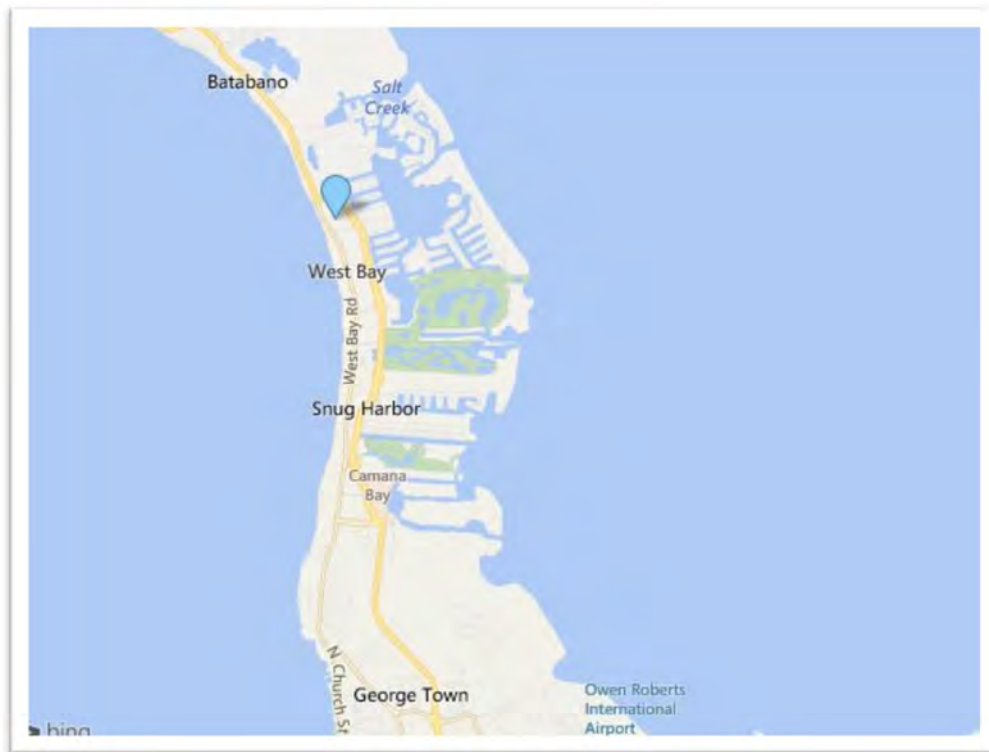
Major property uses along the Seven Mile Beach peninsula to the east of the ETH include Camana Bay (a 550-acre planned urban development which includes retail and residential businesses along pedestrian passageways as well as six office buildings), Snug Harbour (established residential development), Britannia (condominium development and golf course once part of the former Hyatt Regency Grand Cayman Resort), Canal Point (established luxury canal front residential development), the eastern sections of the Ritz Carlton Resort (including the Blue Tip Golf Course, Exclusive Island residential community and the incomplete Deck Houses development), the North Sound Golf Club, Crystal Harbour and Governor's Harbour (both established canal oriented residential developments), and the previously mentioned Salt Creek.

One recent development that has a significant impact in the area is that Dart Realty reached an agreement with the previous government administration to close a portion of West Bay Road in exchange for the construction of the extension of the Esterley Tibbetts Highway and other costly concessions. The closure of this road has allowed for construction to begin on the proposed Kimpton Hotel, which is being built on the site of the former Courtyard Marriott (which was a Holiday Inn prior to that).

Outlook and Conclusions

Seven Mile Beach is the commercial and tourism hub of the island, and remains vibrant with development despite economic challenges in recent years. Interest from investors such as the Dart group signifies confidence that this area's economy will remain robust. Condominium prices and sales volume declined for several years, but there is evidence that these are modestly rebounding. In general, we anticipate that property values in the area will increase in the foreseeable future.

Surrounding Area Map



Property Analysis

Land Description and Analysis

Land Area Summary

Parcel ID	SF	Acres
11B 37 (Portion A)	20,038	0.460
11B 26, 7 & 23 (Portion B)	163,350	3.750
11B 26, 7 & 23 (Portion C)	194,975	4.476
Total	378,363	8.686
Source: Public Records		

Portion A is a relatively small parcel of just over 20,000 sq. ft. that comprises the eastern component of Block 11B Parcel 37 and is shown edged blue on the plan supplied by the client. This parcel is reasonably level and abuts Esterley Tibbetts Highway to the east, with approximately 65 ft. of frontage. Access is from an interior road that runs north-south from the new alignment of West Bay Road that is immediately to the west of Portion B. Portion A is approximately rectangular in shape and is currently zoned neighbourhood commercial. On an independent basis, this parcel could support a small commercial development, but it also abuts larger parcels to the north and south. The parcel to the north is under development with the Kimpton Hotel; if consolidated with that parcel, it would be suitable for an expansion of the hotel development, most likely for support or ancillary purposes, as it is some distance from the beach and the core commercial components of the hotel.

Portion B is a medium sized corner parcel of 3.75 acres, or just over 160,000 sq. ft. This component comprises the eastern portion of Block 11B, Parcels 26, 7 & 23. It is situated between the Esterley Tibbetts Highway to the east, and an existing interior access road to the west. Its southern boundary abuts the realigned West Bay Road. This parcel is reasonably level, but is currently covered with construction materials being used for the development of the Kimpton Hotel to the north. Access is from the interior road, although this site has extensive exposure to adjacent roads. The approximate frontage to the ETH and West Bay Road is 800 ft. Portion B is of sufficient size to accommodate a variety of uses, including the currently permitted neighbourhood commercial, or hotel tourism; however if it were to be developed for hotel type use, it would most likely be in conjunction with neighbouring sites that have beach access and/or views. It could also be used for hotel support operations and amenities, for example, retail, spa facilities, tennis courts, maintenance operations etc.

Portion C is a medium sized parcel of approximately 4.5 acres, or just over 190,000 sq. ft. This component comprises the western portion of Block 11B, Parcels 26, 7 & 23. It is situated north of the realigned West Bay Road and abuts the public beach to the west. The site is partially paved and used as a parking lot, and partially landscaped. It incorporates the interior access road along its eastern boundary, which reduces the effective area. There is approximately 400 feet of road frontage along the southern boundary. Portion C is of sufficient size to accommodate a variety of uses, including the currently permitted neighbourhood commercial.

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required. The density under the H/T designation is greater and permits development up to 10 storeys in this location. This use is appropriate for the two larger parcels (Portions B & C), but it is unlikely that the smaller Portion A would be developed to that density on an independent basis.

The subject properties have a good location, close to the Seven Mile Public Beach. The elevation rises up from approximately 4 feet above sea at the west, to approximately 8 feet, with some higher spots in the centre and eastern portions of the site.

The combined sites are summarized as follows:

Land Description	
Land Area	8.686 acres; 378,363 SF
Source of Land Area	Public Records
Primary Street Frontage	West of Esterley Tibbetts Highway - 1,200 feet
Shape	Irregular
Corner	Yes
Water Frontage	0
Topography	Level
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed.
Ground Stability	No problems reported or observed
Zoning; Other Regulations	
Zoning Jurisdiction	Cayman Islands Government
Zoning Designation	NC (current) and H/T (proposed)
Description	Neighbourhood Commercial & Hotel / Tourism Zones
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	Yes, to Hotel / Tourism Zone
Permitted Uses	NC - offices, retail shops, medical clinics, restaurants/bars, child care H/T - hotels, cottage colony, apartments
Minimum Lot Area	20,000 sq. ft.
Minimum Setbacks (Feet)	road 20', rear/side 6', waterfront 50'
Maximum Building Height	3 storeys of 40 ft.
Maximum Site Coverage	0.75
Maximum Density	as deemed suitable by the CPA
Maximum Floor Area Ratio	N/A
Parking Requirement	one per 200 sq. ft. (restaurant) to 300 sq. ft. (retail)
Rent Control	No
Other Land Use Regulations	None reported or observed.
Utilities	
Service	Provider
Water	Consolidated Water Company
Sewer	Consolidated Water Company
Electricity	CUC
Natural Gas	None
Local Phone	Lime and Digicel

Potential Development Density

The individual sites would yield a variety of densities, due to their size and location. The combined site at its HBU could yield up to 564 hotel rooms, or 217 apartments at maximum permitted density, assuming the zoning has been changed to Hotel Tourism.

Easements, Encroachments and Restrictions

Based upon a review of the Land Register, there do not appear to be any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

It should be noted that there is a vehicular driveway that is part of the development plan which is located on Portion C. We have assumed that the driveway will become an easement to service Portions A and B as well.

Portions B & C are currently held on 82-year land leases that commenced on April 1, 1986 and expire on March 31, 2068. As of the effective date, the leases had 53.25 years unexpired. The rent is entirely prepaid for the term of the lease. Copies of the leases and an amending agreement are held on file.

Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.



Street Scene and Overall View Looking North Along Esterley Tibbetts Highway



Street Scene and Overall View Looking South Along Esterley Tibbetts Highway



View of Roundabout and West Bay Road along South Boundary of Portion B



Street Scene to South along West Bay Road



Street Scene North Along West Bay Road Realignment



View of Esterley Tibbetts Highway showing frontage of Portions A & B



View East of 11B37 (Portion A)



View of East Portion (Portion B)



View East Towards Portion B



View North along Interior Dividing Road



View South along Interior Dividing Road



View West Over Portion C



View of Portion C Looking East



View of Portion C Looking East



View of Portion C Looking East from Beach



View of Portion C Looking East from Beach



View West Along North Boundary of Portion C



View of Kimpton Hotel Development to North

GIS Images



Aerial View



Elevation Map



Ownership/identification Plan

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses. Due to its small size, Portion A is unlikely suitable for a Hotel Tourism development on an independent basis.

Legally Permissible

The sites are currently zoned NC, Neighbourhood Commercial. There is a zoning change contemplated that would result in Portions A and B being zoned HT, Hotel Tourism. Some of the valuation premises assume this change is in effect. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, typically only hotel/tourism development would be given further consideration in determining highest and best use of the site; however our terms of reference are also to consider values of the land under the current NC zoning.

Financially Feasible

Based on our analysis of the market, there is currently adequate demand for hotel/tourism development in the subject's area. It appears that a newly developed hotel/tourism development on the site would have a value commensurate with its cost. Therefore, hotel/tourism development is considered to be financially feasible. There is also adequate demand for NC zoned land for commercial development, although this is considered to be slightly less desirable than H/T land in this location.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than hotel/tourism development. Accordingly, it is our opinion that hotel/tourism development, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the sites for hotel/tourism development is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant. Under the existing NC zoning that currently exists over the subject property, the most likely use would be some type of commercial/retail development; or potentially a mixed use property with multifamily residential units above retail on the ground floor. Due to its small size, Portion A is unlikely suitable for a Hotel Tourism development on an independent basis.

Most Probable Buyer

Taking into account the functional utility of the site and area development trends, the probable buyer is a developer. In this instance, most of the lands are encumbered by leases and an amalgamation of the freehold and leasehold interests, as proposed, would create a situation where the most likely parties to a transaction are the current owner and tenant.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

Some elements of the income approach have been utilized in estimating the freehold values as encumbered by existing land leases and also in estimating the value of leasehold interests.

Sales Comparison Approach

To develop an opinion of the subject's land value, as if held in an unencumbered freehold interest, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

As discussed previously, the property is divided for valuation purposes as follows:

Land Area Summary

Parcel ID	SF	Acres
11B 37 (Portion A)	20,038	0.460
11B 26, 7 & 23 (Portion B)	163,350	3.750
11B 26, 7 & 23 (Portion C)	194,975	4.476
Total	378,363	8.686

Source: Public Records

Portion A (0.460 Acres; 20,038 SF)

To apply the sales comparison approach to Portion A, we searched for sale transactions within the following parameters:

- Location: Within the Seven Mile Beach and Esterley Tibbetts Highway corridor
- Size: 10,000 to 50,000 sq. ft.
- Use: Neighbourhood Commercial or Hotel/Tourism
- Transaction Date: Within the past two years

After an extensive search within these parameters, only a limited number of potentially suitable sales were found. Therefore, we expanded our search to include some slightly older sales and some larger parcels of land.

For this analysis, we use price per square foot as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales - Portion A

No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Zoning	\$/SF Land	\$/Acre
1	Block10E Parcel 56 West Bay Road West Bay Beach North <i>Comments: Price in US\$. Land situated on east side of West Bay Road, this land is in its natural state and remains undeveloped.</i>	Jan-15 Closed	\$1,000,000	58,806 1.35	Hotel Tourism	\$17.01	\$740,741
2	Block12C Parcel 444 Palm Heights Drive West Bay Beach South <i>Comments: Price in US\$. Land situated on west side of Esterley Tibbetts Hwy, with good exposure, but no direct access. Access is from Palm heights Drive. This land remains undeveloped.</i>	Dec-13 Closed	\$200,000	8,311 0.19	Neighbourhood Commercial	\$24.06	\$1,048,218
3	Block 11B Parcel 56REM3 Block 11B 56REM3 Esterly T West Bay Beach North <i>Comments: New parcel created when the new roundabout connection to West Bay Road was created. There is a narrow access road from West Bay Road; otherwise access is restricted from the Bypass road.</i>	Apr-14 Closed	\$3,750,000	189,486 4.35	Neighbourhood Commercial	\$19.79	\$862,069
4	Block14D Parcel 284 Elgin Avenue George Town Central <i>Comments: Price in US\$. Land between Cayman National Bank and Cayman Business Park. Remains undeveloped.</i>	Jan-13 Closed	\$1,070,000	40,946 0.94	General Commercial	\$26.13	\$1,138,298
5	Block 12C Parcel 455 West Bay Road West Bay Beach South <i>Comments: Commercial land adjacent to the new Caribbean Plaza on the east side of West Bay Road; rear of the site abuts the Bypass road.</i>	Feb-14 Closed	\$2,300,000	86,379 1.98	Neighbourhood Commercial	\$26.63	\$1,159,859
	Subject 11B 37 (Blue Portion) West Bay North West, Grand Cayman,			20,038 0.46	Neighbourhood Commercial & Hotel / Tourism Zones		

*Values expressed in United States Dollars

Comparable Land Sales Map – Portion A



Note, Marker 2 is obscured by Marker 5 and Marker 3 is obscured by the subject marker



Sale 1
Block 10E Parcel 56



Sale 2
Block 12C Parcel 444



Sale 3
Block 11B Parcel 56REM3



Sale 4
Block 14D Parcel 284



Sale 5
Block 12C Parcel 455

Block 11B, Parcels 7, 23, 26 & Portion Parcel 37

Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	Not Applicable
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	Not Applicable
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	Not Applicable
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	Not Applicable
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	There is considered to have been some modest appreciation over the past few years. Upward adjustments were made to all sales on this basis.
Location	Market or submarket area influences on sale price; surrounding land use influences.	Comparable 1 is situated north of the subject property and is considered to have an inferior location. It has been adjusted upward. The other four comparables are in superior locations and negative adjustments have been made.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	Comparables 1 to 3 all have either inferior access or exposure and have been adjusted upwards for that factor. Comparable 5 has superior exposure and was adjusted downwards.
Size	Inverse relationship that often exists between parcel size and unit value.	Comparable 2 is smaller and requires negative adjustment and the remaining indicators are larger and have been adjusted upwards accordingly.

Adjustment Factor	Accounts For	Comments
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	Comparables 2 to 4 have all been adjusted positively for their inferior configuration
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	When compared to the existing NC zoning of the subject property, Comparables 1 and 4 require adjustment for their superior zoning
Entitlements	The specific level of governmental approvals attained pertaining to development of a site.	Not applicable

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid - Portion A						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	11B 37 (Portion A)	Block10E Parcel 56	Block12C Parcel 444	Block 11B Parcel 56REM3	Block14D Parcel 284	Block 12C Parcel 455
Address	West of Esterley Tibbetts Highway	West Bay Road	Palm Heights Drive	Block 11B 56REM3 Esterly Tibbetts Highway	Elgin Avenue	West Bay Road
City	West Bay Beach North	West Bay Beach North	West Bay Beach South	West Bay Beach North	George Town Central	West Bay Beach South
County	Grand Cayman	Grand Cayman	Grand Cayman	Grand Cayman	Grand Cayman	Grand Cayman
State	Cayman Islands	CI	CI	CI	CI	CI
Sale Date		Jan-15	Dec-13	Apr-14	Jan-13	Feb-14
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,000,000	\$200,000	\$3,750,000	\$1,070,000	\$2,300,000
Effective Sale Price		\$1,000,000	\$200,000	\$3,750,000	\$1,070,000	\$2,300,000
Square Feet	20,038	58,806	8,311	189,486	40,946	86,379
Acres	0.460	1.350	0.191	4.350	0.940	1.983
Price per Square Foot		\$17.01	\$24.06	\$19.79	\$26.13	\$26.63
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-	-
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
% Adjustment		-	-	-	-	-
Market Conditions	1/1/2015	Jan-15	Dec-13	Apr-14	Jan-13	Feb-14
Annual % Adjustment	4%	-	4%	3%	8%	3%
Cumulative Adjusted Price		\$17.01	\$25.03	\$20.38	\$28.22	\$27.43
Location		35%	-10%	-5%	-10%	-10%
Access/Exposure		20%	25%	10%		-5%
Size		20%	-20%	25%	15%	20%
Shape and Topography			20%	15%	10%	-
Zoning		-10%	-	-	-10%	-
Entitlements		-	-	-	-	-
Net \$ Adjustment		\$11.05	\$3.75	\$9.17	\$1.41	\$1.37
Net % Adjustment		65%	15%	45%	5%	5%
Final Adjusted Price		\$28.06	\$28.78	\$29.56	\$29.63	\$28.80
Overall Adjustment		65%	20%	49%	13%	8%
Range of Adjusted Prices		\$28.06 - \$29.63				
Average		\$28.97				
Indicated Value		\$29.00				

Unencumbered Freehold Value Conclusion – Portion A

There is no single best indicator of value for the subject property and weight is given to all of the land sale comparables. The H/T zoning is not considered to any additional value impact on this parcel, due to its relatively small size. We arrive at a value conclusion as follows:

Land Value Conclusion- Freehold Unencumbered *

Portion A

Indicated Value per Square Foot	\$29.00
Subject Square Feet	20,038
Indicated Value - Freehold	\$581,102
Unencumbered, NC Zoning	
Rounded	\$580,000 With Current NC Zoning
Rounded	\$580,000 With Alternative H/T Zoning

*Values expressed in United States Dollars

Portion B (3.750 Acres; 163,350 SF)

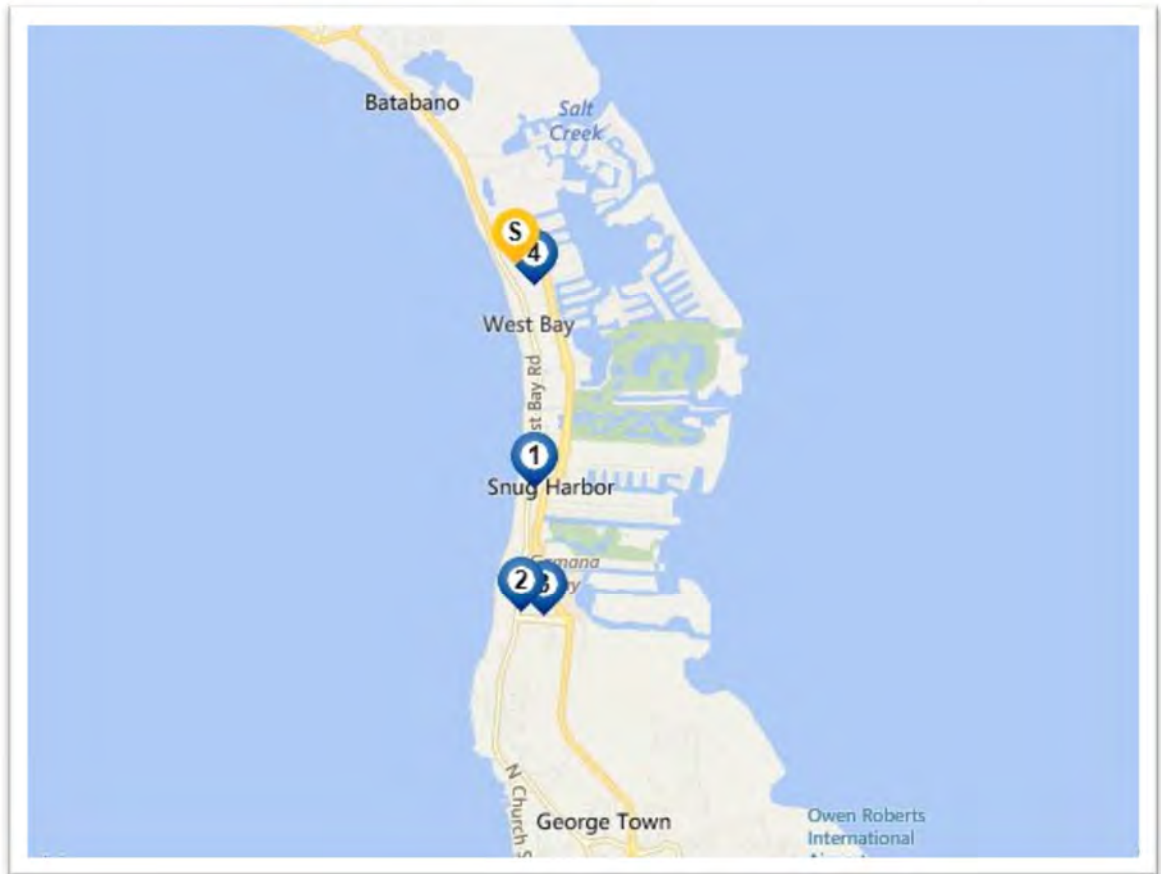
To apply the sales comparison approach to Portion B, we searched for sale transactions within the following parameters:

- Location: Seven Mile Beach/Esterley Tibbetts Hwy corridor
- Size: 50,000 to 400,000 sq. ft.
- Use: Neighbourhood Commercial or Hotel/Tourism use
- Transaction Date: Within past two years

After an extensive search within these parameters, a sufficient number of sales were found. For this analysis, we use price per square foot as the appropriate unit of comparison. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales - Portion B							
No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Zoning	\$/SF Land	\$/Acre
1	Block 12C Parcel 455 West Bay Road West Bay Beach South <i>Comments: Commercial land adjacent to the new Caribbean Plaza on the east side of West Bay Road; rear of the site abuts the Bypass road.</i>	Feb-14 Closed	\$2,300,000	86,379 1.98	Neighbourhood Commercial	\$26.63	\$1,159,859
2	Block 12E Parcel 60REM3 West Bay Rd. & Lawrence Bl West Bay Beach South <i>Comments: Existing improvements contribute no value to the site.</i>	Jun-13 Closed	\$10,080,000	324,522 7.45	Neighbourhood Commercial	\$31.06	\$1,353,020
3	Block 12E Parcel 61 Lawrence Blvd. West Bay Beach South <i>Comments: Existing improvements contribute no value to the site.</i>	Jun-15 Closed	\$5,000,000	82,764 1.90	Neighbourhood Commercial	\$60.41	\$2,631,579
4	Block 11B Parcel 56REM3 Block 11B 56REM3 Esterly T West Bay Beach North <i>Comments: New parcel created when the new roundabout connection to West Bay Road was created. There is a narrow access road from West Bay Road; otherwise access is restricted from the Bypass road.</i>	Apr-14 Closed	\$3,750,000	189,486 4.35	Neighbourhood Commercial	\$19.79	\$862,069
	Subject 11B 26, 7 & 23 (Portion B) #N/A			163,350 3.75	Neighbourhood Commercial & Hotel / Tourism		

Comparable Land Sales Map – Portion B



Note: Marker 2 is partially obscuring Marker 3



Sale 1
Block 12C Parcel 455



Sale 2
Block 12E Parcel 60REM3



Sale 3
Block 12E Parcel 61



Sale 4
Block 11B Parcel 56REM3

Analysis and Adjustment of Sales

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	Not Applicable
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	Not Applicable
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	Not Applicable
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	Not Applicable
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	There is considered to have been some modest appreciation over the past few years. Upward adjustments were made to all sales on this basis. Comparable 3 post-dates the effective date and a negative adjustment has been made.
Location	Market or submarket area influences on sale price; surrounding land use influences.	Comparables 1 to 3 are in a superior location and require negative adjustment.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	Comparable 4 had an inferior access but has a new access via the realigned West Bay Road. No adjustment has been made.
Size	Inverse relationship that often exists between parcel size and unit value.	Comparables 1 & 3 require negative adjustments for their smaller size. Comparable 2 is much larger, requiring a positive adjustment.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	Comparable 2 has an irregular configuration and a small positive adjustment has been made for that factor.
Zoning	Government regulations that affect	Not Applicable

Adjustment Factor	Accounts For	Comments
	the types and intensities of uses allowable on a site.	
Entitlements	The specific level of governmental approvals attained pertaining to development of a site.	Not Applicable

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid - Portion B					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	11B 26, 7 & 23 (Portion B)	Block 12C Parcel 455	Block 12E Parcel 60REM3	Block 12E Parcel 61	Block 11B Parcel 56REM3
Address	West of Esterley Tibbetts Highway	West Bay Road	West Bay Rd. & Lawrence Blvd.	Lawrence Blvd.	Block 11B 56REM3 Esterly Tibbetts Highway
City	West Bay Beach North	West Bay Beach South	West Bay Beach South	West Bay Beach South	West Bay Beach North
County	Grand Cayman	Grand Cayman	Grand Cayman	Grand Cayman	Grand Cayman
State	Cayman Islands	CI	CI	CI	CI
Sale Date		Feb-14	Jun-13	Jun-15	Apr-14
Sale Status		Closed	Closed	Closed	Closed
Sale Price		\$2,300,000	\$10,080,000	\$5,000,000	\$3,750,000
Effective Sale Price		\$2,300,000	\$10,080,000	\$5,000,000	\$3,750,000
Square Feet	163,350	86,379	324,522	82,764	189,486
Acres	3.750	1.983	7.450	1.900	4.350
Price per Square Foot		\$26.63	\$31.06	\$60.41	\$19.79
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-
Conditions of Sale		Arm's Length	Arm's Length	Special Purchaser	Arm's Length
% Adjustment		-	-	-20%	-
Market Conditions	1/1/2015	Feb-14	Jun-13	Jun-15	Apr-14
Annual % Adjustment	4%	3%	6%	-2%	3%
Cumulative Adjusted Price		\$27.43	\$32.92	\$47.36	\$20.38
Location		-10%	-15%	-15%	-
Access/Exposure		-	-	-	-
Size		-10%	15%	-10%	-
Shape and Topography		-	5%	-	15%
Zoning		-	-	-	-
Entitlements		-	-	-	-
Net \$ Adjustment		-\$5.49	\$1.65	-\$11.84	\$3.06
Net % Adjustment		-20%	5%	-25%	15%
Final Adjusted Price		\$21.94	\$34.57	\$35.52	\$23.44
Overall Adjustment		-18%	11%	-41%	18%
Range of Adjusted Prices		\$21.94 - \$35.52			
Average		\$28.87			
Indicated Value		\$29.00			

Unencumbered Freehold Value Conclusion – Portion B

All of the comparables are considered reasonable indicators of value for the subject property and have been given some weight in the final conclusion of value. The H/T zoning is considered to have an additional value impact of 10% more than the current NC zoning due to increased density and more allowable uses. We arrive at a value conclusion as follows:

Land Value Conclusion - Freehold Unencumbered			
Portion B			
Indicated Value per Square Foot	\$29.00		
Subject Square Feet	163,350		
Indicated Value, NC Zoning	\$4,737,150		
Rounded	\$4,740,000	With Current NC Zoning	
Adjustments			
H/T Zoning @ 10%	\$473,715		
Total Adjustments	\$473,715		
Indicated Value, H/T Zoning	\$5,210,865		
Rounded	\$5,210,000	With Alternative H/T Zoning	

Valuation of the Freehold Interest, As Encumbered by the Lease

The Landlord's present position is the reversion of value of the land at the end of the remainder of the term. Therefore, the value(s) as if unencumbered need to be discounted back to reflect the impact of the lease.

With regards to the deferment rate (the discount or yield rate used to calculate the freeholder's reversion), we wish to point out that in September 2006, The UK Lands Tribunal issued a determination in *Cadogan v Sportelli* in which the Tribunal sought to impose a nation-wide deferment rate of 5%. In most cases, the First-tier Tribunals (Property Chambers) are following this ruling.

The traditional UK models use present value as future reversion rather than predicting any inflation or deflation in value in order to minimise the assumptions required. This philosophy is also implemented in a lease capitalisation analysis in the article *Valuation of Leased Fee Interest* (Thomas Rodgers MAI, *The Appraisal Journal*, January, 1989). While this does reduce the number of assumptions required, it could also be argued that there has never been deflation in values in these islands. Predicting zero inflation requires that the discount (deferment) rate to be used reflect the lack of predicted growth in value and the resulting (lower) risk yield to the lessor (freeholder). In long term ground leases with ground rent, the lessor's position can be compared to a lender as he is essentially providing use of land without the necessity of 100% equity available. (In fact the article by Rodgers has a primary purpose of convincing the reader that Ground Rent for Land Leases should be capitalised at a rate equivalent to mortgages or long term Treasury Bonds.)

The cost of capital for real estate locally is currently considered to be about 6.5% on average according to the Economics and Statistics Office. If predicting no inflation of values over the long term creates a "nearly risk free" position for the lessor, except to say that there must be some motivation to convince an investor to set aside a certain amount of capital for a long term such as 53 years with no interest payments over the interim term.

In that the subject property is solely land with no depreciating improvements, we conclude to a deferment rate that is slightly lower than the cost of debt capital. We have considered all the above and concluded to a deferment rate (discount rate to calculate the present value of the freeholder's reversion) of 5.5%.

Land Value Conclusion - Freehold Encumbered by Lease

Portion B

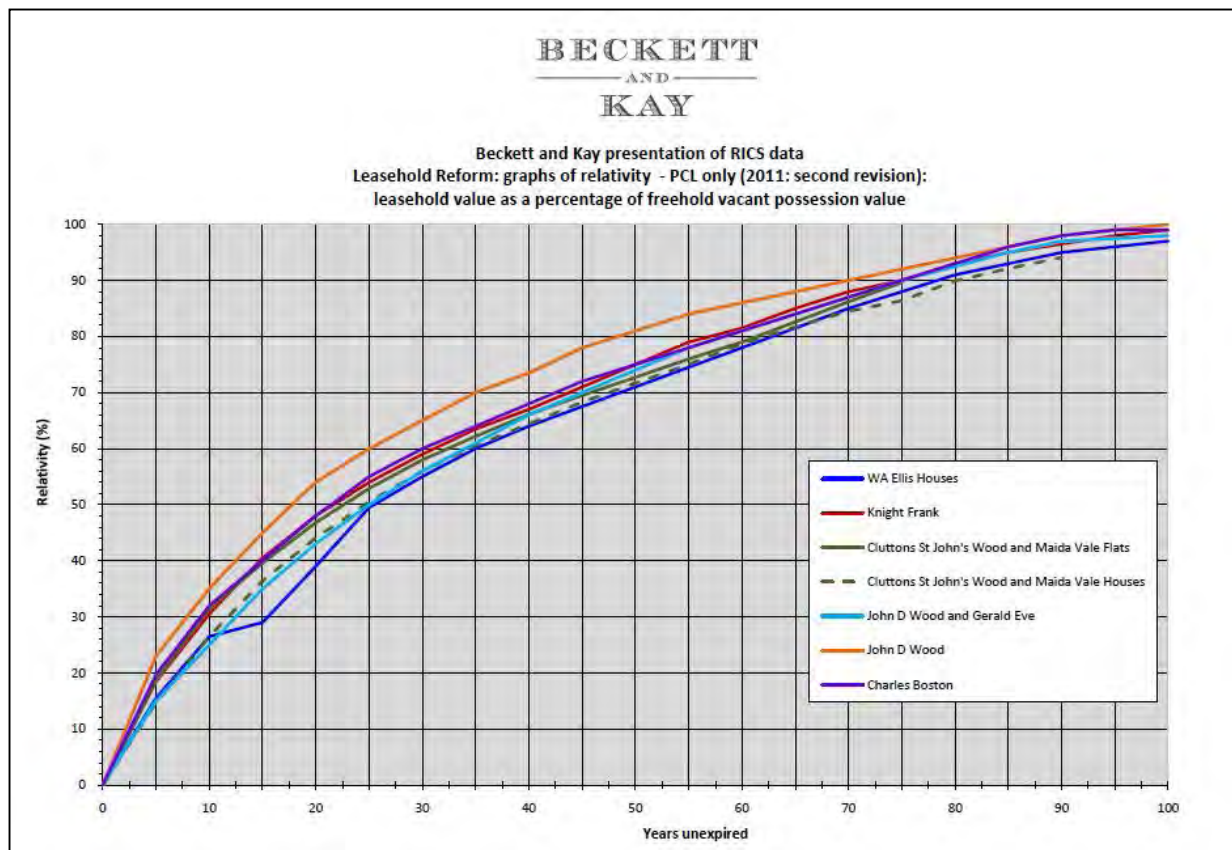
As NC Zoning	\$4,740,000
PV @ 5.5% for 53.25 Yrs	0.05778
Indicated Value, NC Zoning	\$273,895
Rounded	\$270,000 With Current NC Zoning
As H/T Zoning	\$5,210,000
PV @ 5.5% for 53.25 Yrs	0.05778
Indicated Value, H/T Zoning	\$301,054
Rounded	\$300,000 With Alternative H/T Zoning

Valuation of the Leasehold Interest

Very little empirical data is available to establish the difference between freehold values and values of properties subject to long term leases. There is a common view that there is a non-linear curve representing the increase in the relativity of the leasehold values to freehold values depending on remaining terms. The theory is that the more years remaining on the lease, the higher the percentage in value relative to freehold. As such, the last years of a long term lease out in to the future have less of an effect on value.

This theory is supported by the 2006 example of the Governor's Square site. The developers purchased the 44 years unexpired and then purchased an extension to a new 99 year term. The 44 years unexpired was purchased for 55% of the overall investment, while the 55 year extension only represented 45% - as it is farther out into the future. Additional evidence is the December 2014 purchase by Dart of a 75-year leasehold interest in Block 17A, Parcel 262/1/20; where the purchaser confirmed they priced the property at 90% of freehold.

In the UK, extensions and enfranchisements of ground leases are often completed, partly due to legislation that gives the tenants (mostly urban flats on leasehold land) the right to such. There have been various studies done on relativity of leasehold to freehold values, and these studies ignore the fact that Leasehold Reform Act mandates the renewal or enfranchisement rights. In other words these values are based on the values of a lease with a defined term and no right to renew. The following chart illustrating various studies of this data compiled by the RICS and published by the London firm Beckett & Kay.



The Relativity Graph indicates that leasehold positions do not necessarily ever reach the freehold value, and in fact appear to level of around 90% to 99% with lease terms greater than 80 years. In fact the London based valuers who estimate the premium to be paid for the enfranchisement of leases (conversion to Freehold) use 130 years as the Freehold position for calculation purposes. The lines on the graph suggest that sales of properties under leases with approximately 53 years remaining conveyed at prices of between 75% and 85% of freehold values (suggesting a discount of 15% to 25%).

We also consider that the indication by the Graph of Relativity mostly applies to residential buildings in urban areas of England which are often historic buildings that have extremely long economic lives. The discount of the value due to a leasehold interest would have a greater impact on the value of the land component than it would the building component of a property because of the fact that the remaining economic lives of most buildings may well be shorter than the remaining lease terms.

The subject lease has approximately 53 years unexpired, which is consistent with the typical economic life of a commercial building.

Considering all available data, we have concluded to an adjustment of 20% of the land value component, based on the assumption that a leasehold interest in land with approximately 53 years remaining would have a value of about 80% of the freehold value. This results in a discount as follows.

Portion B - Leasehold Valuation

Freehold Value As Is	\$4,740,000
Relativity Percentage for 53.25 years	80%
Indicated Leasehold Value	\$3,792,000
Rounded	\$3,790,000 With Current NC Zoning
Freehold Value As If Rezoned	\$5,210,000
Relativity Percentage for 53.25 years	80%
Indicated Leasehold Value	\$4,168,000
Rounded	\$4,170,000 With Alternative H/T Zoning

This analysis results in an overall discount of \$950,000 for the leasehold interest under the current NC zoning, or \$1,040,000 assuming the site is rezoned to H/T.

Portion C (4.476 Acres; 194,975 SF)

To apply the sales comparison approach to Portion C, we have utilized the same sales that were used in the valuation of Portion B. For this analysis, we use price per square foot as the appropriate unit of comparison.

Analysis and Adjustment of Sales

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	Not Applicable
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	Not Applicable
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	Not Applicable
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	Not Applicable
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	There is considered to have been some modest appreciation over the past few years. Upward adjustments were made to all sales on this basis. Comparable 3 post-dates the effective date and a negative adjustment has been made.
Location	Market or submarket area influences on sale price; surrounding land use influences.	Comparables 1 to 3 are in a superior location and require negative adjustment.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	Comparable 4 had an inferior access but has a new access via the realigned West Bay Road. No adjustment has been made.
Size	Inverse relationship that often exists between parcel size and unit value.	Comparables 1 & 3 require negative adjustments for their smaller size. Comparable 2 is much larger, requiring a positive adjustment.

Adjustment Factor	Accounts For	Comments
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	Comparable 2 has an irregular configuration and a small positive adjustment has been made for that factor.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	Not Applicable
Entitlements	The specific level of governmental approvals attained pertaining to development of a site.	Not Applicable
Beach Access	The subject having direct access onto Public Beach without being separated by a road	All sales adjusted upward

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid - Portion C					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	11B 26, 7 & 23 (Portion C)	Block 12C Parcel 455	Block 12E Parcel 60REM3	Block 12E Parcel 61	Block 11B Parcel 56REM3
Address	West of Esterley Tibbetts Highway	West Bay Road	West Bay Rd. & Lawrence Blvd.	Lawrence Blvd.	Block 11B 56REM3 Esterly Tibbetts Highway
City	West Bay Beach North	West Bay Beach South	West Bay Beach South	West Bay Beach South	West Bay Beach North
Sale Date		Feb-14	Jun-13	Jun-15	Apr-14
Sale Status		Closed	Closed	Closed	Closed
Sale Price		\$2,300,000	\$10,080,000	\$5,000,000	\$3,750,000
Square Feet	194,975	86,379	324,522	82,764	189,486
Acres	4.476	1.983	7.450	1.900	4.350
Price per Square Foot		\$26.63	\$31.06	\$60.41	\$19.79
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-
Conditions of Sale		Arm's Length	Arm's Length	Special Purchaser	Arm's Length
% Adjustment		-	-	-20%	-
Market Conditions	1/1/2015	Feb-14	Jun-13	Jun-15	Apr-14
Annual % Adjustment	4%	3%	6%	-2%	3%
Cumulative Adjusted Price		\$27.43	\$32.92	\$47.36	\$20.38
Location		-10%	-15%	-15%	-
Access/Exposure		-	-	-	-
Size		-10%	15%	-10%	-
Shape and Topography		-	5%	-	15%
Zoning		-	-	-	-
Entitlements		-	-	-	-
Beach Access		20%	20%	20%	20%
Net \$ Adjustment		\$0.00	\$8.23	-\$2.37	\$7.13
Net % Adjustment		0%	25%	-5%	35%
Final Adjusted Price		\$27.43	\$41.16	\$45.00	\$27.52
Overall Adjustment		3%	33%	-26%	39%
Range of Adjusted Prices		\$27.43 - \$45.00			
Average		\$35.27			
Indicated Value		\$35.00			

Unencumbered Freehold Value Conclusion – Portion C

All of the comparables are considered reasonable indicators of value for the subject property and have been given some weight in the final conclusion of value.

Land Value Conclusion Freehold Unencumbered	
Portion C	
Indicated Value per Square Foot	\$35.00
Subject Square Feet	194,975
Indicated Value	\$6,824,110
Rounded	\$6,820,000

Valuation of the freehold interest, as encumbered by the lease

Using the same criteria that was applied to Portion B, the value as if encumbered by the existing lease is calculated as follows:

Land Value Conclusion - Portion C, Freehold Encumbered by Lease	
Portion C	
As Is Freehold Value	\$6,820,000
PV @ 5.5% for 53.25 Yrs	0.05778
Indicated Value, NC Zoning	\$394,086
Rounded	\$390,000

Valuation of the Leasehold Interest

Using the same criteria that was applied to Portion B, the value of the leasehold interest is calculated as follows:

Portion C - Leasehold Valuation	
Portion C	
Freehold Value As Is	\$6,820,000
Relativity Percentage for 53.25	80%
Indicated Leasehold Value	\$5,456,000
Rounded	\$5,460,000

Leasehold Premium Valuations

Guidelines Based on UK Leasehold Reform

Although the Cayman Islands Government is not legally mandated to extend expiring leases, UK law provides for lessees to legally request landlords to grant them extensions to their leasehold interests. There is a set of procedures set out in the Leasehold Reform, Housing and Urban Development Act 1993 which was amended by the Commonhold and Leasehold Reform Act 2002. If the parties fail to agree a price either party may refer the matter to the Leasehold Valuation Tribunal (LVT), with the right of further appeal to the Lands Tribunal. This method (since not mandated by law) is considered one method amongst others to consider with respect to the value of a lease extension.

This method effectively awards the premium to be paid based on:

1. The Loss in Value of the Landlord's Interest
2. The Landlord's Share of any "Marriage Value"
3. Any further compensation due the Landlord.

At first glance it would seem that these guidelines are biased toward the landlord, however it should be noted that in the UK the law provides for the tenant to request that the landlord extend the lease. It is assumed that this leasehold reform was based on the scenario whereby families had been occupying houses and flats on ground leases for years and should be granted opportunity to retain their long term home rather than seeking new accommodation. This is hardly the case with regard to commercial land in the Cayman Islands. Therefore it should be considered carefully if this method should be the sole method indicating value in a market such as ours where lease extensions are not compulsory.

This analysis is shown following a calculation of the present and proposed interests of the two parties.

Present Interest Vs. Proposed Interest

This method follows the logical assumptions that each party to the transaction will use its respective bargaining power to negotiate the deal so as best to make their present interest equal their proposed interest (neither party will want to lose). In this case each position should be valued.

Landlord's (Freeholder or Lessor's) Position

The Landlord's present position includes the freehold interest in Portion A as well as the reversion of value of the land at the end of the remainder of the term for Portions B and C. These have previously been estimated as the freehold interest as encumbered by the lease.

The Landlord's proposed position will be nil in the case of Portions A and B, as the freehold interest will be sold to Dart. In the case of Portion C, the Landlord position will change from a freehold encumbered position to an unencumbered freehold interest.

Lessee's Position

The lessee's present interest is a leasehold interest in Portions B and C with 53.25 years remaining. In the valuation of this property, a discount for the leasehold interest was estimated and applied to the value conclusions assuming freehold tenure. This has previously been estimated as the leasehold interest.

The lessee's proposed position will be an unencumbered freehold interest in Portions A and B. In the case of Portion C, the lessee's position will change to nil, as the lease will be surrendered.

In most similar circumstances, the profit to the lessee will be greater than the landlord's loss, thus creating Marriage Value. If each party has equal bargaining power, they would meet in the middle at a figure near to the average of the landlord's loss and the lessee's gain.

It should be noted that in this case both parties do not have equal bargaining power. Government is not mandated to extend the lease as is with leasehold reform legislation in the UK. Government may (likely) have motivations, however, such as the desire to continue high quality hotel operations in the jurisdiction which enhance the tourism product and generate revenues from accommodations taxes. Nevertheless, the freeholder (Government) should be compelled to attempt to negotiate a figure at the upper end of this range (their total loss) in that it has no mandate to extend the lease.

The above notwithstanding, the leasehold reform legislation methodology has been used in previous case precedents here in the Cayman Islands, and treated as though both parties have a need to complete the transaction. As this method has become commonly used in assessing leasehold extension premiums, it is considered market oriented locally.

The UK Leasehold Valuation Tribunal has historically ruled that 50% of the marriage value (if exists) would be shared by each party to the transaction. This is because the landlord has no real interest in completing the transaction and should be compensated (in addition to his loss in value) for half of any increase in the overall value due to the contribution of both parties. The marriage value is calculated by deducting the total of the two present interests from the total of the two proposed interests, normally equal to the overall increase in value. With both parties sharing in the marriage value (loss), the lessee is charged 50% of this figure along with the amount of the loss in value to the landlord (freeholder). Note that the end result is mathematically the same as the average of the loss in value to the landlord and the profit to the lessee.

Based on the preceding analysis and conclusions, the estimated "fair value oriented" premiums are calculated as follows:

Present and Proposed Interests - Portion B "As Is"				
	Present Interest	Proposed Interest	Difference	
Lessee	\$3,790,000	\$4,740,000	\$950,000	Gain
Lessor	\$270,000	\$0	\$270,000	Loss
Totals / Marriage Value	\$4,060,000	\$4,740,000	\$680,000	
Loss in Value to Lessor				\$270,000
Marriage Value @ 50%			\$680,000	\$340,000
Indicated Premium				\$610,000
Rounded				\$610,000
Note: Values in US Dollars				

Present and Proposed Interests - Portion B As If Rezoned				
	Present Interest	Proposed Interest	Difference	
Lessee	\$4,170,000	\$5,210,000	\$1,040,000	Gain
Lessor	\$300,000	\$0	\$300,000	Loss
Totals / Marriage Value	\$4,470,000	\$5,210,000	\$740,000	
Loss in Value to Lessor				\$300,000
Marriage Value @ 50%			\$740,000	\$370,000
Indicated Premium				\$670,000
Rounded				\$670,000
Note: Values in US Dollars				

Present and Proposed Interests - Portion C "As Is"				
	Present Interest	Proposed Interest	Difference	
Lessor	\$390,000	\$6,820,000	\$6,430,000	Gain
Lessee	\$5,460,000	\$0	\$5,460,000	Loss
Totals / Marriage Value	\$5,850,000	\$6,820,000	\$970,000	
Loss in Value to Lessee				\$5,460,000
Marriage Value @ 50%			\$970,000	\$485,000
Indicated Premium				\$5,945,000
Rounded				\$5,950,000
Note: Values in US Dollars				

Note that in the case of Portion C, the Premium is payable by the lessor rather than the lessee.

Summary of Marriage Values and Premiums

A summary of the present and proposed positions of each party, which created marriage value, and the resulting premium is indicated on the following chart. Note that the freehold value of Portion A is included in the present interest of the lessor and the proposed interest of the lessee; as this is freehold land to be sold from Crown to Dart.

Marriage Value Valuation Summary (No Change in Zoning)			
	Present Interest	Proposed Interest	Difference
Lessee	\$9,250,000	\$5,320,000	-\$3,930,000 Loss
Lessor	\$1,240,000	\$6,820,000	\$5,580,000 Gain
Totals / Marriage Value	\$10,490,000	\$12,140,000	\$1,650,000
Loss in Value to Lessee			-\$3,930,000
Marriage Value @ 50%			-\$825,000
Indicated Premium			-\$4,755,000
Rounded			-\$4,760,000
Note: Values in US Dollars			

The negative premium results in a loss to the lessee due to the transaction, indicating a payment from lessor to lessee is appropriate.

Summary of Premiums		
Premiums	As Is	As if Rezoned
Portion B (to be Paid by Dart)	\$610,000	\$670,000
Portion C (to be Paid by Crown)	\$5,950,000	Same as "As Is"
Net Premium to be Paid by Crown	\$5,340,000	\$5,280,000
Less Market Value of Portion A	-\$580,000	Same as "As Is"
Net Value of Premium to be Paid by Crown	\$4,760,000	\$4,700,000

Reconciliation and Conclusion of Value

As discussed previously, we use only the sales comparison approach in developing an opinion of value for the subject. The cost and income approaches are not applicable, and are not used.

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinion follows:

Final Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value of Portion A "As Is"	Freehold	January 1, 2015	\$580,000 <i>Five Hundred Eighty Thousand Dollars</i>
Market Value of Portion B "As Is"	Freehold	January 1, 2015	\$4,740,000 <i>Four Million Seven Hundred Forty Thousand Dollars</i>
Market Value of Portion B As If Rezoned	Freehold	January 1, 2015	\$5,210,000 <i>Five Million Two Hundred Ten Thousand Dollars</i>
Market Value of Portion B "As Is"	Freehold Encumbered	January 1, 2015	\$270,000 <i>Two Hundred Seventy Thousand Dollars</i>
Market Value of Portion B As If Rezoned	Freehold Encumbered	January 1, 2015	\$300,000 <i>Three Hundred Thousand Dollars</i>
Market Value of Portion B "As Is"	Leasehold	January 1, 2015	\$3,790,000 <i>Three Million Seven Hundred Ninety Thousand Dollars</i>
Market Value of Portion B As If Rezoned	Leasehold	January 1, 2015	\$4,170,000 <i>Four Million One Hundred Seventy Thousand Dollars</i>
Market Value of Portion C "As Is"	Freehold	January 1, 2015	\$6,820,000 <i>Six Million Eight Hundred Twenty Thousand Dollars</i>
Market Value of Portion C "As Is"	Freehold Encumbered	January 1, 2015	\$390,000 <i>Three Hundred Ninety Thousand Dollars</i>
Market Value of Portion C "As Is"	Leasehold	January 1, 2015	\$5,460,000 <i>Five Million Four Hundred Sixty Thousand Dollars</i>
*Values expressed in United States Dollars			

Marriage Value Valuation Summary (No Change in Zoning)			
	Present Interest	Proposed Interest	Difference
Lessee	\$9,250,000	\$5,320,000	-\$3,930,000 Loss
Lessor	\$1,240,000	\$6,820,000	\$5,580,000 Gain
Totals / Marriage Value	\$10,490,000	\$12,140,000	\$1,650,000
Loss in Value to Lessee			-\$3,930,000
Marriage Value @ 50%			\$1,650,000
Indicated Premium			-\$4,755,000
Rounded			-\$4,760,000
Note: Values in US Dollars			

The negative result indicates a payment from lessor to lessee is appropriate due to the lessee's loss.

Summary of Premiums

Premiums	As Is	As if Rezoned
Portion B (to be Paid by Dart)	\$610,000	\$670,000
Portion C (to be Paid by Crown)	\$5,950,000	Same as "As Is"
Net Premium to be Paid by Crown	\$5,340,000	\$5,280,000
Less Market Value of Portion A	-\$580,000	Same as "As Is"
Net Value of Premium to be Paid by Crown	\$4,760,000	\$4,700,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. This report relates to three parcels of land, referred to in this report as Portion A, Portion B and Portion C. An assumption has been made that Portion A is that part of Block 11B, Parcel 37 coloured blue on the plan supplied by our client. Portion B is that part of Block 11B, Parcels 26, 7 & 23 coloured yellow on the same plan and Portion C is the remainder of Block 11B, Parcels 26, 7 & 23 that is not coloured on the plan.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. One of the valuation premises is to value the subject properties on the hypothetical condition that they have been rezoned to H/T, Hotel Tourism Zone as of the valuation date. The three subject properties are currently zoned NC, Neighbourhood Commercial and therefore, the proposed zoning as Hotel Tourism is hypothetical at the current time.
-

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot be reasonably foreseen at this time.

Certification

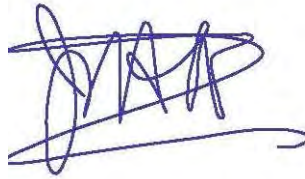
We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have previously appraised the property that is the subject of this report for the current client within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers.
11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the RICS Valuation Professional Standards as well as the International Valuation Standards as promulgated by the International Valuation Standards Council.
12. Terry L. Kerslake, AACI, P.App, made a personal inspection of the property that is the subject of this report. James V. Andrews, MAI, CRE, FRICS, ASA, CVA, has also personally inspected the subject.
13. No one provided significant real property appraisal assistance to the person(s) signing this certification.

14. As of the date of this report, Terry L. Kerslake, AACI, P.App, has completed the continuing education program for Designated Members of the Appraisal Institute of Canada.
15. As of the date of this report, James V. Andrews, MAI, CRE, FRICS, ASA, CVA, has completed the continuing education program for Designated Members of the Appraisal Institute.
16. The American Society of Appraisers has a mandatory recertification program for all of its Senior members. As of the date of this report, James V. Andrews, MAI, CRE, FRICS, ASA, CVA, is in compliance with this program.

A handwritten signature in blue ink, appearing to read 'T. Kerslake', with a long horizontal flourish at the bottom.

Terry L. Kerslake, AACI, P.App

A handwritten signature in blue ink, appearing to read 'J. Andrews', with a large, stylized 'A' and a horizontal flourish at the bottom.

James V. Andrews, MAI, CRE, FRICS, ASA, CVA

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 19. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Caribbean, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the “Integra Parties”), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 20. Integra Realty Resources – Caribbean is not a building or environmental inspector. Integra Caribbean does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 21. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 22. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
 23. Integra Realty Resources – Caribbean, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client’s use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without

- limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
24. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
 25. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
 26. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. This report relates to three parcels of land, referred to in this report as Portion A, Portion B and Portion C. An assumption has been made that Portion A is that part of Block 11B, Parcel 37 coloured blue on the plan supplied by our client. Portion B is that part of Block 11B, Parcels 26, 7 & 23 coloured yellow on the same plan and Portion C is the remainder of Block 11B, Parcels 26, 7 & 23 that is not coloured on the plan.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. One of the valuation premises is to value the subject properties on the hypothetical condition that they have been rezoned to H/T, Hotel Tourism Zone as of the valuation date. The three subject properties are currently zoned NC, Neighbourhood Commercial and therefore, the proposed zoning as Hotel Tourism is hypothetical at the current time.
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Addendum A

Appraiser Qualifications

Mr. James V. Andrews, MAI, CRE, FRICS, ASA, CVA

Experience

James Andrews is the Managing Director of the Caribbean office of Integra Realty Resources. Mr. Andrews has been actively engaged in valuation and consulting since 1987; in the Caribbean since 1997.

Based in the Cayman Islands, James worked with the firm Cardiff & Co. before co-founding Andrews Key Ltd. in 2007 which became the IRR Caribbean office in 2012. He expanded the IRR Caribbean presence to include branch offices in the US Virgin Islands and the Bahamas in 2013.

Mr. Andrews has valued a variety of commercial property types, but concentrates on hotels and resorts. He is also qualified in business valuation and regularly performs valuation and consulting assignments regarding businesses and going concern properties such as hotels, marinas, golf courses, quarry/mining operations, restaurants and hospitality related entities. He has performed a variety of consulting assignments including regional market and feasibility studies to support the decision making of resort developers, as well as litigation support.

Some of the countries in which James has experience include the Cayman Islands, The Bahamas, Turks and Caicos Islands, British Virgin Islands, U.S. Virgin Islands, Puerto Rico, the Dominican Republic, Anguilla, St. Barth, St. Kitts and Nevis, Sint Maarten, Barbados, and St. Vincent and The Grenadines.

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) , October 1992
Counselor of Real Estate (CRE) , August 2014
American Society of Appraisers (ASA) , March 2014
Royal Institute of Chartered Surveyors, Member (MRICS) , April 2005 - September 2008
Royal Institute of Chartered Surveyors, Fellow (FRICS) , September 2008
Member: National Association of Certified Valuers and Analysts, August 2014
Member: International Relations Committee (Appraisal Institute), January 2013
RICS Americas Valuation Standards Board, January 2012 - December 2014
IRR Certified Reviewer, December 2013

Licenses

North Carolina, State Certified General, A2285, Expires June 2015
Virgin Islands, State Certified General, 0-14194-1B, Expires December 2015

Education

Bachelor of Business Administration, Belmont University, Nashville, TN (1985)
Appraisal Institute - Various Qualifying, Advanced and CE Courses
American Society of Appraisers - Various Courses in Business Valuation
NACVA: CVA Certification Courses In Business Valuation

Integra Realty Resources Caribbean

Mail Box 751
Cayman Business Park Ste A5,
Grand Cayman, KY1-9006
Cayman Islands

6500 Red Hook Plaza, Suite 206
St. Thomas, VI 00802
U.S. Virgin Islands

T 345.746-3110
T 844.952.7304

jandrews@irr.com
www.irr.com/caribbean



Terry L. Kerslake, AACI, P.App

Experience

Terry Kerslake is a Senior Analyst with the Caribbean office of Integra Realty Resources. Mr. Kerslake has been actively engaged in valuation and consulting since 1977; in the United Kingdom, Canada and the Caribbean.

Now based in the Cayman Islands, Terry previously worked with the firm Chalifour Denis & Associates in Alberta, Canada and was a former partner with Flynn Mirtle Moran in British Columbia, Canada. The most recent UK experience was as a Divisional Director for Palmer Snell, in England, with responsibility for the Professional Services Division.

Mr. Kerslake has valued a variety of commercial property types, and has experience in valuing special purpose properties. He regularly performs valuation and consulting assignments on commercial and industrial assets, vacant land and developments and also going concern properties such as hotels, marinas, golf courses, restaurants and hospitality related entities. He has performed a variety of consulting assignments including market studies to support the decision making of developers and owners, as well as litigation support.

Mr. Kerslake has been involved on a provincial and national level with the Appraisal Institute of Canada and held various board and committee positions.

Professional Activities & Affiliations

Member: Appraisal Institute of Canada, June 1997

Royal Institute of Chartered Surveyors, Member (MRICS) Royal Institution of Chartered Surveyors, October 1983 - September 1995

Royal Institute of Chartered Surveyors, Fellow (FRICS) Royal Institution of Chartered Surveyors, October 1995 - March 2010

Licenses

Alberta, Licensed Real Estate Appraiser, AW-1010934, Expires September 2015

Education

RICS Direct Entry Course in Surveying, Reading University, 1980-1983

Integra Realty Resources

Caribbean

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Integra Realty Resources, Inc.

Corporate Profile

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in the United States with 61 independently owned and operated offices in 34 states and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and virtually all are headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Senior Managing Directors follows:

ATLANTA, GA - Sherry L. Watkins, MAI, FRICS
AUSTIN, TX - Randy A. Williams, MAI, SR/WA, FRICS
BALTIMORE, MD - G. Edward Kerr, MAI, MRICS
BIRMINGHAM, AL - Rusty Rich, MAI, MRICS
BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS
BOSTON, MA - David L. Cary, Jr., MAI, MRICS
CHARLESTON, SC - Cleveland "Bud" Wright, Jr., MAI
CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE, FRICS
CHICAGO, IL - Eric L. Enloe, MAI, FRICS
CINCINNATI, OH - Gary S. Wright, MAI, FRICS, SRA
CLEVELAND, OH - Douglas P. Sloan, MAI
COLUMBIA, SC - Michael B. Dodds, MAI, CCIM
COLUMBUS, OH - Bruce A. Daubner, MAI, FRICS
DALLAS, TX - Mark R. Lamb, MAI, CPA, FRICS
DAYTON, OH - Gary S. Wright, MAI, FRICS, SRA
DENVER, CO - Brad A. Weiman, MAI, FRICS
DETROIT, MI - Anthony Sanna, MAI, CRE, FRICS
FORT WORTH, TX - Gregory B. Cook, SR/WA
GREENSBORO, NC - Nancy Tritt, MAI, SRA, FRICS
GREENVILLE, SC - Michael B. Dodds, MAI, CCIM
HARTFORD, CT - Mark F. Bates, MAI, CRE, FRICS
HOUSTON, TX - David R. Dominy, MAI, CRE, FRICS
INDIANAPOLIS, IN - Michael C. Lady, MAI, SRA, CCIM, FRICS
JACKSON, MS - J. Walter Allen, MAI, FRICS
JACKSONVILLE, FL - Robert Crenshaw, MAI, FRICS
KANSAS CITY, MO/KS - Kenneth Jagers, MAI, FRICS
LAS VEGAS, NV - Charles E. Jack IV, MAI
LOS ANGELES, CA - John G. Ellis, MAI, CRE, FRICS
LOS ANGELES, CA - Matthew J. Swanson, MAI
LOUISVILLE, KY - Stacey Nicholas, MAI, MRICS
MEMPHIS, TN - J. Walter Allen, MAI, FRICS

MIAMI/PALM BEACH, FL - Anthony M. Graziano, MAI, CRE, FRICS
MINNEAPOLIS, MN - Michael F. Amundson, MAI, CCIM, FRICS
NAPLES, FL - Carlton J. Lloyd, MAI, FRICS
NASHVILLE, TN - R. Paul Perutelli, MAI, SRA, FRICS
NEW JERSEY COASTAL - Halvor J. Egeland, MAI
NEW JERSEY NORTHERN - Matthew S. Krauser, CRE, FRICS
NEW YORK, NY - Raymond T. Cirz, MAI, CRE, FRICS
ORANGE COUNTY, CA - Larry D. Webb, MAI, FRICS
ORLANDO, FL - Christopher Starkey, MAI, MRICS
PHILADELPHIA, PA - Joseph D. Pasquarella, MAI, CRE, FRICS
PHOENIX, AZ - Walter "Tres" Winus III, MAI, FRICS
PITTSBURGH, PA - Paul D. Griffith, MAI, CRE, FRICS
PORTLAND, OR - Brian A. Glanville, MAI, CRE, FRICS
PROVIDENCE, RI - Gerard H. McDonough, MAI, FRICS
RALEIGH, NC - Chris R. Morris, MAI, FRICS
RICHMOND, VA - Kenneth L. Brown, MAI, CCIM, FRICS
SACRAMENTO, CA - Scott Beebe, MAI, FRICS
ST. LOUIS, MO - P. Ryan McDonald, MAI, FRICS
SALT LAKE CITY, UT - Darrin W. Liddell, MAI, CCIM, FRICS
SAN DIEGO, CA - Jeff A. Greenwald, MAI, SRA, FRICS
SAN FRANCISCO, CA - Jan Kleczewski, MAI, FRICS
SARASOTA, FL - Carlton J. Lloyd, MAI, FRICS
SAVANNAH, GA - J. Carl Schultz, Jr., MAI, FRICS, CRE, SRA
SEATTLE, WA - Allen N. Safer, MAI, MRICS
SYRACUSE, NY - William J. Kimball, MAI, FRICS
TAMPA, FL - Bradford L. Johnson, MAI, MRICS
TULSA, OK - Owen S. Ard, MAI
WASHINGTON, DC - Patrick C. Kerr, MAI, SRA, FRICS
WILMINGTON, DE - Douglas L. Nickel, MAI, FRICS
CARIBBEAN/CAYMAN ISLANDS - James Andrews, MAI, FRICS

Corporate Office

Eleven Times Square, 640 Eighth Avenue, 15th Floor, Suite A, New York, New York 10036
Telephone: (212) 255-7858; Fax: (646) 424-1869; E-mail info@irr.com
Website: www.irr.com



Addendum B

Property Information



Sheet 1 of 1



**CAYMAN ISLANDS
LAND REGISTER**

Edition 4

Opened 24 APR 2009

A - PROPERTY SECTION

Ownership Type	Crown / Private	A faint, colorful map of the Cayman Islands is visible in the background of the central column of the table.	Block and Parcel No. 11B 7	
Nature of Title			Registration Section	WEST BAY BEACH NORTH
Origin of Title			Name of Parcel	
First Registration				
Mutation No.	M 267		Approximate Area	1.348 Acre (M 4239) CO (See Survey Plan FR 01/935) (M 4483) CO

B - PROPRIETORSHIP SECTION

Entry No.	Date	Instrument No.	Name and Address of Proprietor(s)	Signature of Registrar



Sheet 1 of 1

Block and Parcel No. 11B 7
Edition 4

C - INCUMBRANCES SECTION

Entry No.	Date	Instrument No.	Nature of Incumbrance	Further Particulars	Signature of Registrar
3	14/04/09	3713/09	Lease	11B 7/2 - Elita Soto, Rene Soto, Danny Soto and Randy Soto.	G. A. Mascal



Sheet 1 of 1



**CAYMAN ISLANDS
LAND REGISTER**

Edition 6
Opened 28 MAR 2013

A - PROPERTY SECTION

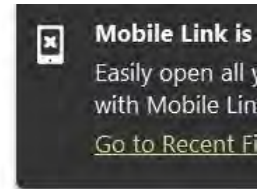
Ownership Type	Crown / Private		Block and Parcel No. 11B 23	
Nature of Title			Registration Section	WEST BAY BEACH NORTH
Origin of Title			Name of Parcel	
First Registration				
Mutation No.	M 267		Approximate Area	2.221 Acre (M 9976) AK (See PCM 288, 51/805 & 51/807 dated 13/03/2013) (M 9684) SEB

B - PROPRIETORSHIP SECTION

Entry No.	Date	Instrument No.	Name and Address of Proprietor(s)	Signature of Registrar



Block and Parcel No. 11B 23
Edition 6



Page 2 of 2

[illegible]

Sheet 1 of 1



**CAYMAN ISLANDS
LAND REGISTER**

Edition 4
Opened 28 MAR 2013

A - PROPERTY SECTION

Ownership Type	Crown / Private		Block and Parcel No. 11B 26	
Nature of Title			Registration Section	WEST BAY BEACH NORTH
Origin of Title			Name of Parcel	
First Registration				
Mutation No.	M 267		Approximate Area	4.657 Acre (M 9976) AK (See PCM 288, 51/805 & 51/807 dated 13/03/2013) (M 4483) CO

B - PROPRIETORSHIP SECTION

Entry No.	Date	Instrument No.	Name and Address of Proprietor(s)	Signature of Registrar



C - INCUMBRANCES SECTION

[illegible]

Sheet 1 of 1



**CAYMAN ISLANDS
LAND REGISTER**

Edition 5
Opened 10 OCT 2013

A - PROPERTY SECTION

Ownership Type	Crown / Private		Block and Parcel No. 11B 37	
Nature of Title			Registration Section	WEST BAY BEACH NORTH
Origin of Title			Name of Parcel	
First Registration				
Mutation No.	M 309		Approximate Area	1.71 Acre (M 10077) SEB (See Survey Plan FR 51/849) (M 10077) SEB

B - PROPRIETORSHIP SECTION

Entry No.	Date	Instrument No.	Name and Address of Proprietor(s)	Signature of Registrar



Edition 5

[illegible]

Addendum C

Comparable Data



Comparable Sales - Portion A

Location & Property Identification

Property Name:	Block10E Parcel 56
Sub-Property Type:	Commercial
Address:	West Bay Road
City/State/Zip:	West Bay Beach North, CI 00KY1
County:	Grand Cayman
Market Orientation:	Suburban
IRR Event ID:	1203901



Sale Information

Sale Price:	\$1,000,000
Eff. R.E. Sale Price:	\$1,000,000
Sale Date:	01/29/2015
Sale Status:	Closed
\$/Acre(Gross):	\$740,741
\$/Land SF(Gross):	\$17.01
\$/Acre(Usable):	\$740,741
\$/Land SF(Usable):	\$17.01
Grantee/Buyer:	Greg Pupchek
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Document Type:	Deed
Recording No.:	1858/15
Verified By:	Terry L. Kerslake, AACI, P.App
Verification Date:	8/7/15
Verification Source:	Public Records
Verification Type:	Secondary Verification

Acres(Usable/Gross):	1.35/1.35
Land-SF(Usable/Gross):	58,806/58,806
Usable/Gross Ratio:	1.00
Vegetation:	Trees and grasses
Corner Lot:	No
Frontage Feet:	155
Frontage Desc.:	Road
Zoning Code:	H/T
Zoning Desc.:	Hotel Tourism
Easements:	No
Utilities:	Electricity, Water Public
Source of Land Info.:	Public Records

Comments

Price in US\$. Land situated on east side of West Bay Road, this land is in its natural state and remains undeveloped.

This is a rectangular shaped parcel of land located on the east side of West Bay Road, opposite the Heritage Club condominiums. Level site with natural vegetation.

Sale Analysis

Current Use:	Vacant
--------------	--------

Improvement and Site Data

Legal/Tax/Parcel ID:	Block 10E Parcel 56 West Bay Beach North
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Location & Property Identification

Property Name:	Block12C Parcel 444
Sub-Property Type:	Commercial
Address:	Palm Heights Drive
City/State/Zip:	West Bay Beach South, CI 00KY1
County:	Grand Cayman
Market Orientation:	Suburban
Property Location:	Exposure to Esterley Tibbetts Hwy.
IRR Event ID:	1203920



Sale Information

Sale Price:	\$200,000
Eff. R.E. Sale Price:	\$200,000
Sale Date:	12/04/2013
Sale Status:	Closed
\$/Acre(Gross):	\$1,048,218
\$/Land SF(Gross):	\$24.06
\$/Acre(Usable):	\$1,098,901
\$/Land SF(Usable):	\$25.23
Grantee/Buyer:	Murray Properties Ltd.
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Document Type:	Deed
Recording No.:	10418/13
Verified By:	Terry L. Kerslake, AACI, P.App
Verification Date:	8/7/15
Verification Source:	Public Records
Verification Type:	Secondary Verification

Sale Analysis

Current Use:	Vacant
--------------	--------

Improvement and Site Data

Legal/Tax/Parcel ID:	Block 12C Parcel 444 West Bay Beach South
Acres(Usable/Gross):	0.18/0.19
Land-SF(Usable/Gross):	7,927/8,311
Usable/Gross Ratio:	0.95
Shape:	Irregular
Vegetation:	Minimal
Corner Lot:	No
Frontage Feet:	145
Frontage Desc.:	Frontage measurement is to
Zoning Code:	NC
Zoning Desc.:	Neighbourhood Commercial
Easements:	No
Utilities:	Electricity, Water Public
Source of Land Info.:	Public Records

Comments

Price in US\$. Land situated on west side of Esterley Tibbetts Hwy, with good exposure, but no direct access. Access is from Palm heights Drive. This land remains undeveloped.

This is an irregular shaped parcel of land located on the west side of the Esterley Tibbetts Highway and on the south side of Palm Heights Drive. There is no direct access to the highway, but good exposure.

Location & Property Identification

Property Name:	Block 11B Parcel 56REM3
Sub-Property Type:	Commercial
Address:	Block 11B 56REM3 Esterly Tibbetts Highway
City/State/Zip:	West Bay Beach North, CI KY1
County:	Grand Cayman
Market Orientation:	Suburban
IRR Event ID:	790631



Sale Information

Sale Price:	\$3,750,000
Eff. R.E. Sale Price:	\$3,750,000
Sale Date:	04/30/2014
Sale Status:	Closed
\$/Acre(Gross):	\$862,069
\$/Land SF(Gross):	\$19.79
Case Study Type:	None
Grantee/Buyer:	Zakhem
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Verified By:	Mr. James V. Andrews, MAI, CRE, FRICS, ASA, CVA
Verification Type:	Secondary Verification

Frontage Desc.:	Beachfront and West Bay
Zoning Code:	NC
Zoning Desc.:	Neighbourhood Commercial
Easements:	No
Environmental Issues:	No
Utilities:	Electricity, Water Public, Sewer, Telephone, CableTV, Water Port Access
Source of Land Info.:	Public Records

Comments

New parcel created when the new roundabout connection to West Bay Road was created. There is a narrow access road from West Bay Road; otherwise access is restricted from the Bypass road.

Commercial parcel at the corner of the new roundabout where West Bay Road now merges with the Bypass road.

Improvement and Site Data

Legal/Tax/Parcel ID:	WBBN 11B 69
Acres(Gross):	4.35
Land-SF(Gross):	189,486
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Feet:	300

Location & Property Identification

Property Name:	Block14D Parcel 284
Sub-Property Type:	Commercial
Address:	Elgin Avenue
City/State/Zip:	George Town Central, CI 00KY1
County:	Grand Cayman
Market Orientation:	Redevelopment District
IRR Event ID:	1141258



Sale Information

Sale Price:	\$1,070,000
Eff. R.E. Sale Price:	\$1,070,000
Sale Date:	01/30/2013
Sale Status:	Closed
\$/Acre(Gross):	\$1,138,298
\$/Land SF(Gross):	\$26.13
\$/Acre(Usable):	\$1,138,298
\$/Land SF(Usable):	\$26.13
Grantee/Buyer:	Investment Holdings Ltd.
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Document Type:	Deed
Verified By:	Mr. James V. Andrews, MAI, CRE, FRICS, ASA, CVA
Verification Type:	Secondary Verification

Frontage Desc.:	Road
Zoning Code:	GC
Zoning Desc.:	General Commercial
Utilities:	Electricity, Water Public
Source of Land Info.:	Public Records

Comments

Price in US\$. Land between Cayman National Bank and Cayman Business Park. Remains undeveloped.

Sale Analysis

Current Use:	Vacant
--------------	--------

Improvement and Site Data

Legal/Tax/Parcel ID:	Block 14D Parcel 284 George Town Central
Acres(Usable/Gross):	0.94/0.94
Land-SF(Usable/Gross):	40,946/40,946
Usable/Gross Ratio:	1.00
Frontage Feet:	225

Location & Property Identification

Property Name: Block 12C Parcel 455
 Sub-Property Type: Commercial
 Address: West Bay Road
 City/State/Zip: West Bay Beach South, CI KY1
 County: Grand Cayman



Market Orientation: Suburban

IRR Event ID: 1114582

Sale Information

Sale Price: \$2,300,000
 Eff. R.E. Sale Price: \$2,300,000
 Sale Date: 02/24/2014
 Sale Status: Closed
 \$/Acre(Gross): \$1,159,859
 \$/Land SF(Gross): \$26.63
 Grantee/Buyer: William Maines
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Document Type: Deed
 Verified By: Mr. James V. Andrews, MAI, CRE, FRICS, ASA, CVA
 Verification Type: Secondary Verification

Easements: No
 Environmental Issues: No
 Flood Plain: No
 Utilities: Electricity, Water Public, Sewer, Telephone, CableTV, Rail

Source of Land Info.: Public Records

Comments

Commercial land adjacent to the new Caribbean Plaza on the east side of West Bay Road; rear of the site abuts the Bypass road.

Improvement and Site Data

Legal/Tax/Parcel ID: Block 12C Parcel 181
 Acres(Gross): 1.98
 Land-SF(Gross): 86,379
 Shape: Rectangular
 Topography: Level
 Corner Lot: No
 Frontage Feet: 100
 Frontage Desc.: Street, Canal
 Zoning Code: NC
 Zoning Desc.: Neighbourhood Commercial

Comparable Sales - Portions B & C



Location & Property Identification

Property Name: Block 12C Parcel 455
 Sub-Property Type: Commercial
 Address: West Bay Road
 City/State/Zip: West Bay Beach South, CI KY1
 County: Grand Cayman
 Market Orientation: Suburban
 IRR Event ID: 1114582



Sale Information

Sale Price: \$2,300,000
 Eff. R.E. Sale Price: \$2,300,000
 Sale Date: 02/24/2014
 Sale Status: Closed
 \$/Acre(Gross): \$1,159,859
 \$/Land SF(Gross): \$26.63
 Grantee/Buyer: William Maines
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Document Type: Deed
 Verified By: Mr. James V. Andrews, MAI, CRE, FRICS, ASA, CVA
 Verification Type: Secondary Verification

Easements: No
 Environmental Issues: No
 Flood Plain: No
 Utilities: Electricity, Water Public, Sewer, Telephone, CableTV, Rail

Source of Land Info.: Public Records

Comments

Commercial land adjacent to the new Caribbean Plaza on the east side of West Bay Road; rear of the site abuts the Bypass road.

Improvement and Site Data

Legal/Tax/Parcel ID: Block 12C Parcel 181
 Acres(Gross): 1.98
 Land-SF(Gross): 86,379
 Shape: Rectangular
 Topography: Level
 Corner Lot: No
 Frontage Feet: 100
 Frontage Desc.: Street, Canal
 Zoning Code: NC
 Zoning Desc.: Neighbourhood Commercial

Location & Property Identification

Property Name: Block 12E Parcel 60REM3

Address: West Bay Rd. & Lawrence Blvd.

City/State/Zip: West Bay Beach South, CI 00KY1

County: Grand Cayman

Market Orientation: Suburban

IRR Event ID: 725346



Sale Information

Sale Price: \$10,080,000

Eff. R.E. Sale Price: \$10,080,000

Sale Date: 06/12/2013

Sale Status: Closed

\$/Acre(Gross): \$1,353,020

\$/Land SF(Gross): \$31.06

\$/Acre(Usable): \$1,353,020

\$/Land SF(Usable): \$31.06

Case Study Type: None

Grantee/Buyer: Cayman Shores Development Ltd.

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Document Type: Deed

Verified By: Paul J. Canham, MRICS

Verification Date: 1/2/14

Verification Type: Secondary Verification

Topography: Level

Corner Lot: Yes

Zoning Code: NC

Zoning Desc.: Neighbourhood Commercial

Utilities: Electricity, Water Public, Sewer

Source of Land Info.: Public Records

Comments

Existing improvements contribute no value to the site.

Improvement and Site Data

Legal/Tax/Parcel ID: WBBS 12E 60REM3

Acres(Usable/Gross): 7.45/7.45

Land-SF(Usable/Gross): 324,522/324,522

Usable/Gross Ratio: 1.00

Shape: Irregular

Location & Property Identification

Property Name:	Block 12E Parcel 61
Sub-Property Type:	Commercial
Address:	Lawrence Blvd.
City/State/Zip:	West Bay Beach South, CI 00KY1
County:	Grand Cayman
Market Orientation:	Suburban
IRR Event ID:	1203959



Sale Information

Sale Price:	\$5,000,000
Eff. R.E. Sale Price:	\$5,000,000
Sale Date:	06/01/2015
Sale Status:	Closed
\$/Acre(Gross):	\$2,631,579
\$/Land SF(Gross):	\$60.41
\$/Acre(Usable):	\$2,631,579
\$/Land SF(Usable):	\$60.41
Grantee/Buyer:	Westshore (Cayman)
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Verified By:	Terry L. Kerslake, AACI, P.App

Verification Date:	8/7/15
Verification Source:	Public Records
Verification Type:	Secondary Verification

Sale Analysis

Current Use:	Vacant Land
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Improvement and Site Data

Legal/Tax/Parcel ID:	WBBS 12E 61
Acres(Usable/Gross):	1.90/1.90
Land-SF(Usable/Gross):	82,764/82,764

Usable/Gross Ratio:	1.00
Shape:	Square
Topography:	Level
Corner Lot:	No
Frontage Feet:	300
Zoning Code:	NC
Zoning Desc.:	Neighbourhood Commercial

Utilities:	Electricity, Water Public, Sewer
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Source of Land Info.:	Public Records
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Comments

Existing improvements contribute no value to the site. Priced in US\$

This parcel was acquired by the adjacent owner. The building located on the site has now been demolished.

Location & Property Identification

Property Name:	Block 11B Parcel 56REM3
Sub-Property Type:	Commercial
Address:	Block 11B 56REM3 Esterly Tibbetts Highway
City/State/Zip:	West Bay Beach North, CI KY1
County:	Grand Cayman
Market Orientation:	Suburban
IRR Event ID:	790631



Sale Information

Sale Price:	\$3,750,000
Eff. R.E. Sale Price:	\$3,750,000
Sale Date:	04/30/2014
Sale Status:	Closed
\$/Acre(Gross):	\$862,069
\$/Land SF(Gross):	\$19.79
Case Study Type:	None
Grantee/Buyer:	Zakhem
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Verified By:	Mr. James V. Andrews, MAI, CRE, FRICS, ASA, CVA
Verification Type:	Secondary Verification

Frontage Desc.:	Beachfront and West Bay
Zoning Code:	NC
Zoning Desc.:	Neighbourhood Commercial
Easements:	No
Environmental Issues:	No
Utilities:	Electricity, Water Public, Sewer, Telephone, CableTV, Water Port Access
Source of Land Info.:	Public Records

Comments

New parcel created when the new roundabout connection to West Bay Road was created. There is a narrow access road from West Bay Road; otherwise access is restricted from the Bypass road.

Commercial parcel at the corner of the new roundabout where West Bay Road now merges with the Bypass road.

Improvement and Site Data

Legal/Tax/Parcel ID:	WBBN 11B 69
Acres(Gross):	4.35
Land-SF(Gross):	189,486
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Feet:	300

Addendum D

Engagement Letter



Telephone: 244 3420
Fax: 949 2187
Direct Line: 244 6662
Email: ruth.massarella@gov.ky



Valuation & Estates Office
Lands & Survey Department
Government Administration
Building, Box 120
Grand Cayman
Cayman Islands, KY1-9000

REF NO.: VAL/SOTO

Mr. Andrews
IRR
PO Box 11905
Grand Cayman
KY1-1011

Tuesday 21st July 2015

Dear Mr. Andrews,

RE: Valuation of SOTO Land

We are pleased to confirm that your proposal to undertake the valuation on part of the above mentioned property for an all-inclusive fee of C\$2,400 has been accepted.

Government is proposing to accept the surrender of the leasehold interests & dispose of part of the freehold interests, in the above mentioned land. The valuation must be prepared as per the attached Terms of Reference.

This valuation must be completed by a Chartered Valuation Surveyor who should be a Registered Valuer. This valuation must also be undertaken in accordance with the provisions of our Valuation Instruction Agreement (attached) and the RICS Valuation Professional Standards - January 2014. Please return a signed copy of this letter and instruction agreement.

The deadline for completing this valuation is 5 pm on Tuesday 11th August 2015.

If you require additional information, please contact us on the above number or by email.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "Ruth Massarella".

Ruth Massarella MRICS
Valuation Officer
For Director of Lands & Survey

Enc. Terms of Reference & Plan.

**TERMS OF REFERENCE FOR VALUATIONS
(REMAINDER SOTO LANDS & REMAINDER 11B37 LANDS)**

**TERMS OF REFERENCE FOR VALUATIONS TO CALCULATE THE PREMIUMS
PAYABLE FOR THE SURRENDER OF THE LEASEHOLD INTERESTS AND
ACQUISITION OF THE FREEHOLD INTERESTS.**

1. All valuations are to be in accordance with the following:-
 - a. The Royal Institution of Chartered Surveyors (RICS) Valuation - Professional Standards ("The Red Book") 2014,
 - b. The International Valuation Standards 2013 of the International Valuation Standards Council (IVSC).
2. Valuations required, as per the attached Soto land and 11B37 plan :-
 - a. The Present Market Value of the Crown's freehold interest in the land outlined in blue (approximately 0.46 acres) forming part of parcel 11B37 on the basis of:
 - i. Its current planning zone of Neighbourhood Commercial and
 - ii. Assuming the parcel is rezoned Hotel Tourism.
 - b. The Premium to be paid by the leaseholder to the freeholder to acquire the freehold interest in the area outlined in yellow, (approximately 3.75 acres) of 11B26, 11B7 and 11B23, subject to the leases 11B23/1, 11B7/1, 11B23/1 expiring 31 March 2068, on the basis of:
 - i. Its current planning zone of Neighbourhood Commercial and
 - ii. Assuming the parcel is rezoned Hotel Tourism.
 - c. The Premium to be paid to the leaseholder by the freeholder for the surrender of the leases in the area not outlined in yellow, (approximately 4.476 acres) of the parcels 11B26, 11B7 and 11B23, subject to the leases 11B23/1, 11B7/1, 11B23/1 expiring 31 March 2068, on the basis of its current planning zone of Neighbourhood Commercial.
 - d. The Present Market Value of the freehold interest in the area outlined in yellow, (approximately 3.75 acres) of 11B26, 11B7 and 11B23 with vacant possession and unencumbered with leasehold interests, on the basis of:
 - i. Its current planning zone of Neighbourhood Commercial and
 - ii. Assuming the parcels are rezoned Hotel Tourism.

- e. The Present Market Value of the leasehold interest in the area outlined in yellow, (approximately 3.75 acres) of 11B26/1, 11B7/1 and 11B23/1,
 - i. Its current planning zone of Neighbourhood Commercial and
 - ii. Assuming the parcels are rezoned Hotel Tourism.
 - f. The Present Market Value of the freehold interest in the area outlined in yellow, (approximately 3.75 acres) of 11B26, 11B7 and 11B23 subject to the leasehold interests assuming the parcels are rezoned Hotel Tourism
 - i. Its current planning zone of Neighbourhood Commercial and
 - ii. Assuming the parcels are rezoned Hotel Tourism.
 - g. The Present Market Value of the freehold interest in the area not outlined in yellow, (approximately 4.476 acres) of 11B26, 11B7 and 11B23 with vacant possession and unencumbered with leasehold interests, on the basis of its current planning zone of Neighbourhood Commercial.
 - h. The Present Market Value of the leasehold interest in the area not outlined in yellow, (approximately 4.476 acres) of 11B26/1, 11B7/1 and 11B23/1, on the basis of its current planning zone of Neighbourhood Commercial.
 - i. The Present Market Value of the freehold interest of in the area not outlined in yellow, (approximately 4.476 acres) of 11B26, 11B7 and 11B23 subject to the leasehold interests, on the basis of its current planning zone of Neighbourhood Commercial.
 - j. The Marriage Value of merging the respective freehold and leasehold interests as outlined above.
- 3. The Valuer is to show the marriage value shared equally between the freeholder and leaseholder , but if the valuer, reasonably and in accordance with industry practice, considers that variance from the Marriage Value being shared equally is appropriate, then that variance and calculation should be stated.
 - 4. When considering marriage value, the Valuer must consider whether the aggregation of some or all of the subject parcels may realise a greater premium to the freeholder and this should be included in the valuation.
 - 5. The Valuer is to show their conclusions as to the deferment rates used in their calculations.
 - 6. The Valuation date to be used 1 January 2015.

VALUATION REPORT
Freehold Commercial Land



LOCATION

West Bay Beach North
Block 11B Parcels 7, 23, 26 & 37
Grand Cayman
CAYMAN ISLANDS

ISSUE DATE OF REPORT

1st September 2015

DDL REFERENCE

20425/UO

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1.0 VALUATION SUMMARY:

1.1. Parcel A

Market value

Market Value of the unencumbered Freehold interest – **CI\$225,000 (Two Hundred and Twenty Five Thousand Cayman Islands Dollars).**

Market Value with the special assumption that Parcel A is rezoned from Neighborhood Commercial and Hotel/Tourism.

Market Value of the unencumbered Freehold interest with the special assumption that Parcel A is rezoned from Neighbourhood Commercial to Hotel/Tourism – **CI\$225,000 (Two Hundred and Twenty Five Thousand Cayman Islands Dollars)**

1.2. Parcel B**Opinion of Values**

Market value of the unencumbered freehold interest – **CI\$3,600,000 (Three Million Six Hundred Thousand Cayman Islands Dollars)**

Market Value of the encumbered freehold interest (i.e. subject to the leasehold interest) - **CI\$270,000 (Two Hundred and Seventy Thousand Cayman Islands Dollars)**

Market Value of the Leasehold interest - **CI\$2,520,000 (Two Million Five Hundred and Twenty Thousand Cayman Islands Dollars)**

Marriage Value – **CI\$810,000 (Eight Hundred and Ten Thousand Cayman Islands Dollars)**

Premium to be paid by the Leaseholder to the Freeholder for the Freehold interest.
- **CI\$670,000 (Six Hundred and Seventy Thousand Cayman Islands Dollars)**

Opinion of Values with the special assumption that Parcel B is rezoned from Neighbourhood Commercial to Hotel/Tourism.

Market Value of the unencumbered Freehold interest – **CI\$4,320,000 (Four Million Three Hundred and Twenty Thousand Cayman Islands Dollars)**

Market Value of the encumbered Freehold interest (i.e. subject to the leasehold interest) - **CI\$320,000 (Three Hundred and Twenty Thousand Cayman Islands Dollars)**

Market Value of the Leasehold interest - **CI\$3,020,000 (Three Million and Twenty Thousand Cayman Islands Dollars)**

Marriage Value – **CI\$980,000 (Nine Hundred and Eighty Thousand Cayman Islands Dollars)**

Premium to be paid by the Leaseholder to the Freeholder for the Freehold interest.
- **CI\$810,000 (Eight Hundred and Ten Thousand Cayman Islands Dollars)**

1.3. Parcel C**Opinion of Values**

Market Value of the unencumbered Freehold interest – **CI\$5,000,000 (Five Million Cayman Islands Dollars).**

Market Value of the encumbered Freehold interest (i.e. subject to the leasehold interest) - **CI\$375,000 (Three Hundred and Seventy Five Thousand Cayman Islands Dollars).**

Market Value of the Leasehold interest - **CI\$3,500,000 (Three Million Five Hundred Thousand Cayman Islands Dollars).**

Marriage Value – **CI\$1,125,000 (One Million One Hundred and Twenty Five Thousand Cayman Islands Dollars).**

Premium to be paid by the Freeholder to the Leaseholder for the Leasehold interest.
- **CI\$4,065,000 (Four Million and Sixty Five Thousand Cayman Islands Dollars).**

Opinion of Values with the special assumption that Parcel C is rezoned from Neighbourhood Commercial to Hotel/Tourism.

Market Value of the unencumbered Freehold interest – **CI\$6,500,000 (Six Million Five Hundred Thousand Cayman Islands Dollars).**

Market Value of the encumbered Freehold interest (i.e. subject to the leasehold interest) - **CI\$485,000 (Four Hundred and Eighty Five Thousand Cayman Islands Dollars).**

Market Value of the Leasehold interest - **CI\$4,550,000 (Four Million Five Hundred and Fifty Thousand Cayman Islands Dollars).**

Marriage Value – **CI\$1,465,000 (One Million Four Hundred and Sixty Five Thousand Cayman Islands Dollars).**

Premium to be paid by the Freeholder to the Leaseholder for the Leasehold interest.
- **CI\$5,280,000 (Five Million Two Hundred and Eighty Thousand Cayman Islands Dollars).**

1.4 Aggregate Premium

Our valuation indicates that the difference between the premium to be paid by each party, is **CI\$3,395,000 (Three Million Three Hundred and Ninety Five Thousand Cayman Islands Dollars)** in favour of the Leaseholder. The breakdown is as follows:-

Premium to be paid by the Leaseholder to the Freeholder for the Freehold interest in Parcel B - **CI\$670,000 (Six Hundred and Seventy Thousand Cayman Islands Dollars)**

Premium to be paid by the Freeholder to the Leaseholder for the Leasehold interest in Parcel C - **CI\$4,065,000 (Four Million and Sixty Five Thousand Cayman Islands Dollars)**

1.4.1 Aggregate Premium with the Special Assumption

Assuming the Parcels are rezoned from Neighbourhood Commercial to Hotel/Tourism, the difference between the premium to be paid by each party, is **CI\$4,470,000 (Four Million Four Hundred and Seventy Thousand Cayman Islands Dollars)** in favour of the Leaseholder. The breakdown is as follows:-

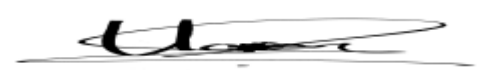
Premium to be paid by the Leaseholder to the Freeholder for the Freehold interest in Parcel B - **CI\$810,000 (Eight Hundred and Ten Thousand Cayman Islands Dollars)**

Premium to be paid by the Freeholder to the Leaseholder for the Leasehold interest in Parcel C. - **CI\$5,280,000 (Five Million Two Hundred and Eighty Thousand Cayman Islands Dollars)**

1.5 Declaration:

These valuation figures are based on the information contained in this report and we recommend that you read and consider the entire report prior to entering into any binding agreement, or taking action based upon these figures.

We confirm that the parcels have been inspected by Mr. Uche Obi, who undertook this valuation and prepared this report. As Mr. Obi has no conflict of interest with the property, client, or property owner, he is not disqualified from reporting on the property.



.....
Uche Obi, MA FRICS
RICS Registered Valuer (Reference #0102048)
Chartered Valuation Surveyor
For and on behalf of DDL Studio Ltd.
P.O. Box 31318
Grand Cayman KY1-1206
Cayman Islands, British West Indies

1st September 2015

.....
DATE

2.0 REGULATORY REQUIREMENTS:**2.1 Valuer's Qualifications and Experience:**

Valuer & Qualifications: Uche Obi, MA FRICS

Experience: Mr. Obi has seventeen years valuation experience of which the last thirteen years has been in the Cayman Islands. Thus, he has sufficient experience and training to undertake this valuation.

Production of Valuation: The valuation, including inspection, collating and analysis of comparable transactions and preparing the report were carried out by Uche Obi, without delegation.

Status of the Valuer: Independent external valuer.

2.2 Conflicts of Interest:

Previous Involvements: DDL Studio Limited previously valued the subject parcels on 15th April 2011. It was done for Dart Realty (Cayman) LTD for the proposed acquisition. We further confirm that DDL Studio Ltd. have no ongoing fee-earning relationship with the client, or property owner.

Conflicts of Interest: We confirm that neither the Valuer nor DDL Studio Limited have any conflict of interest in accepting this instruction.

2.3 Compliance:

Standards followed: We confirm that this valuation conforms to RICS Valuation Standards – Global and UK (January 2014).

RICS Regulation: DDL Studio Limited are an RICS Regulated Valuation firm (Registration #0352223). As such our valuations, including this one, may be subject to monitoring under the RICS' conduct and disciplinary regulations.

Disputes: We would be pleased to discuss the contents of this report and our valuation reasoning and process with you, should you have any queries. Additionally, a copy of our Complaints Handling Procedure is available upon request.

3.0 VALUATION INSTRUCTIONS:

3.1 Client Details and Instructions:

Client's Name and Address: Mr Jon Hall

Chief Valuation Officer

Department of Lands and Survey

Cayman Islands Government

P.O.Box 120 GT

KY1-9000

CAYMAN ISLANDS

Source of Instructions: See attached Instruction Confirmation letter in Appendix 19.

Date of Instruction: 21st July 2015.

Date of Inspection: 21st August 2015

Date of Valuation: We have been instructed to adopt a valuation date of 1st January 2015.

Purpose of Valuation: (1) Sale of the unencumbered Freehold interest in the eastern section of Block 11B Parcel 37 which is edged in blue on the attached plan in Appendix 15. This section has an area of 0.46 acres (20,038 square feet) and is referred to as **Parcel A** in this report.

(2) Sale of the encumbered freehold interest in the section of the Block 11B Parcels 7, 23 & 26 which is highlighted in yellow on the attached plan in Appendix 15. This portion of land has an area of 3.75 acres (163,350 square feet) and is known as **Parcel B** in our report.

(3) Acquisition of the Leasehold interest in the western section of the Block 11B Parcels 7, 23 & 26 which is highlighted in red on the attached plan in Appendix 15. This portion of land has an area of 4.476 acres (194,975 square feet) and is known as **Parcel C** in our report.

Basis of Valuation:	Market Value - defined by the Royal Institution of Chartered Surveyors (RICS) 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.”
Currency Adopted:	Cayman Islands Dollars
Other authorised users:	None.

4.0 PROPERTY AND TITLE SUMMARIES:**4.1 Property Summary:**

Registration District:	West Bay Beach North
Registration details:	Block 11B Parcels 7, 23, 26 & 37
Registered owner:	Crown.
Interest to be Valued:	See instruction letter in Appendix 19.
Type of Property:	Undeveloped commercial land.
Registered area:	Parcel 7 – 1.35 acres (58,806 square feet). Parcel 23 – 2.221 acres (96,747 square feet). Parcel 26 – 4.657 acres (202,859 square feet) Parcel 37 – 1.71 acres (74,488 square feet)
Zoning:	Neighbourhood Commercial (NC).
Elevation:	5 to 10 feet above sea level as indicated on the Lands and Survey website.
Leases and tenancies:	Block 11B Parcels 7, 23 & 26 - Shoreline Development Company Limited has a lease on the property with an unexpired term of approximately 53 years. The rent payable for Parcel 7 is CI\$1,380 per annum while Parcel 23 and 26 each attract a rent of CI\$102 per annum.
Use and Occupation:	At the time of our inspection, Parcel A and C were unoccupied while Parcel B now provides several amenities to the Seven Mile Public Beach including car park spaces.

4.2 Title and Land Register Details:

Restrictive Easements: There is a right of way over Block 11B Parcel 7 in favour of several parcels as stated in the Land Register map attached as Appendix 12.

Appurtenances: Parcel 7 benefits from a vehicular Right of Way over Block 11D Parcel 16.

5.0 LIMITATIONS & EXTENT OF INVESTIGATIONS:

Our full assumptions and limiting conditions are set out towards the end of this report and we recommend that these are read in full and understood. If you have any questions relating to these please contact us.

In particular we would draw your attention to the fact that our inspection was limited in extent and that we did not test the top soil, or sub-strata, nor services; that it may not have been possible to inspect all areas of the parcel due to vegetation, materials or other impediments, that we have not made planning enquiries; that we have relied upon information from third parties, in particular title information on the Land Register and information on the Lands and Survey Lands Information System (LIS) website and we have not carried out a full legal search

6.0 ASSUMPTION, SPECIAL ASSUMPTIONS AND INSTRUCTIONS, RESERVATIONS AND DEPARTURES:

6.1 Assumptions

1. We have assumed the Right of Way over Block 11B Parcel 7 will be extinguished.
2. The parcels are subject to several restrictive agreements noted in the Land Register. We have not had sight of these agreements, therefore, we have assumed that there are not onerous.

6.2 Market Value subject to the Special Assumption.

We have made the following special assumptions:-

1. As we have been instructed to adopt a valuation date of 1st January 2015, we have assumed that at this date, there were no improvements on the subject parcels.
2. Planning permission will be granted for the combination and sub-division of the subject parcels and the cost will be nominal compared to the value of the properties.
3. In addition to providing the market value of the subject parcels, we have been instructed to provide our opinion of values based on the special assumptions that each parcel is rezoned from Neighbourhood Commercial to Hotel/Tourism.

6.3 Other Special Assumptions, Reservations and Departures:

We have not been given any other special instructions, nor have reservations to report, nor have departed from the RICS Valuation – Professional Standards January 2014.

7.0 LOCATION AND DESCRIPTION:**7.1 Location:**

The parcels are located between Esterley Tibbetts Highway and West Bay Road approximately four miles north of George Town, the capital and business centre of the Cayman Islands.

West Bay Road and Esterley Tibbetts Highway run parallel to each other and are both primary arterial highways which connect George Town to West Bay to the north. The southern section of West Bay Road is the prime tourist area of Grand Cayman.

To the west of the subject parcels is the Seven Mile Public Beach while Esterley Tibbetts Highway is to the east. To the south, is an undeveloped parcel and a two storey commercial building previously occupied by Coutts Bank and is now vacant. The parcel to the north is currently being redeveloped into a hotel by Dart Realty Cayman Island LTD (DRCL), the Leaseholder of Block 11B Parcels 7,23 & 26. We understand that the hotel is due to be completed in the November 2016. It will be run as a Kimpton Hotel, the first in the Caribbean. The hotel will have 266 rooms, including three detached bungalows which can be used as nine separate hotel rooms or booked individually for larger groups or families. The property will also feature 62 condominium units.

Attached as Appendix 13 is a 2013 Aerial Photograph showing the location of the subject parcels.

7.2 Parcel Description:

The subject parcels comprises 4 lots with a total area of 9.938 acres (432,899 square feet). The Parcels front the closed section of West Bay Road as well as the Esterley Tibbetts Highway. Parcel 7 was previously a road known as Governor's Way and it provided access to the Public beach. This road has now been physically closed but is still registered which means it still exists legally. As mentioned earlier, we have assumed that it would be closed and the Land Register deleted.

The western section of the subject parcels now provides amenities to the Public Beach including car parking spaces and an access road. The eastern section of the subject parcels is undeveloped and has been filled. The parcels are cleared and zoned Neighbourhood Commercial and have an elevation of between 5 and 10 feet.

The parcels were acquired by DRCL in May 2011 for CI\$5,040,000. At the time of the acquisition, the parcels had a total area of 9.877 acres (8.529 acres excluding Parcel 7, the road). The price paid equates to a rate per square foot CI\$11.71 based on the total area and CI\$13.57 excluding the road on Parcel 7.

It is proposed to combine and sub-divide the subject parcels as shown in the plan attached as Appendix 15. The details of each parcel is as follows:-

- Parcel A is highlighted in blue and will have an area of 0.46 acres (20,038 square feet),
- Parcel B is highlighted in yellow and has an area of 3.75 acres (163,350 square feet) and
- Parcel C is highlighted in red and has an area of 4.476 acres (194,975 square feet).

Attached as Appendix 14 are recent photographs of the subject parcels taken during our Inspection.

7.3 Services:

Electricity: Mains electricity is available in the area (Caribbean Utilities Ltd.).
Water: Mains water is available to the subject parcels
Drainage: No mains drainage is available. A Septic tanks will be required
Telephones: Full telecommunications services are available to the parcels.

8.0 FACTORS AFFECTING OPINION OF MARKET VALUE:

We have had regard to the following matters in considering our opinion of Market Value of the subject property: -

8.1 Contamination:

Our visual inspection did not reveal any contamination to this, or neighbouring property. However, should such contamination come to light, our reported valuation figures may need to be reduced.

8.2 Flooding:

The Cayman Islands Government's Lands and Survey data indicates that the parcels have an elevation of 5 to 10 feet above sea level. Therefore, it is unlikely to be susceptible to flooding during periods of heavy rainfall.

8.3 Market Commentary:

The Cayman Islands Property market is gradual recovering from the global recession which began in late 2008. There have been signs of improved conditions recently, which is starting to show in modest increases in values, this being more marked in areas and for types of property for which there are no adverse factors and lower supply. Accordingly, although we would expect the Market Value of this property to rise over the long term, there are few signs of any increase yet from the bottom of the market.

As mentioned earlier, DRCL, the developer of Camana Bay a mixed use development to the south of the subject parcels, is currently constructing a hotel on the land to the north of the subject property. The hotel will be run by the Kimpton Group. This development is likely to have a positive effect on property values in this section of West Bay.

9.0 VALUATION:**9.1 Methodology:**

We have been instructed to provide the following values:-

Parcel A:-

- Market Value of the unencumbered freehold interest Parcels A,B &C.

Parcels B & C

- Market Value of the encumbered freehold interests i.e. subject to the existing lease which has an unexpired term of 53 ¼ years.
- Market Value of the leasehold interest.
- Marriage Value for merging the Freehold and Leasehold interest
- For Parcel B only, the premium to be paid by the Leaseholder for the acquisition of the Freehold interest.
- For Parcel C only, the premium to be paid by the Freeholder to the Leaseholder for the unexpired leasehold interest.

Below we have discussed the approach adopted in arriving at these values.

Market value of the unencumbered freehold interest

In order to derive a Market Value for unencumbered freehold interests with vacant possession in all the parcels, we have based our valuation on the Sales Comparison or Market Data approach. This is a method of arriving at the Market Value by comparing the land to recent sales of similar parcels in this locality with adjustment made for the following factors:-

- a) Location.
- b) Characteristics which would include size, shape, elevation, zoning, configuration etc.
- c) Market condition at the time of the sale on the comparable property.
- d) Other relevant factors

The unit of comparison adopted is the price paid per square foot based on the area stated above for the subject parcels and the registered area of the comparable parcels.

Market value of the encumbered freehold interest

We have been instructed to provide the Market Value of the freehold interest in the Parcels B and C having regard to the current leasehold interest which has an unexpired term of approximately 53 ¼ years.

The freehold interest is encumbered as the Freeholder has to wait until the lease expires on 1st April 2068 before they can occupy the property. Therefore, to arriving at the Market Value of the encumbered Freehold interest, the Market Value of the unencumbered freehold interest has to be deferred for 53 ¼ years until the lease expires.

The deferment rate will depend on several factors including:-

According to the RICS Guidance Note titled “Discounted cash flow for commercial property investments” the risk associated with a property investment can be split into 3 main headings which we have discussed below:-

1. **Risk free rate of investment**- This is normally the rate of return for a risk free investment typically a government bond for a similar duration. The US Department of the Treasury indicates that the return on Government 30 year’s bond is 2.73%. As the length of the lease is longer, it is fair to say that an investor would require a high return for the subject property.
2. **Market Risk** – This includes the uncertainty associated with meeting the anticipated rental income and return. It also, includes the availability of finance, risk associated with the location, economy, physical and functional depreciation of the property. As mentioned earlier the development of a hotel nearby is likely to have a positive effect on the subject parcels. Therefore, the market risk is lower.
3. **Specific Risk** – This is the uncertainty associated with a tenant’s ability to pay, void periods, cost of ownership and lease structures. We are of the opinion that this risk is effectively nil for the subject parcels as the rent is nominal.

It is important to note that the categories mentioned above are not mutually exclusive.

The selection of the appropriate yield which is the rate of return an investor would seek, will also depend on interest rates. At present the prime rate in the Cayman Islands is 3.25%.

Based on the above, we have adopted a deferment rate of 5%.

Market Value of the leasehold interest

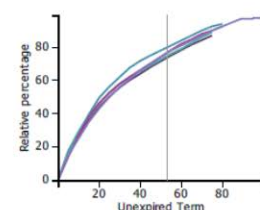
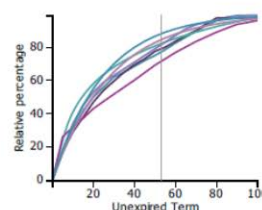
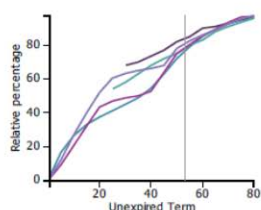
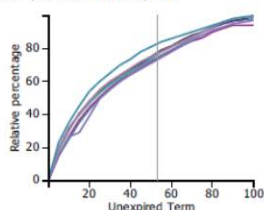
As mentioned earlier, the existing lease has an unexpired term of 53 ¼ years to run. Therefore, for the property to be attractive to the market, the Market Value of the encumbered Freehold interest has to be discounted.

There is no reliable evidence in the Cayman Island which would assist us in determining the discount between the Leasehold and Freehold interest, therefore, we have relied on data from the UK.



Address	Soto Land
Valuation date	01/01/2015
Lease expiration date	01/01/2068
Unexpired term (years)	53.25 years

Unexpired term: 53.25 years



2009 RICS PRIME CENTRAL LONDON	
Gerald Eve	76.60%
Knight Frank	77.60%
Cluttons Flats	74.85%
Cluttons Houses	73.85%
WA Ellis	73.28%
Charles Boston	76.95%
John D Wood	82.95%
AVERAGE	76.58%
Value of Act Rights	6.93%

2009 RICS GREATER LONDON & ENGLAND	
Beckett & Kay	76.55%
South East Leasehold	83.95%
Nesbitt & Co	78.25%
Austin Gray	78.41%
Andrew Pridell	80.93%
AVERAGE	79.62%

PUBLISHED RESEARCH	
Tribunal Graph	77.28%
Moss Kaye	79.13%
Savills 2002	82.30%
Savills 1992	71.67%
Leasehold Advisory Services	81.60%
CEM Report 2000 (Inner London)	84.57%
CEM Report 2000 (Rest of England)	88.14%
AVERAGE	80.67%

2015 DATA	
Charles Boston - 2015	79.95%
Cluttons Houses - 2015	73.78%
Cluttons Flats - 2015	74.78%
Knight Frank - 2015	76.85%
Gerald Eve - 2015	76.60%
AVERAGE	76.39%

The above data indicates that in the UK, the difference between a Leasehold interest with an unexpired term of 53.25 years and the Freehold interest in a property ranges from 76% to 80.67%.

The UK has legislation which in certain instances gives tenants of residential leasehold property the automatic right to seek an extension or renewal of their existing lease. This is not the case in the Cayman Island, therefore, the uncertain attached to a leasehold interest implies that a higher discount of the unencumbered freehold interest will have to be offered to secure a sale.

The UK data is based on the Market Value of residential flats which have a shorter lifespan compared to the subject parcels which are an undeveloped parcels of land. Therefore, the latter is less risk.

For the reasons mentioned above, we are of the opinion that the difference in value between the unencumbered Freehold interest and the Leasehold interest is 70%.

Premium to be paid by the Leaseholder to the Freeholder for the Freehold interest in Parcel B

The Leaseholder is seeking to acquire the Freehold interest in Parcel B which would automatically lead to the extinguishment of the leasehold interest. In effect, the Leaseholder's interest (unexpired term of 53 $\frac{1}{4}$ years) will be converted to a freehold interest

The premium to be paid for the acquisition of the freehold interest is an aggregate of:-

- (a) The Freeholder's share of the Marriage Value: The Marriage Value is the potential increase in the Market Value of a property arising from merging of two or more interests. In this instance, the leasehold and the freehold interest are being merged. This increase is shared between the Freeholder and Leaseholder with the portion of each parties share dependent on negotiations.

In this valuation exercise we have been instructed to assume an even split in the marriage value. We have also been requested to comment on our opinion of the likely split. This would depend on each parties negotiating position with the party getting the greater benefit likely to get a smaller share of the marriage value. As we have not been able to interview both parties to ascertain the reason for this transaction, we are unable to determine which party gains more.

- (b) The reduction in the Market Value of the Freeholder's interest in the property as this will be transferred to the Leaseholder. It is the difference between the Market Value of the Freeholder's present encumbered interest (i.e. subject to the unexpired term of the leasehold interest) and the Market Value of their interest assuming the Freehold is transferred to the current Leaseholder.

Premium to be paid by the Freeholder to the Leaseholder for the Leasehold interest in Parcel C.

The Freeholder is seeking to acquire the leasehold interest in Parcel C (i.e. the reverse of the above). Thus the leasehold interest will be extinguished and the Freeholder will hold an unencumbered interest. In other words, the 2 interest will be combined.

In our opinion, the premium to be paid for the acquisition of the leasehold interest is similar to the premium for the freehold interest, with the interests' reversed i.e. instead of the Freehold interest, it would be the Leasehold interest.

In summary, our valuations are based on the following assumptions:-

1. The unencumbered freehold interest for each parcel has been deferred by 5% for the unexpired term of the lease of 53 $\frac{1}{4}$ years to arrive at the encumbered freehold interest
2. The Leasehold interest is 70% of the freehold interest i.e. a 30% discount on the unencumbered freehold interest.
3. As instructed, the marriage value is split evenly between the Freeholder and Leaseholder.

9.2 Valuation Analysis:

We have researched sales over the last few years at the Land Registry in this and adjacent blocks although sales in the last few months which have not yet been recorded by Land Registry may be excluded.

9.2.1 Parcel A

Market Value of the freehold interest in Parcel A

Parcel A has an area of 0.46 acres (20,038 square feet) and is zoned Neighbourhood Commercial. The Parcel has a narrow width of 60 feet and we are of the view that this would limit its development potential in isolation. However, this is not the case if it is combined with any of the adjoining parcels.

In arriving at a Market Value, we have considered the following transactions on comparable parcels.

Block 10E Parcel 56 (West Bay Road) – This undeveloped parcel is located on West Bay Road, immediately north of the Seven Mile Public Beach. It has an area of 1.35 acres (58,806 square feet) and a road frontage of 150 feet. It is zoned Hotel/Tourism and has an elevation of between 4 to 12 feet. It sold in January 2015 for CI\$840,000. This equates to a rate per square foot of CI\$14.28.

As this comparable parcel is located to the north of the Parcel A, it is in an inferior section of West Bay Road. However, it is larger than the subject parcel and can easily be developed, we are of the opinion that the Market Value of Parcel A will be less than CI\$14.28 per square foot.

Block 10E Parcel 22 (Marsh Road) – This parcel is located on Marsh Road approximately one mile north of Parcel A. It has an area of 0.3 acres (13,068 square feet) and is zoned Hotel/Tourism. It sold in April 2014 for CI\$140,000 which equates to a rate per square foot of approximately CI\$11.

Parcel A is similar to this parcel in terms of size. However, it is in a superior location being closer to the hotel under construction. Therefore, we are of the opinion that Parcel A will have a higher rate per square foot.

Block 10A Parcel 104 (Yacht Drive) – This parcel is located on Yacht Drive approximately 0.65 miles north of Parcel A. It has an areas of 0.3339 acres (14,545 square feet) and is zoned Hotel/Tourism. It sold in March 2012 for CI\$126,000 which equates to a rate per square foot of approximately CI\$9.

Again, Parcel A is similar in size but in a superior location. Therefore, we are of the opinion that it would achieve a slightly higher rate per square foot.

Valuation Conclusion

Our adjustments indicate a value of between CI\$10 and CI\$13 per square foot. We have adopted a rate per square foot of CI\$13 to arrive at a Market Value of CI\$225,000. Our valuation reflects the fact that the Parcel A is in a very desirable location being close to the hotel under construction and the Seven Mile Public Beach.

The adjustment we have made to the comparable transactions is shown in the table below. Also, attached as Appendix 16 is a map showing Parcel A and the subject parcels mentioned above.

	SUBJECT	COMP 1		COMP 2		COMP 3	
Location	Parcel A	10E 56		10E 22		10A104	
Address	West Bay Road			Marsh Road		Yacht Drive	
Sales Price CI\$	N/A	\$840,000		\$140,000		\$126,000	
Price Per SF	N/A	\$14.28		\$10.71		\$8.66	
Adjustments							
Date of Sale	N/A	Jan-15	0%	Apr-14	0%	Mar-12	0%
Physical Adjustments							
Location	SMB	Inferior	10%	Inferior	20%	inferior	20%
Parcel Area (Acres)	0.3966	1.3500	-20%	0.3000	0%	0.3339	0%
Parcel Area (SF)	17,276	58,806		13,068		14,545	
Total Adjustments			-10%		20%		20%
Adjusted Price PSF		\$13		\$13		\$10	

Market Value of the freehold interest in Parcel A assuming it is rezoned from Neighbourhood Commercial to Hotel/Tourism.

We have also been instructed to provide the market value of Parcel A assuming it is rezoned from Neighbourhood Commercial to Hotel/Tourism. We are of the opinion that this would not have an effect on its Market Value as the size of the parcel limits its development potential.

9.2.2 Parcel B

Market value of the unencumbered freehold interest in Parcel B.

This parcel has an area of 3.75 acres (163,350 square feet), it is currently zoned Neighbourhood Commercial. It has a frontage on the Esterley Tibbetts Highway of 400 feet and 270 feet on the West Bay Road. It can be accessed from the road leading to the car park for the Seven Mile Public Beach. The parcel has an elevation of 5 to 10 feet. We have assumed that this parcel will benefit from access from the Esterley Tibbetts Highway.

Comparable evidence used to arrive at a Market Value for this parcel is as follows:

Block 11D Parcel 14,15,16 (Parcel C) (Esterley Tibbetts Highway) – We have been informed by the owner that this parcel is to be combined and sub-divided. A section having an area of 1 acre (43,560 square feet) and a frontage onto Esterley Tibbetts Highway of 200 feet is currently under offer at CI\$840,000. This equates to a rate per square foot of approximately CI\$20. The parcel is located approximately 0.25 miles south of Parcel B.

Compared to Parcel B, it is smaller and as larger parcels usually attract a lower rate per square foot, we have made a downward adjustment for size. The subject parcel is in a superior location being close to Seven Mile Beach and the hotel under-construction. Based on this sale, we are of the opinion that the Market Value of the subject property is similar.

Block 17A Parcel 262/1/20 (West Bay Road) – This parcel which is located along West Bay Road at its junction with Safehaven Drive has an area of 4.669 acres (203,382 square feet). It is immediately north of the Ritz Carlton. The parcel is undeveloped, zoned Neighbourhood Commercial and has an elevation of between 4 and 5 feet. It has a frontage on West Bay Road and Esterley Tibbetts Highway of 227 feet. It also has a frontage on Safehaven Drive of 885 feet. The leasehold interest with an unexpired term of 76 years was acquired by DRCL in December 2014 for CI\$4,421,760. This equates to a rate per square foot of CI\$21.84.

This parcel and Parcel B are slightly similar in size. In terms of location, this parcel is located close to the Ritz Carlton and Parcel B is within close proximity of the hotel under construction. So the parcels are similar in this regard.

This sale was for a leasehold interest with an unexpired term of 76 years, therefore, we have made a downward adjustment for the interest acquired.

The property was acquired by DRCL who we consider a special purchaser as they own the adjoining land. For this reason we have adjusted the price paid upwards.

Based on the sale of Block 17A Parcel 262/1/20, we are of the opinion that the Market Value of Parcel B will be higher.

Block 11B Parcel 56REM3 (West Bay Road) – This regular shaped parcel is undeveloped and located along Esterley Tibbetts Highway at the bend to Seven Mile Public Beach. It is immediately to the south of Parcel B. The parcel has an area of 4.35 acres (189,486 square feet), a road frontage of 580 feet at the northern boundary and 470 feet at the eastern boundary. It is zoned Neighbourhood Commercial and has an elevation of between 3 to 9 feet. It sold in April 2014 for CI\$3,150,000. This equates to a rate per square foot of approximately CI\$17.

The subject parcel is in a slightly superior location being closer to Seven Mile Beach and the new hotel. Also, we are of the opinion that there has been an increase in the market value of land in this area in the last 3 years due to the construction of the hotel. Therefore, we are of the opinion that its market value will be higher.

A table showing our adjustment is shown on the next page. Also, attached as Appendix 17 is a map showing the subject and comparable parcels.

	SUBJECT	COMP 2		COMP 1		COMP 3	
Location	Parcel B	11D14,15 & 16 (Parcel C)		17A262/1/10		11B56REM3	
Address	Esterley Tibetts Highway			West Bay Road		Esterley Tibbetts Highway	
Sales Price CI\$	N/A	\$840,000		\$4,421,760		\$3,150,000	
Price Per Sq.Ft	N/A	\$19.28		\$21.74		\$16.62	
Adjustments							
Property Rights Conveyed	Freehold	Freehold	0%	Leasehold	30%	Freehold	0%
Condition of Sale	N/A	N/A	0%	Special Purchaser	-20%	N/A	0%
Date of Sale	N/A	U/O	0%	Dec-14	0%	Mar-12	5%
Physical Adjustments							
Location	ETH & SMB	Inferior	20%	Similar	0%	Inferior	5%
Road Access	Yes	Similar	0%	Similar	0%	Similar	0%
Parcel Area (Acres)	3.7500	1.0000	-10%	4.6690	0%	4.3500	0%
Parcel Area (SF)	163,350	43,560		203,382		189,486	
Frontage	400 & 270	Inferior	10%	same	0%	same	0%
Total Adjustments			20%		10%		10%
Adjusted Price Per Sq.Ft.		\$23		\$24		\$18	

Our adjustments indicates a market value per square foot of between CI\$18 and CI\$24. The average figure is CI\$22 per square feet and we have adopted this figure in our valuation to arrive at a market value of the unencumbered freehold interest in Parcel B of CI\$3,593,700, say **CI\$3,600,000**.

Market Value of the encumbered freehold interest in Parcel B

As mentioned earlier, we have deferred the present market value of the freehold interest by 5% for the unexpired term of 53 ¼ years to arrive at a market value of CI\$270,000 as shown in our calculations below.

MV of unencumbered Freehold interest	\$3,600,000
PV @ 5% def'd 53.25 years	0.0744
Capital Value	\$267,840

Say CI\$270,000

Market value of the leasehold interest in Parcel B

As discussed earlier, we are of the opinion that the Market Value of the leasehold interest is approximately 70% of the unencumbered freehold interest in the subject parcel has a market value of CI\$3,600,000. Therefore, the Market Value of the leasehold interest is **CI\$2,520,000**.

Premium to be paid by the Leaseholder to the Freeholder for the Freehold interest in Parcel B

Our premium calculation is as follows:-

(a) Freeholder's Share of the Marriage Value

Market Value of Present interests

Freehold	\$270,000	
Leasehold	<u>\$2,520,000</u>	\$2,790,000

Market Value of Proposed interests

Freehold	\$0	
Leasehold	<u>\$3,600,000</u>	<u>\$3,600,000</u>
Marriage Value		\$810,000

Freeholder's share in marriage value
assuming 50/50 split

\$405,000
Say \$400,000

(b) Loss in Freeholder's interest

The Freeholder will no longer have an interest in the property, so the loss is the Market Value of the encumbered interest which is CI\$270,000.

In conclusion, the premium to be paid by the Leaseholder to the Freeholder for the acquisition of the freehold interest in Parcel B based on this current zoning, is **CI\$670,000.**

Market Value of the unencumbered freehold interest in Parcel B assuming the current zoning is changed from Neighbourhood Commercial and Hotel/Tourism

We have been instructed to undertake the same exercise assuming Parcel B is rezoned from Neighbourhood Commercial and Hotel/Tourism

The planning zone of a parcel has an influence on its value. Therefore, we have examined the Development and Planning Regulations (2013 Regulations) to ascertain the difference between the Neighbourhood Commercial and Hotel/Tourism.

The Neighbourhood Commercial zone allows mainly commercial uses including offices, retail shops, restaurants. The minimum lot size is 20,000 square feet and the maximum building height is 3 storeys or 40 feet. With regards to the Hotel/Tourism zone, the permitted use includes hotels and apartments. Commercial use maybe permitted where deemed suitable by the Central Planning Authority (CPA). The maximum building height is 5 storeys or 65 feet. Along the Seven Mile Beach Corridor, this increases to 10 storeys or 130 feet.

Due to the fact that the hotel/tourism zone permits a wider use and the building height restriction is higher compared to the neighbourhood zone, it is our opinion that land zoned Hotel/Tourism will attract a higher rate per square foot.

We have been unable to find comparable evidence to assist us with the difference in value. Therefore, we have assumed that the difference would be at least 20%. This implies that if Parcel B is rezoned from Neighbourhood Commercial to Hotel/Tourism, the market value will increase from CI\$3,600,000 to **CI\$4,320,000**. This equates to a rate per square foot of approximately CI\$26.

Market Value of the encumbered freehold interest in Parcel B assuming it is rezoned from Neighbourhood Commercial and Hotel/Tourism

Applying a deferment rate of 5% for 53 $\frac{1}{4}$ years, we have arrived at a value of CI\$275,000 as shown in our calculation below.

MV of unencumbered Freehold interest	\$4,320,000
PV @ 5% def'd 53.25 years	0.0744
Capital Value	\$321,479.71
	Say \$320,000

Market Value of the leasehold interest in Parcel B assuming it is rezoned from Neighbourhood Commercial and Hotel/Tourism.

Assuming the unexpired lease of 53 ¼ years is approximately 70% of the freehold value, the market value of the leasehold interest is approximately CI\$3,020,000 i.e. 70% of CI\$4,320,000.

Premium to be paid by the Leaseholder to the Freeholder for the Freehold interest in Parcel B assuming it is rezoned from Neighbourhood Commercial to Hotel/Tourism

Our premium calculation is as follows:-

(a) Freeholder's Share of the Marriage Value

Market Value of Present interests	
Freehold	\$320,000
Leasehold	<u>\$3,020,000</u>
	\$3,340,000
Market Value of Proposed interests	
Freehold	\$0
Leasehold	<u>\$4,320,000</u>
	\$4,320,000
Marriage Value	<u>\$980,000</u>
Freeholder's share in marriage value assuming 50/50 split	\$490,000

(b) Loss of Freeholder interest

In this instance the Market Value of the freeholder's interest is CI\$320,000

Based on the above, the premium to be paid by the leaseholder to the freeholder for the unencumbered freehold interest in the Parcel B assuming it is rezoned from Neighbourhood Commercial to Hotel/Tourism, is **CI\$810,000**.

9.2.3 Parcel C

Market value of the unencumbered freehold interest

This parcel is located immediately east of the Seven Mile Public Beach and although it presently provides an access road and parking to the public beach, we have been instructed to ignore the improvements and assuming it was cleared at the valuation date of 1st January 2015.

The public beach cannot be developed due its existing use, therefore, if Parcel C is placed on the market it is very desirable due to its unrestricted views of the sea and we have reflected this in our valuation.

With regards to its market value, as this parcel is unique, we have only been able to identify the sale of one comparable parcel.

Block 11B Parcel 69 (Now Parcel 86) is located approximately 200 feet north of the subject property as shown on the map attached as Appendix 18. When it sold, it had an area of 7.16 acres which was split into a seaside portion with an area of 0.80 acres (35,000 square feet) which could not be developed due to its size and configuration. The inland section had an area of 6.54 acres (284,730 square feet). The parcel was acquired by DRCL in January 2011 for CI\$16.8 million which equates to a rate per square foot of CI\$54.

DRCL were special purchasers as the land was acquired for the redevelopment of the area to include the Kimpton Hotel which is under construction. Therefore, it is likely that a premium was paid and we have adjusted the price paid downwards for this factor.

Parcel C has an area of 4.476 acres which is smaller than the size of the comparable parcel, therefore, we have adjusted the price paid upwards for size. With regards to the date of sale compared to our valuation date, we are of the opinion that there has been a slightly increase in market values due to the construction of the hotel

Based on this sale, we are of the opinion that the Market Value of Parcel C is fairly reflected in the sum of **CI\$5,000,000**. Our valuation is based on a rate per square foot of CI\$25.

Market Value of the encumbered freehold interest in Parcel C.

To arrive at the Market Value of Parcel C subject to the leasehold interest, we have deferred the unencumbered freehold interest at a rate of 5% as discussed in the previous sections to arrive at a value of **CI\$375,000** as shown below.

MV of unencumbered Freehold interest	\$5,000,000
PV @ 5% def'd 53.25 years	0.0744
Capital Value	\$372,083
	Say CI\$375,000

Market Value of the leasehold interest in Parcel C.

Assuming the Market Value of the unexpired lease of 53 ¼ years is approximately 70% of the freehold value, the Market Value of the leasehold interest is **CI\$3,500,000** i.e. 70% of CI\$5,000,000.

Premium to be paid by the Freeholder to the Leaseholder for the Leasehold interest in Parcel C.

Our premium calculation is as follows:

Market Value of Present interests

Freehold	\$375,000	
Leasehold	<u>\$3,500,000</u>	
		\$3,875,000

Market Value of Proposed interests

Freehold	\$5,000,000	
Leasehold	<u>\$0</u>	
		\$5,000,000
Marriage Value		\$1,125,000
	Say	\$565,000
Loss in Leasehold interest		<u>\$3,500,000</u>
Premium for Leasehold Interest		\$4,065,000

Based on the above, the premium to be paid by the Freeholder to the Leaseholder for the leasehold interest in the Parcel C is **CI\$4,065,000**.

Market Value of the unencumbered freehold interest assuming Parcel C is rezoned from Neighbourhood Commercial to Hotel/Tourism.

Assuming Parcel C is rezoned to Hotel/Tourism, it would become more attractive as it allows for a 10 storey hotel as the land was previously on the Seven Mile Beach Corridor before the section of West bay Road in front of the property was closed. We have not been able to identify any comparable transaction to assist with arriving at a value, therefore, we have assumed that the market value would increase by at least 30% to arrive at a market value of **CI\$6,500,000** from CI\$5,000,000.

Market Value of the encumbered freehold interest in Parcel C assuming it is rezoned from Neighbourhood Commercial to Hotel/Tourism.

The Market Value of the freehold interest in Parcel C subject to the unexpired leasehold interest is CI\$485,000 as shown in our calculation below.

MV of unencumbered Freehold interest	\$6,500,000
PV @ 5% def'd 53.25 years	0.0744
Capital Value	\$483,707.90
	Say CI\$485,000

Market Value of the leasehold interest in Parcel C assuming it is rezoned from Neighbourhood Commercial to Hotel/Tourism.

Assuming the leasehold interest is 70% of the unencumbered freehold interest, its market value will be **CI\$4,550,000**.

Premium to be paid by the Freeholder to the Leaseholder for the Leasehold interest in Parcel C assuming it is rezoned from Neighbourhood Commercial to Hotel/Tourism.

Our premium calculation is as follows:-

Market Value of Present interests

Freehold	\$485,000	
Leasehold	<u>\$4,550,000</u>	
		\$5,035,000

Market Value of Proposed interests

Freehold	\$6,500,000	
Leasehold	<u>\$0</u>	
		\$6,500,000

Marriage Value

\$1,465,000

Leaseholder's share in marriage value
assuming 50/50 split

\$732,500

Say 730,000

Loss in leasehold interest

\$4,550,000

Premium for Leasehold Interest

\$5,280,000

Based on the above, the premium to be paid by the Freeholder to the Leaseholder for the leasehold interest in the Parcel C is **CI\$5,280,000**.

10.0 Opinion of Values:

Parcel A

Market Value

Market Value of the unencumbered freehold interest – **CI\$225,000 (Two Hundred and Twenty Five Thousand Cayman Islands Dollars).**

Market Value with the special assumption that Parcel A is rezoned from Neighborhood Commercial to Hotel/Tourism.

Market Value with special assumption that Parcel A is rezoned from Neighbourhood Commercial and Hotel/Tourism – **CI\$225,000 (Two Hundred and Twenty Five Thousand Cayman Islands Dollars)**

Parcel B**Opinion of Values**

Market Value of the unencumbered freehold interest – **CI\$3,600,000 (Three Million Six Hundred Thousand Cayman Islands Dollars)**

Market Value of the encumbered freehold interest (i.e. subject to the leasehold interest) - **CI\$270,000 (Two Hundred and Seventy Thousand Cayman Islands Dollars)**

Market Value of the Leasehold interest - **CI\$2,520,000 (Two Million Five Hundred and Twenty Thousand Cayman Islands Dollars)**

Marriage Value – **CI\$810,000 (Eight Hundred and Ten Thousand Cayman Islands Dollars)**

Premium to be paid by the Leaseholder to the Freeholder for the Freehold interest.
- **CI\$670,000 (Six Hundred and Seventy Thousand Cayman Islands Dollars)**

Opinion of Values with the special assumption that Parcel B is rezoned from Neighbourhood Commercial to Hotel/Tourism.

Market Value of the unencumbered Freehold interest – **CI\$4,320,000 (Four Million Three Hundred and Twenty Thousand Cayman Islands Dollars)**

Market Value of the encumbered Freehold interest (i.e. subject to the leasehold interest) - **CI\$320,000 (Three Hundred and Twenty Thousand Cayman Islands Dollars)**

Market Value of the Leasehold interest - **CI\$3,020,000 (Three Million and Twenty Thousand Cayman Islands Dollars)**

Marriage Value – **CI\$980,000 (Nine Hundred and Eighty Thousand Cayman Islands Dollars)**

Premium to be paid by the Leaseholder to the Freeholder for the Freehold interest.
- **CI\$810,000 (Eight Hundred and Ten Thousand Cayman Islands Dollars)**

Parcel C

Market Value of the unencumbered freehold interest – **CI\$5,000,000 (Five Million Cayman Islands Dollars).**

Market Value of the encumbered freehold interest - **CI\$375,000 (Three Hundred and Seventy Five Thousand Cayman Islands Dollars).**

Market Value of the Leasehold interest - **CI\$3,500,000 (Three Million Five Hundred Thousand Cayman Islands Dollars).**

Marriage Value – **CI\$1,125,000 (One Million One Hundred and Twenty Five Thousand Cayman Islands Dollars).**

Premium to be paid by the Freeholder to the Leaseholder for the Leasehold interest.
- **CI\$4,065,000 (Four Million and Sixty Five Thousand Cayman Islands Dollars)**

Parcel C (assuming it is rezoned from Neighbourhood Commercial and Hotel/Tourism)

Market Value of the unencumbered freehold interest – **CI\$6,500,000 (Six Million Five Hundred Thousand Cayman Islands Dollars)**

Market Value of the encumbered freehold interest - **CI\$485,000 (Four Hundred and Eighty Five Thousand Cayman Islands Dollars)**

Market Value of the Leasehold interest - **CI\$4,550,000 (Four Million Five Hundred and Fifty Thousand Cayman Islands Dollars)**

Marriage Value – **CI\$1,465,000 (One Million Four Hundred and Sixty Five Thousand Cayman Islands Dollars)**

Premium to be paid by the Freeholder to the Leaseholder for the Leasehold interest.
- **CI\$5,280,000 (Five Million Two Hundred and Eighty Thousand Cayman Islands Dollars)**

Aggregate Premium

Our valuation indicates that the difference between the premium to be paid by each party, is **CI\$3,395,000 (Three Million Three Hundred and Ninety Five Thousand Cayman Islands Dollars)** in favour of the Leaseholder. The breakdown is as follows:-

Premium to be paid by the Leaseholder to the Freeholder for the Freehold interest.

- **CI\$670,000 (Six Hundred and Seventy Thousand Cayman Islands Dollars)**

Premium to be paid by the Freeholder to the Leaseholder for the Leasehold interest.

- **CI\$4,065,000 (Four Million and Sixty Five Thousand Cayman Islands Dollars)**

Aggregate Premium with Special Assumption

Assuming the Parcels are rezoned from Neighbourhood Commercial to Hotel/Tourism, the difference between the premium to be paid by each party, is **CI\$4,470,000 (Four Million Four Hundred and Seventy Thousand Cayman Islands Dollars)** in favour of the Leaseholder. The breakdown is as follows:-

Premium to be paid by the Leaseholder to the Freeholder for the Freehold interest.

- **CI\$810,000 (Eight Hundred and Ten Thousand Cayman Islands Dollars)**

Premium to be paid by the Freeholder to the Leaseholder for the Leasehold interest.

- **CI\$5,280,000 (Five Million Two Hundred and Eighty Thousand Cayman Islands Dollars)**

A summary of our opinion of values is provided on the next page.

Opinion of Values

Interest	Parcel A	Parcel B	Parcel C
Market Value of the unencumbered Freehold Interest	225,000	3,600,000	5,000,000
Market Value of the encumbered Freehold interest		270,000	375,000
Market Value of the Leasehold interest		2,520,000	3,500,000
Marriage Value		810,000	1,125,000
Premium		670,000	4,065,000

Opinion of Values with the Special Assumption that Parcel is Rezoned from Neighborhood Commercial to Hotel/Tourism

Interest	Parcel A	Parcel B	Parcel C
Market Value of the unencumbered Freehold interest	225,000	4,320,000	6,500,000
Market Value of the encumbered Freehold interest		320,000	485,000
Market Value of the Leasehold interest		3,020,000	4,550,000
Marriage Value		980,000	1,465,000
Premium		810,000	5,280,000

Aggregate Values

Premium for Parcel B	670,000
Premium for Parcel C	4,065,000
Difference	3,395,000

With Special Assumptions

Premium for Parcel B	810,000
Premium for Parcel C	5,380,000
Difference	4,570,000

11.0 Terms and Conditions:

The following are the terms and conditions (the “Terms and Conditions”) on which we, DDL Studio Ltd will provide certain services (the “Services”) to you as set out within the attached Letter of Engagement. The Letter of Engagement and the Terms and Conditions are together referred to as the “Contract” or “the Engagement”.

11.1 The Contract Between us:

11.1.1 This Contract represents the entire understanding and constitutes the entire agreement between the parties in relation to the services to be undertaken and supersedes any previous agreement between the parties as to such subject matter. Each party acknowledges and agrees that in entering into this Contract it has not relied on any representation or warranty or undertaking other than those expressly within this Contract and, except in relation to any liability for fraudulent misrepresentation, neither party shall be under any liability or shall have any remedy in respect of misrepresentation or untrue statement unless and to the extent that a claim lies under this Contract.

11.1.2 If we have already started work (e.g. by inspecting the property, by gathering information or giving initial advice) then you agree that this Contract applies retrospectively from the start of our work.

11.2 Reports and Advice; Communications:

11.2.1 Reliance on Drafts or Oral Advice: You shall not place reliance on oral advice or draft reports, conclusions or advice, issued by us, as the same may be subject to further work, revision and other factors which may mean that such drafts are substantially different from any final report or advice issued.

11.2.2 Use and Purpose of Advice and Reports: Any advice given or report issued by us is provided solely for your use and benefit and then only in connection with the purpose in respect of which the Services are provided. You shall not provide such report or advice to any third party without our prior written consent, which we may at our discretion grant, withhold or grant subject to conditions. In no event, regardless of whether consent has been provided, shall we assume any liability or responsibility to any third party to whom any advice or report is disclosed or made available and you will indemnify us against all claims resultant from your breach of this clause 7.2.2.

10.3 The Services and our Respective Responsibilities in Relation to them:

11.3.1 The scope of the Services and any reports to be provided under this Contract together with our responsibilities for them are as described in the Letter of Engagement. Unless specifically agreed otherwise between you and us, all dates given or specified by you for the supply of the Services are intended for planning and estimating purposes only and are not contractually binding.

11.3.2 You agree that (except as otherwise specifically notified to us by you in writing) all information provided by and on your behalf in respect of the Services is complete and accurate and is not misleading (either on its face or by inference or omission) and that there are no other material facts known to you that may be relevant to us in carrying out the Services and further that we may rely on such information. Any reports issued or conclusions reached by us may be based upon information provided by and on your behalf. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by you and on your behalf.

11.0 Terms and Conditions: (Cont'd)

11.3 The Services and our Respective Responsibilities in Relation to them: (Cont'd)

11.3.3 Where you are using third parties to provide information, materials or other assistance in support of the Services, or you are employing other suppliers whose work may affect our ability to deliver the Services, you will be responsible for the management of such persons and their performance, including the timeliness and quality of their input and work

11.3.4 You agree that you will apply your independent judgment to evaluate any report advice or recommendations we give you. You will be responsible for deciding whether our recommendations make sense in the context of your situation and whether you wish to rely on, implement or act on them, including the actions necessary to realize any expected benefits. (i.e. you must use reasonable judgment in deciding whether to rely on it after our advice in the extent that they apply specifically to you.

11.3.5 Unless the Letter of Engagement specifies otherwise, you agree that any report prepared pursuant to the Services will be deemed accepted by you when it is delivered to you in its final form.

11.4 Fees:

11.4.1 Fee Basis: Our fees will be charged on the basis set out in the Letter of Engagement or as otherwise notified to you. Any deposits, part or full payment are non-refundable except where no substantial work has been undertaken by DDL Studio Limited. You will be contractually liable for the fees in agreed in full, upon signing these Terms and Conditions and/or the Letter of Engagement.

11.4.2 Payment of Fees: The timing for payment of fees and expenses shall be of the essence. If we do not receive payment of any invoice within 30 days of the invoice date we shall be entitled, without prejudice to any other rights that we may have, to charge you interest accruing on the sum due to us at the rate of 3% above the base rate of the CNB Bank from time to time calculated on a daily basis from the date of the relevant invoice until the date of payment in full.

11.5 Other Consultants:

11.5.1 Your Responsibility for Other Parties: You shall be solely responsible for the work and fees (which shall be paid directly by you) of any other party (including co-consultants and contractors) engaged by you, or by us on your behalf, to participate in the Engagement regardless of whether such party was introduced to you by us. Except as provided in the Letter of Engagement we shall not be responsible for providing or reviewing specialist advice or services including surveying, legal, due diligence or any other investigative services.

11.5.2 We will have no liability for services or products that we reasonably need to obtain from others in order to provide our Services, including services provided by Lands & Survey Department of the Cayman Islands government.

11.6 Changes To Services and To The Contract:

11.6.1 Either party may request changes to the Services. We shall work with you to consider and, if appropriate, vary any aspect of the Engagement, subject to payment of reasonable additional fees and a reasonable additional period to provide any additional Services. Any variation to the Contract, including any variation to fees and services shall only be effective if set forth in a supplemental letter of engagement signed by both parties and shall form part of the Contract and to which these Terms and Conditions shall apply.

11.0 Terms and Conditions: (Cont'd)

11.7 Liability:

11.7.1 Limitation of our Liability:

(a) We will seek to provide a service such as would be expected of a small local firm of professional consultant surveyors and we will use reasonable skill, care and diligence in the provision of the Services. We agree with you to limit liability, including consequent and contingent liability, to a multiple of three times the valuation fee. We will not accept liability for any loss, or damage in excess of this figure.

(b) Nothing in this Contract shall exclude, restrict or prevent a claim being brought in respect of any liability arising from fraud or other liabilities which cannot lawfully be limited or excluded.

(c) We shall not accept liability for any loss, damage, cost or expense arising from (i) any breach by you of your agreement with us or any act or omission of any other person or (ii) any use by you of our reports or Services for a purpose other than as set out in the Letter of Engagement.

(d) Our liability to you and to all other persons who we both have agreed may have the benefit of and rely on our work on the terms hereof (you and they each "a Beneficiary") to pay damages as a direct result of breach of contract or negligence or any other tort by us in connection with or arising out of the Engagement or any addition or variation thereto shall be limited to that proportion only of your actual loss which was directly caused by us and in any event our liability shall in no circumstances exceed in aggregate the amount specified in the Letter of Engagement or, if no amount is specified in there, the amount of the fees paid by you to us under this contract. In any event, we will not be liable for any indirect, special and consequential loss, and/or any loss which is caused by circumstances beyond our reasonable control.

(e) Any liability which we may have to you under or in connection with this Contract for losses suffered by you shall (so far as permitted by law) be limited to such an amount as is finally determined to be just and equitable, having regard to the extent of responsibility for those losses of us, you (including your directors, officers, employees or agents), and any person other than us who is jointly or severally liable to you for all or part of the same losses, provided always that our liability to you shall not under any circumstances exceed in aggregate the amount set out in this contract. Any limitation or exclusion or restriction on the liability of any such other person under any jurisdiction, whether arising under statute or contract or resulting from death, bankruptcy or insolvency, or any settlement of such liability agreed with you, shall be ignored for the purposes of determining whether that other person is liable to you and the extent of responsibility of that other person to you.

(f) Where there is more than one Beneficiary of the Services, the limit of liability specified in clause 7.1(a) above will have to be allocated between all Beneficiaries. No Beneficiary shall dispute or challenge the validity, operation or enforceability of this clause on the grounds that no such apportionment has been so agreed or on the grounds that the agreed share of the limitation amount so apportioned to any Beneficiary is unreasonably low.

(g) We have no responsibility for anything that is beyond the scope of the Services defined in the Letter of Engagement. In particular, we have no obligation to provide, nor any liability for advice, or failure to advise, on the condition of a property (unless specifically instructed to carry out a formal building survey).

11.0 Terms and Conditions: (Cont'd)

11.7 Liability: (Cont'd)

11.7.1 Limitation of our Liability: (Cont'd)

(h) This contract is between the Client and DDL Studio Ltd. only and no duty of care or liability is intended to be extended to any individual employee, consultant, director performing the work on behalf of DDL Studio Ltd. (whether professionally qualified or not). The Client agrees not to pursue any claims in contract, tort or for breach of statutory duty (including negligence) against any individuals working for DDL Studio Ltd. in carrying out its obligation under the Engagement at any time, whether named expressly in the Appointment or not. The Client acknowledges that such individuals are entitled to enforce this term of the Appointment pursuant to the Contracts (Rights of Third Parties) Act 1999.

11.7.2 Liability Limitation and the Provision of Information: Notwithstanding clause 7.7.1(b) and 7.7.1(d), but subject always to clause 7.7.1(a), in no circumstances shall we be liable to pay any damages to you for losses arising out of or in any way connected with the provision of information to us by you or your failure to provide information to us either punctually or at all or any fraudulent act, misrepresentation or wilful default on your part.

11.8 Miscellaneous Provisions:

11.8.1 Actions Required by Law: Nothing in the Contract shall prevent us from taking all such action as may be required by law or statute or to comply with the regulations of any relevant professional or regulatory bodies. This includes compliance with Anti-Money Laundering Regulations.

11.8.2 Conflict: In the event of any conflict between the Terms and Conditions and the Letter of Engagement, the Terms and Conditions shall prevail. In the event and only to the extent of any conflict between the Letter of Engagement and any referenced or attached document the Letter of Engagement will take precedent.

11.8.3 Force Majeure: Neither party shall be liable for any failure or delay in performing any of its obligations hereunder if such failure or delay is caused by an event outside of that party's reasonable control.

11.8.4 Waiver of Remedies: No forbearance, delay or indulgence by either party in exercising or enforcing the provisions of this Contract shall prejudice or restrict the rights (whether provided by this Contract or by law) of that party nor shall any waiver of its rights operate as a waiver of any subsequent breach and no right, power or remedy herein conferred upon or reserved for either party or available by law is exclusive of any other right, power or remedy available to that party (whether under this Contract or at law)

11.8.5 Severability: If any provision in this Contract is, in whole or in part, held by a court or administrative body of competent jurisdiction to be illegal, invalid or unenforceable under any enactment or rule of law then that provision or part thereof shall to that extent be deemed not to form part of this Contract and the enforceability and validity of the remainder of this Contract shall not be affected. Provided always that if any such deletion substantially affects or alters the commercial basis of these Terms and Conditions the parties shall negotiate in good faith to amend and modify them as may be necessary or desirable in the circumstances.

11.8.6 Rights of Third Parties: No person who is not a party to this Contract shall have any rights to enforce any of its terms.

11.8.7 Assignment: Neither of us may assign nor otherwise transfer the benefit of this Contract without the prior express written consent of the other, including any successor to our business. Further, neither of us will directly nor indirectly transfer any claim against the other arising out of this Contract to any other person.

11.0 Terms and Conditions: (Cont'd)

11.8 Miscellaneous Provisions: (Cont'd)

11.8.8 Interpretation: “DDL Studio Ltd “we”, “our” and “us” refers to DDL, a limited liability partnership registered in The Cayman Islands and includes all owners, directors, employees and agents of all such entities. References to “Addressee(s)”, “you” and “your” refers to the original addressee(s) of the Letter of Engagement on whose behalf this Contract was acknowledged and accepted, together with any other persons whom we have agreed in writing may have the benefit of the Services or to whom we have assumed a duty of care in respect of the Services under written arrangement with them, provided that such other persons have agreed to the terms of this Contract.. We use the word partner to describe a member of DDL Studio Ltd. in their capacity as such.

11.8.9 Governing Law: This Contract (including all contractual and non-contractual rights and obligations arising out of or relating thereto) shall be governed by and interpreted in accordance with The Cayman Islands Law. Each party hereby irrevocably agrees to submit to the exclusive jurisdiction of the courts of The Cayman Islands in respect of any claim, dispute or difference of whatever nature concerning the Contract and any matter arising from it.

11.8.10 Dispute Resolution: The parties will attempt to resolve any dispute that may arise under or in connection with this contract by negotiation. If after a reasonable time any dispute has not been resolved by negotiation, then subject to both parties’ consent in writing, the parties may refer the dispute to mediation. A copy of our Complaints Handling Procedure is available upon request

11.9 Valuation-Specific terms:

11.9.1 RICS Valuation Standards: All valuations are carried out in accordance with the latest edition of the Valuation Standards published by the Royal Institution of Chartered Surveyors, (“the Valuation Standards”) and are undertaken by appropriately qualified valuers as defined therein.

11.9.2 Valuation Basis: Unless stated otherwise within the report, we have adopted ‘Market Value’ and its interpretative commentary as the basis of valuation in accordance with the Valuation Standards, which is defined 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.”

It should be noted that the interpretive commentary of the Valuation Standards makes it clear that, amongst other things, the valuation assumes that the appropriate marketing period had occurred prior to the valuation date and that simultaneous signing of contract and closing/completion of the sale took place on the valuation date. Our valuations are, therefore, based upon the facts and evidence available as at the date of valuation.

We would also draw your attention to the fact that we are required to assume that the buyer will purchase in accordance with the realities of the current market, and with current market expectations, and that the seller will sell the property at market terms for the best price attainable in the open market after proper marketing, whatever that price may be.

No allowances are made in our valuations for any expenses of realization that would be incurred on a sale, or to reflect the balance of any outstanding mortgages, either in respect of capital or interest accrued thereon. Costs of acquisition are also not included in our valuations.

Unless it has been made apparent by an express statement within this report we have assumed that vacant possession is provided.

11.0 Terms and Conditions: (Cont'd)

11.9 Valuation-Specific Terms: (Cont'd)

11.9.3 Information Supplied: We have assumed that where any information relevant to our valuation is supplied by you, or by any third party at your instigation, it is correct and comprehensive, and can be safely relied upon by us in preparing our valuation.

11.9.4 Documentation and Title: Unless specifically instructed, we do not read legal documentation and we take information from the Land Register and assume that this comprises a full and legally accurate record of all relevant title information. Unless shown on the Land Register, or expressly disclosed to us in writing we assume that the title, property and all documentation are free from any unusual or onerous easements, restrictions, covenants, encumbrances, Gazettes (compulsory purchase notices), or other outgoings which would adversely affect the value of the relevant interest(s) and that good title can be shown.

We have taken the boundaries of the property to as marked on the Lands and Survey Land online Land Information System (LIS) and no on-site boundary measurements are taken.

Where legal documentation is provided to us, we will have regard to the matters therein but recommend that reliance should not be placed on our interpretation thereof without prior verification by your legal advisors.

Unless notified to the contrary, we assume that each property has a good and marketable title and is free from any pending litigation or accrued liabilities. In respect of leasehold properties, we will assume that your landlord will give any necessary consents to an assignment and that there are no unusual or onerous provisions in the lease or any side agreements.

11.9.5 Inspections: We undertake such inspections and investigations as are, in our opinion, necessary to produce a valuation which is professionally adequate for its purpose.

Our inspection was undertaken from floor level and the substructure, superstructure, services and finishes were not opened up, exposed nor inspected where concealed. Our inspection was visual only, non-destructive and non-intrusive. Large items of furniture, fittings and chattels were not moved and areas concealed in this manner could not be inspected. We cannot comment upon nor accept liability for defects or damage concealed in this manner or otherwise not visible during our inspection and our valuations are prepared on the basis that an inspection or survey of those parts which have not been inspected would not reveal material defects or cause the Valuer to alter the valuation materially.

11.9.6 Tenancies (in the Case of Commercial Properties): Unless disclosed to us, it is assumed that all properties are subject to normal outgoings and that tenants are responsible for all repairs, the cost of insurance and payment of rates and other usual outgoings, either directly or by means of service charge provisions.

Unless we state otherwise, it is further assumed that rent reviews are on an upward-only basis to the open market rent and that no questions of doubt arise as to the interpretation of the rent review provisions in the lease. We assume that neither the landlord nor the tenant may terminate the lease prematurely.

11.9.7 Tenant's Covenant Strength: Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgment of the market's perception of them. Any comments on covenant strength should therefore be read in this context. Furthermore, we assume, unless otherwise advised, that the tenant is capable of meeting its financial obligations under the lease and that there are no arrears of rent or other payments or undisclosed breaches of covenant.

11.0 Terms and Conditions: (Cont'd)

11.9 Valuation-Specific Terms: (Cont'd)

11.9.8 Measurements: All property measurement is carried out in accordance with the latest edition of the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors, unless stated otherwise. Unless specifically instructed, we do not undertake a measured site survey but calculate site areas by reference to the identified boundaries of the property and the appropriate Ordnance Survey Plan.

11.9.9 Planning and Other Statutory Regulations: Unless specifically instructed, we do not normally undertake enquiries to obtain land use and development planning and highway information from the relevant Local Authority.

Our valuations are prepared on the assumption that all required valid planning permissions and statutory approvals for the buildings and their use, including any extensions or alterations, have been obtained and compiled with and that there are no unusual, or onerous planning, or building control issues. We also assume that all necessary consents, licences and authorisations for the use of the property and the process carried out therein have been obtained and will continue to subsist and are not subject to any onerous conditions.

Unless disclosed to us, we assume that there are no outstanding statutory breaches or impending litigation in respect of the property.

11.9.10 Comparable Evidence: We may rely on both documented (electronically or otherwise) and hearsay evidence of market transactions, in particular information provided on the Lands and Survey Land Information System (LIS) and Land Registry and from Realty Companies. Whilst we make reasonable efforts to verify the accuracy of such information we assume that it is reliable, correct and accurate. We do not accept liability for errors, omissions, or misrepresentations in such information. Were we believe there to be the possibility of inaccuracies or such information to be less reliable than usually expected, we will state this in the report.

11.9.11 Building Surveys: Unless specifically instructed, we do not undertake building surveys, nor do we inspect those parts that are covered, unexposed or inaccessible, or test any of the electrical, air-conditioning, drainage or other services, nor appliances and our inspection was visual only. Any readily apparent defects or items of disrepair noted during our inspection will, unless otherwise stated, be reflected in our valuation, but no assurance is given that any property is free from defect. We assume that those parts which have not been inspected would not reveal material defects which would cause us to alter our valuation.

11.9.12 New Buildings and Structures: That in the case of a property to be constructed, or under construction, the construction of which has not been completed, any valuation assuming completion assumes that all construction and finishes will be satisfactorily completed, to a good standard, to Code and without concealed defects, or construction disputes arising.

11.9.13 Hazardous and Deleterious Materials: Unless specifically instructed, we do not carry out investigations to ascertain whether any building has been constructed or altered using deleterious materials or methods. Unless specifically notified, our valuation assumes that no such materials or methods have been used. Common examples include defective concrete, asbestos and substandard or deteriorated steel reinforcement.

11.9.14 Site Conditions: Unless specifically instructed, we do not carry out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental, archaeological, or geotechnical surveys. Unless notified to the contrary, our valuation is on the basis that these aspects are satisfactory and also that the site does not have any existing or potential sink holes.

11.0 Terms and Conditions: (Cont'd)

11.9 Valuation-Specific Terms: (Cont'd)

11.9.14 Site Conditions: (Cont'd) In the case of properties that may have development potential, we assume that the site has load-bearing capacity suitable for the anticipated form of development without the need for additional and expensive foundations, clearing, filling or drainage systems.

11.9.15 Environmental Contamination: In preparing our valuation we assume that no contaminative or potentially contaminative use is, or has been, carried out at the property. Unless specifically instructed, we do not undertake any investigation into the past or present uses of either the property or any adjoining or nearby land, to establish whether there is any potential for contamination from these uses and assume that none exists. Should it, however, be subsequently established that such contamination exists at the property or on any adjoining land or that any premises have been or are being put to contaminative use, this may have a detrimental effect on the value reported.

11.9.16 High Voltage Electrical Supply Apparatus: Where there is high voltage electricity supply apparatus within close proximity to the property, unless otherwise stated we have not taken into account any likely effect on future marketability and value due to any change in public perception of the health implications.

11.9.17 Chattels and Plant and Machinery: Our valuation includes those items usually regarded as forming part of the building and/or comprising landlord's fixtures, such as A/C, gas installations, lighting, alarms, sprinklers and ventilation systems, kitchen and bathroom appliances and lifts but generally exclude chattels, furnishings, processing plant, machinery and equipment and those fixtures and fittings normally considered to be the property of the owner or tenant.

11.9.18 Taxation: In preparing our valuations, no allowances are made for any liability which may arise for payment of any property related tax, whether existing or which may arise on development or disposal, deemed or otherwise, either in the Cayman Islands or other jurisdiction in which you operate or are deemed resident.

11.9.19 Aggregation: In the valuation of portfolios, each property is valued separately and not as part of the portfolio. Accordingly, no allowance, either positive or negative, is made in the aggregate value reported to reflect the possibility of the whole or part of the portfolio being put on the market at any one time.

11.9.20 Confidentiality/Third Party Liability: Our valuations and reports are strictly confidential to the party to whom they are addressed, or their other professional advisors, for the specific purpose to which they refer. No third parties may rely upon our valuations and reports and no responsibility whatsoever is accepted to any third parties for the whole or part of their contents without our written approval.

11.9.21 Publication: Neither the whole nor any part of our report, nor any reference thereto, may be included in any published document, circular or statement, nor published in any way nor disclosed orally to a third party, without our written approval of the form and context of such publication or disclosure. Such approval is required whether or not DDL Studio Limited are referred to by name and whether or not the report is combined with others.

11.9.22 Complaints Procedure: In accordance with the RICS Rules of Conduct, we operate a Complaints Procedure. Should you have any reason to complain, please contact our Head of Compliance & Best Practice at PO Box 31318, Grand Cayman KY1-1206, Cayman Islands.

November 2013

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12.0 LAND REGISTRY MAP EXTRACT AND REGISTER:



CAYMAN ISLANDS LAND REGISTER

Edition 8

Opened 14 JUL 2011

A - PROPERTY SECTION

L/C declared lost 20/06/94, see

NATURE OF TITLE	SUMMARY OF LEASE	Block and Parcel No. 11B 7/2	
LEASEHOLD	Lessor: CROWN Lessee: See Proprietorship Section Rent: CI\$ 1,380 Per Annum Term: 82 Years Notes: Lease varied 20.12.05 see lease notes	Registration Section	WEST BAY BEACH NORTH
		Name of Parcel	All Land
		Unit Entitlement	
		Approximate Area	1.35 Acre



From: 01 APRIL 1986

*For appurtenances
see the registered*

Variations

For var. of Lease see filed Instr. (24959/05)
Reg.26/01/06 JW

Appurtenances

A vehicular Right of Way over 11D 16 as indicated on
the Registry Map. (see schedule attached to instr.
5031/84) CO

B - PROPRIETORSHIP SECTION

Entry No.	Date	Instrument No.	Name and Address of Proprietor(s)	Signature of Registrar
10	07/07/11	5445/11	SHORELINE DEVELOPMENT COMPANY LIMITED, P.O. Box 30593, Grand Cayman	A Kirchman
			KY1-1203, Cayman Islands.	

Page 2 of 2



CAYMAN ISLANDS LAND REGISTER

Edition 7

Opened 14 JUL 2011

A - PROPERTY SECTION

L/C declared lost 20/06/94, see

NATURE OF TITLE	SUMMARY OF LEASE	Block and Parcel No. 11B 23/1	
LEASEHOLD	Lessor: CROWN Lessee: See Proprietorship Section Rent: CI\$ 102 Per Annum Term: 82 Years Notes: Lease Varied 20.12.05 see filed lease	Registration Section	WEST BAY BEACH NORTH
		Name of Parcel	All Land
		Unit Entitlement	
		Approximate Area	3.87 Acre



From: 01 APRIL 1986

*For appurtenances
see the registered*

Variations

For var. of Lease see filed Instr. (24960/06)
Reg.26/01/06 JW

Appurtenances**B - PROPRIETORSHIP SECTION**

Entry No.	Date	Instrument No.	Name and Address of Proprietor(s)	Signature of Registrar
7	07/07/11	5446/11	SHORELINE DEVELOPMENT COMPANY LIMITED, P.O. Box 30593, Grand Cayman	A Kirchman
			KY1-1203, Cayman Islands.	

Page 2 of 2



CAYMAN ISLANDS
LAND REGISTER

Edition 4
Opened 28 MAR 2013

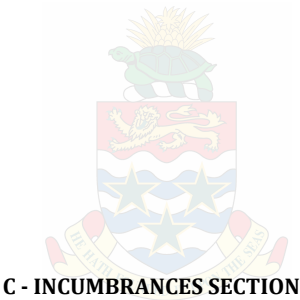
A - PROPERTY SECTION

Ownership Type	Crown / Private		Block and Parcel No. 11B 26	
Nature of Title			Registration Section	WEST BAY BEACH NORTH
Origin of Title			Name of Parcel	
First Registration				
Mutation No.	M 267		Approximate Area	4.657 Acre (M 9976) AK (See PCM 288, 51/805 & 51/807 dated 13/03/2013) (M 4483) CO

B - PROPRIETORSHIP SECTION

Entry No.	Date	Instrument No.	Name and Address of Proprietor(s)	Signature of Registrar

Block and Parcel No. 11B 26
Edition 4



C - INCUMBRANCES SECTION

Entry No.	Date	Instrument No.	Nature of Incumbrance	Further Particulars	Signature of Registrar
2	14/04/09	3709/09	Lease	11B 26/1 - Elita Soto, Danny Soto and Randy Soto.	G. A. Mascal



CAYMAN ISLANDS
LAND REGISTER

Edition 5
Opened 10 OCT 2013

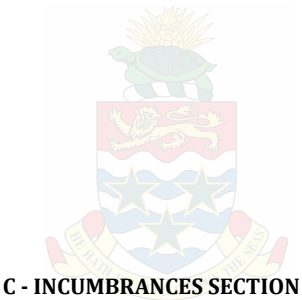
A - PROPERTY SECTION

Ownership Type	Crown / Private		Block and Parcel No. 11B 37	
Nature of Title			Registration Section	WEST BAY BEACH NORTH
Origin of Title			Name of Parcel	
First Registration				
Mutation No.	M 309		Approximate Area	1.71 Acre (M 10077) SEB (See Survey Plan FR 51/849) (M 10077) SEB

B - PROPRIETORSHIP SECTION

Entry No.	Date	Instrument No.	Name and Address of Proprietor(s)	Signature of Registrar

Block and Parcel No. 11B 37
Edition 5



C - INCUMBRANCES SECTION

Entry No.	Date	Instrument No.	Nature of Incumbrance	Further Particulars	Signature of Registrar

13.0 2013 AERIAL PHOTOGRAPH:

2013 Aerial of Block 11B Parcels 7,23,26 & 37



Legend

Parcels ID

Parcels - Map Tips ID

8/31/15 6:03 PM

1:2,416



Notes

[Add Map Notes]



This map is a user generated static output from Caymap and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.

402.7 0 201.33 402.7 Feet



14.0 PHOTOGRAPHS

Parcel B



Car park



Landscaped Area



View of Seven Mile Beach from Parcel B

Parcel C



View from Esterley Tibbetts Highway



View of Parcel C from Esterley Tibbetts Highway

15.0 MAP SHOWING PROPOSED SUB-DIVISION OF THE SUBJECT PARCELS;

SOTO LAND AND 11B37 PLAN

16-Jan-15



16.0 MAP SHOWING PARCEL A AND COMPARABLE PARCELS:

Map of Parcel A and Comparable Parcels



Legend

Parcels ID
Parcels - Map Tips ID



This map is a user generated static output from Caymap and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.

8/25/15 5:27 PM

1: 10,000



Notes

Comp 1 - 10E56 (West Bay Road)
Comp 2 - 10E22 (Marsh Road)
Comp 3 - 10A104 (Yacht Drive)

1,666.7 0 833.33 1,666.7 Feet



17.0 MAP SHOWING PARCEL B AND COMPARABLE PARCELS:

Map of Parcel B and Comparable Parcels



Legend

Parcels ID

Parcels - Map Tips ID

8/25/15 5:37 PM

1: 10,000



Notes

- Comp 1 - 11D14,15&16 (Part) (Esterley Tibbetts Highway)
- Comp 2 - 17A262/1/20 (West Bay Road & Esterley Tibbetts Highway)
- Comp 3 - 11B56REM3 (Esterley Tibbetts)



1,666.7 0 833.33 1,666.7 Feet



18.0 MAP OF PARCEL C AND COMPARABLE PARCEL:

Map of Parcel C and Comparable Parcel



Legend

Parcels ID

Parcels - Map Tips ID

8/25/15 5:44 PM

1: 5,000



Notes

Comp 1 - 11D69 (now Parcel 86)



833.3 0 416.67 833.3 Feet



19.0 INSTRUCTION LETTER:

Telephone: 244 3420
Fax: 949 2187
Direct Line: 244 6662
Email: ruth.massarella@gov.ky



Valuation & Estates Office
Lands & Survey Department
Government Administration
Building, Box 120
Grand Cayman
Cayman Islands, KY1-9000

REF NO.: VAL/SOTO

Mr. Uche Obi
DDL
PO Box 31318
Grand Cayman
KY1-1206

Tuesday 21st July 2015

Dear Mr. Obi,

RE: Valuation of SOTO Land

We are pleased to confirm that your proposal to undertake the valuation on part of the above mentioned property for an all-inclusive fee of CI\$2,500 has been accepted.

Government is proposing to accept the surrender of the leasehold interests & dispose of part of the freehold interests, in the above mentioned land. The valuation must be prepared as per the attached Terms of Reference.

This valuation must be completed by a Chartered Valuation Surveyor who should be a Registered Valuer. This valuation must also be undertaken in accordance with the provisions of our Valuation Instruction Agreement (attached) and the RICS Valuation Professional Standards - January 2014. Please return a signed copy of this letter and instruction agreement.

The deadline for completing this valuation is 5 pm on Tuesday 11th August 2015.

If you require additional information, please contact us on the above number or by email.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "R. Massarella".

**Ruth Massarella MRICS
Valuation Officer
For Director of Lands & Survey**

Enc. Terms of Reference & Plan.

Valuation Instruction Agreement

Compliance

The VEO will only accept Valuation Reports that comply with the most recent RICS Valuation – Professional Standards, Global Edition (currently January 2014), and this document (The VEO Valuation Instruction Agreement).

Appraisal/Valuation Report

The Appraisal Report must contain the following information under the specified headings, and be set out in the order shown below.

1. Executive Summary

A 'bullet point' summary in relation to the Property, in particular commenting upon, identifying and/or confirming, as appropriate:

- (i) likely demand and purchasers;
- (ii) volatility of property performance, capital value and rental value or fair, maintainable operating profit;
- (iii) access;
- (iv) any title issues requiring further investigation;
- (v) any pertinent issues, whether adverse or otherwise, requiring further investigation; and
- (vi) necessary capital expenditure (if any).

2. Location

A description of the general location, together with a further detailed account of the immediate area in which the Property is located. An area map detailing the Property with its boundaries edged clearly and/or such other maps/extracts or plans as are deemed appropriate should be provided.

3. Description

A concise description of the Property together with the type of construction, the property's suitability and flexibility for other uses, as required. Photographs of the Property showing it in context are necessary and should be appended to the report.

4. Accommodation

For buildings where accepted practice requires Valuer's to state areas, these should be measured in accordance with the current Code of Measurement Practice of the RICS. If physical measurement of the property is not possible confirmation should also be provided as to whether the measurements have been derived from on-site measurements, scale plans, Caymap or the Land Register.

For built property full details of the existing accommodation should be made, together with your opinion of the adequacy of:

- (i) the unit layout(s) and size(s);
- (ii) the standard of finishes, fixtures, fittings and facilities;
- (iii) the common areas;
- (iv) the internal and external amenities;
- (v) any staff accommodation;
- (vi) car parking provision/facilities; and
- (vii) other factors the Valuer deems relevant.

For raw land, the area, approximate shape and height range above sea level of the site will be sufficient.

5. Condition

Concise comment is required on the external and internal condition of existing buildings. Specific comment is required on any defect that can be reasonably identified on inspection that may have an adverse effect on its future marketability and the estimated useful remaining lifespan, both functional and economic.

If a more detailed investigation of any defect or suspected defect is considered appropriate, the VEO should be made aware immediately.

6. Statutory Enquiries

A statement is required as to (where appropriate):

- (i) the current zoning of the Property;
- (ii) the availability and nature of existing planning consent(s);
- (iii) where applicable, whether the building(s) appear(s) to comply with existing planning consent(s) and the terms of any material planning conditions or agreements existing in relation to the Property;
- (iv) the likelihood and timing of achieving planning and building consents for any assumed Works to be undertaken and the likely nature of any material planning conditions that may be imposed;
- (v) the availability of appropriate licences etc., required for the occupation/business(es) carried on and/or proposed to be carried on;
- (vi) the condition and suitability of the access to the Property and whether the access roads have been adopted by the NRA.
- (vii) any affect on the property due to a proposed road scheme.

Oral inquiry of the appropriate authorities may be sufficient but the VEO should be advised if it is considered that written confirmation is necessary.

7. Services

Detail the services provided and/or to be provided. General comment is required on the condition of existing services, any obvious defects and estimated useful remaining life span. Comment should include not only the main utility services but also, where appropriate, air-conditioning, comfort cooling, chilled ceilings, lift equipment, raised floors, perimeter trunking, suspended ceilings, sprinkler systems, kitchen and catering equipment, etc.

Plant and machinery should be considered only insofar as it forms/will form an integral part of the Property for letting or sale purposes. Where the basis of valuation reflects a commercial occupation being carried on from the Property, comment should be made on the condition and remaining life expectancy of any trade fixtures and fittings which are/will be required for the future operation of the business.

8. Site and Ground Conditions

Where appropriate, the total site area, shape and principal dimensions and topography should be stated along with details and sizes of any external areas.

If there is evidence that the Property has been affected by any adverse ground conditions this should be specified together with an opinion as to the likely effect of such on the future marketability and

value. If there are known adverse ground conditions in the locality, even if the Property shows no apparent signs of being affected, the VEO must be advised.

9. Environmental Issues

The VEO will advise if it is aware of any contamination to the Property and make available any specialist reports in its possession. All such reports must be regarded as confidential and their existence and the contents thereof may not be disclosed to any other party, without prior written permission.

It is recognised that a firm of Surveyors is not in a position to give formal comment on the implications of site contamination. However, in order that the VEO can fully assess its position, informal comment as to the potential for contamination is required.

The VEO should be advised and provided with an opinion as to whether a full specialist environmental assessment is necessary, if it is observed during the course of inspection and/or considered that:

- (i) the Property and/or its immediate locality is being or has been used for the manufacture, storage and/or sale of hazardous/toxic materials such as chemicals, petroleum products, pesticides, fertilisers, acids, explosives, paint or any other hazardous materials; and if
- (ii) (a) deleterious or hazardous materials or techniques have been used in the construction of any existing building or have subsequently been incorporated into the structure;
(b) there may be water or land pollution on or close to the Property;
(c) the Property is on or near to a landfill site;
(d) there are storage tanks below ground; or
(e) nearby incinerators or chimneys giving off heavy emissions;
- (iii) there are any adverse ground conditions in and/or uses of adjoining properties which might give rise to ground/soil contamination.

Where an environmental report has been provided the Valuer should advise the VEO as to the impact of the content of such on the marketability and value of the Property.

10. Tenure

Tenure should be stated and, if leasehold, details of the principal lease terms should be provided. Detail and comment upon any known Easements or Rights of Way, Light or Escape that may affect the use or value of the Property.

11. Occupational Leases and Other Agreements

Full details should be provided of existing or proposed free or tied leases, tenancy agreements, franchises etc.

Comment is required as to the appropriateness of such, having regard to prevailing market practice or conditions and on any adverse impact of the same on:

- (i) rental and capital performance; and
- (ii) letting or sale prospects; and
- (iii) net income having regard to rent payment and collection arrangements, tenant incentives, irrecoverable void costs, maintenance repair and insurance costs etc.

12. Development Issues

Comment should be made with regard to the adequacy of any assumed project, in relation to:

- (i) projected development costs (including site clearance and remediation, infrastructure and construction fees, etc);
- (ii) the level of development profit; and
- (iii) the achievability of the development timescale.

Comment should also be made as to the market perception of the developer, contractor and/or professional team and the availability of any warranties.

13. Market Trends and General Comments

Where appropriate, a concise history of recent market conditions that have affected the Property is required, together with an opinion as to the likely market trends that may affect the Property performance along with rental and capital values in the immediate future.

Having regard to condition, obsolescence and any planning applications, consents or proposed developments in the locality which would have an effect, either adverse or beneficial, on the Property and other relevant information; specific comment is required on the following issues:

- (i) the value and marketability in comparison to other competing properties and schemes in that market sector i.e. how is the Property placed in comparison to the rest of the market in which it competes; and will it perform better or worse than its peers?
- (ii) a complete and thorough commentary of the rationale behind the valuation figure stated, including but not limited to, an explanation of how that figure has been reached with reference to the comparable data listed and any adjustments made and why;
- (iii) the volatility of the sector compared to the market as a whole;
- (iv) in the event of the Property remaining or becoming vacant (in whole or part), its letting prospects;
- (v) in event of refurbishment or redevelopment, the letting or sale prospects of the refurbished or new building, having regard to the timescale to complete such works;
- (vi) the merits and defects of the Property as these might relate to its value and marketability;
- (vii) the proposed purchase/disposal price of the Property, as applicable; and
- (viii) the number and nature of potential purchasers;

14. Trading Performance and General Comments (Trading Related Property only)

Where appropriate, an opinion as to the current trading performance and future trading prospects of the business is required. Copies of trading accounts and projections etc. should be sought and where such information is not available you should advise the VEO accordingly, and comment specifically on the impact the absence has on the accuracy of your advice to the VEO.

For an existing business you are expected to analyse and comment upon, where available, the historical trading figures for the three trading years ended immediately prior to the date of valuation, together with any projections covering current year and future trading performance, the relative underlying assumptions and the reasonableness of the same.

For a proposed new venture the Valuer is expected to analyse and comment upon, where available, any business plans/projections covering current year and future trading performance, the relative underlying assumptions and the reasonableness of the same.

Comment is also required as to:

- (i) the state and volatility of the local market in which the business competes;

- (ii) the number and nature of competing establishments and the position of the business within its local market;
- (iii) **a complete and thorough commentary of the rationale behind the valuation figure stated, including but not limited to, an explanation of how that figure has been reached with reference to the comparable data listed and any adjustments made and why;**
- (iv) the sources of existing and/or projected turnover, respective gross profit percentages and operating costs and the appropriateness of the same;
- (v) existing and/or projected staffing levels and the appropriateness of the same;
- (vi) the suitability of the Property for its current, proposed and any alternative use;
- (vii) the adaptability of the Property to a different and more profitable style of operation;
- (viii) potential impact on the business of implementation of existing or likely new legislation affecting the sector; and
- (ix) the skills and experience of the existing and/or proposed owner(s) and/or management team and the extent to which you consider trading levels might be affected by the departure of any key personnel.

It should be clear in the report what the Valuer considers to be the fair maintainable operating profit of the existing/proposed business and, where applicable, the period required to achieve that level, having regard to RICS Professional Standards VPGA 4 and IVS 200.

A full explanation of how the opinion of the fair maintainable operating profit has been arrived at should be provided, along with the calculation and a note of all assumptions.

Where significant expenditure is necessary and/or proposed to secure the fair maintainable operating profit used in establishing the opinion of Capital Value, the amount of such should be identified and comment made on the adequacy of the same.

A schedule of comparable evidence and a detailed analysis of the factors that have been considered when comparing the Property to any comparative properties should be provided.

15. Rental Value

If a lease has been or will be granted in respect of the Property, opinion should be provided of its current market rent, as at the date of the report, with your justification for this opinion.

A schedule of comparable evidence and a detailed analysis of the factors that have been considered when comparing the Property to any comparable properties should be provided.

Opinion as to the current rental value of the Property assuming completion of any assumed Works as at the date of the report will be required, together with justification for this opinion. Any factors that the Valuer considers likely to impact on achievable rental levels at completion of the assumed Works should be identified.

16. Capital Value

Opinion is required at the date of the report as follows:

A. For all property:

- (i) the Market Value (MV) of the Property in its existing state;
- (ii) whether any alternative uses for the Property might give rise to a higher Market Value (MV), the nature of such use and level of Market Value (MV) in such circumstances;
- (iii) the Market Value (MV) on any special assumptions that the Valuer in his/her professional judgment feels appropriate;
- (iv) If applicable, the Fair Value of the property.

B. For trading related property:

- (i) the Market Value (MV) of the Property on the special assumption that it is fully equipped as an operational entity and is valued having regard to trading potential;
- (ii) the Market Value (MV) of the Property on the same basis as B.(i)., but subject to the following special assumptions:
 - (a) the timescale allowed for disposal is six months or less;
 - (b) the Property is vacant;
 - (c) the accounts and records of trade would not be available or relied upon by a prospective purchaser;
 - (d) the business is closed; and
 - (e) the Liquor/other licences, consents, certificates, permits etc., are lost or in jeopardy.

With regard to B.(ii), advice should be provided as to realistic periods of time that will be required to achieve the stated values, and any factors which are considered to adversely affect the Property performance and rental and/or capital values.

If a capital deduction has been made to cover the likely cost of essential repairs/remedying defects, this should be highlighted. Where it is agreed with the VEO that an alternative basis of valuation is more appropriate the definition should be attached to the report to the VEO.

In many instances a property may have more than one value, i.e. subject to a lease or with vacant possession. An opinion should therefore be given as to the price likely to be paid by different purchasers, as appropriate for the circumstances.

Comment should be provided where any special assumptions are made in arriving at the opinions of value.

17. Publication & Valuer's Signature

Your report may be tabled within the Legislative Assembly of the Cayman Islands, and/or be subject to a Freedom of Information request. The report will state that you allow publication of the report in these circumstances.

It is required that valuation commissions for VEO are undertaken by an RICS Registered Valuer, however, regardless of who has undertaken the valuation instruction on behalf of the VEO, **each report must be countersigned by a competent Chartered Valuation Surveyor**, who will declare that he/she accepts full responsibility for the content, conclusions, advice and figures reported.

Please note that reports cannot be prepared by a firm and as such the Valuer responsible must always be identified.

AGREEMENT

I verify my firm’s agreement to adhere to the reporting requirements of this document.

(Name) _____ (Position) PARTNER / DIRECTOR

(Firm) _____

(Signature) _____ (Date) _____

**TERMS OF REFERENCE FOR VALUATIONS
(REMAINDER SOTO LANDS & REMAINDER 11B37 LANDS)**

**TERMS OF REFERENCE FOR VALUATIONS TO CALCULATE THE PREMIUMS
PAYABLE FOR THE SURRENDER OF THE LEASEHOLD INTERESTS AND
ACQUISITION OF THE FREEHOLD INTERESTS.**

1. All valuations are to be in accordance with the following:-
 - a. The Royal Institution of Chartered Surveyors (RICS) Valuation - Professional Standards ("The Red Book") 2014,
 - b. The International Valuation Standards 2013 of the International Valuation Standards Council (IVSC).
2. Valuations required, as per the attached Soto land and 11B37 plan :-
 - a. The Present Market Value of the Crown's freehold interest in the land outlined in blue (approximately 0.46 acres) forming part of parcel 11B37 on the basis of:
 - i. Its current planning zone of Neighbourhood Commercial and
 - ii. Assuming the parcel is rezoned Hotel Tourism.
 - b. The Premium to be paid by the leaseholder to the freeholder to acquire the freehold interest in the area outlined in yellow, (approximately 3.75 acres) of 11B26, 11B7 and 11B23, subject to the leases 11B23/1, 11B7/1, 11B23/1 expiring 31 March 2068, on the basis of:
 - i. Its current planning zone of Neighbourhood Commercial and
 - ii. Assuming the parcel is rezoned Hotel Tourism.
 - c. The Premium to be paid to the leaseholder by the freeholder for the surrender of the leases in the area not outlined in yellow, (approximately 4.476 acres) of the parcels 11B26, 11B7 and 11B23, subject to the leases 11B23/1, 11B7/1, 11B23/1 expiring 31 March 2068, on the basis of its current planning zone of Neighbourhood Commercial.
 - d. The Present Market Value of the freehold interest in the area outlined in yellow, (approximately 3.75 acres) of 11B26, 11B7 and 11B23 with vacant possession and unencumbered with leasehold interests, on the basis of:
 - i. Its current planning zone of Neighbourhood Commercial and
 - ii. Assuming the parcels are rezoned Hotel Tourism.

- e. The Present Market Value of the leasehold interest in the area outlined in yellow, (approximately 3.75 acres) of 11B26/1, 11B7/1 and 11B23/1,
 - i. Its current planning zone of Neighbourhood Commercial and
 - ii. Assuming the parcels are rezoned Hotel Tourism.
 - f. The Present Market Value of the freehold interest in the area outlined in yellow, (approximately 3.75 acres) of 11B26, 11B7 and 11B23 subject to the leasehold interests assuming the parcels are rezoned Hotel Tourism
 - i. Its current planning zone of Neighbourhood Commercial and
 - ii. Assuming the parcels are rezoned Hotel Tourism.
 - g. The Present Market Value of the freehold interest in the area not outlined in yellow, (approximately 4.476 acres) of 11B26, 11B7 and 11B23 with vacant possession and unencumbered with leasehold interests, on the basis of its current planning zone of Neighbourhood Commercial.
 - h. The Present Market Value of the leasehold interest in the area not outlined in yellow, (approximately 4.476 acres) of 11B26/1, 11B7/1 and 11B23/1, on the basis of its current planning zone of Neighbourhood Commercial.
 - i. The Present Market Value of the freehold interest of in the area not outlined in yellow, (approximately 4.476 acres) of 11B26, 11B7 and 11B23 subject to the leasehold interests, on the basis of its current planning zone of Neighbourhood Commercial.
 - j. The Marriage Value of merging the respective freehold and leasehold interests as outlined above.
- 3. The Valuer is to show the marriage value shared equally between the freeholder and leaseholder , but if the valuer, reasonably and in accordance with industry practice, considers that variance from the Marriage Value being shared equally is appropriate, then that variance and calculation should be stated.
 - 4. When considering marriage value, the Valuer must consider whether the aggregation of some or all of the subject parcels may realise a greater premium to the freeholder and this should be included in the valuation.
 - 5. The Valuer is to show their conclusions as to the deferment rates used in their calculations.
 - 6. The Valuation date to be used 1 January 2015.