

Your Ref:
Our Ref: **LS.CRWN.1.33**



CAYMAN ISLANDS
GOVERNMENT

Government Administration Building
71A Elgin Avenue
Grand Cayman, Cayman Islands

Tel: (345) 244- 2412
Fax: (345) 949-2922

**Ministry of
District Administration, Planning, Agriculture & Housing**

Governor (Vesting of Lands) Law (2005 Revision)

**REPORT & RECOMMENDATION
OF THE
MINISTER RESPONSIBLE FOR LANDS**

This is my Report recommending the Vesting of the Crown land on Block **32E** Parcel **50** to **The Tourism Attraction Board** 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 D. Kurt Tibbetts, JP
Minister

DATE: 5 NOVEMBER 2008

**REPORT OF THE PERMANENT SECRETARY,
MINISTRY OF DISTRICT ADMINISTRATION, PLANNING, AGRICULTURE
AND HOUSING**

**ON THE VESTING OF CROWN LAND
BLOCK 32E PARCEL 50
TO THE TOURISM ATTRACTION BOARD**

Block 32E Parcel 50, commonly referred to as "Pedro's Castle", is located on Pedro Castle Road, Lower Valley, Grand Cayman.

A report on this matter was considered by the Governor-in-Cabinet. After careful analysis and consideration of the reports provided by the Director of Lands and Survey it was resolved (CP 1187/08, 22 April 2008) that this Crown parcel should be vested to the Tourism Attraction Board.

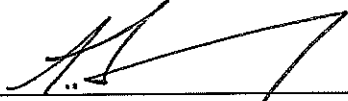
In accordance with Section 10 (2) of The Governor (Vesting of Lands) Law, (2005 Revision), three valuations were commissioned; one from Government's Valuation Section and the others from private sector valuation companies. The table below outlines the three (3) opinions of value:

Lands & Survey	Andrews Key	Bould Consulting
CI\$6,100,000	CI\$ 6,530,000	CI\$4,346,000

The vesting of Crown land Block 32E Parcel 50 to the Tourism Attraction Board is subject to the following terms and conditions:

Owner: The Governor of the Cayman Islands
Purchaser: The Tourism Attraction Board
Demise: Block 32E Parcel 50
Area: 7.6 Acres
Purchase Price: NIL consideration, Stamp Duty & Registration Fees to be waived
Legal Costs: Each party to be responsible for their own legal costs, if applicable.

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


Kearney S. Gomez, MBE, JP
Permanent Secretary
Ministry of District Administration, Planning, Agriculture & Housing

TELEPHONE: 244-3412
FAX NO.: 949-2187



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

IN ANY REPLY,
PLEASE QUOTE
REF: CF/32

12 September 2008

CHIEF SURVEYOR'S REPORT

STATEMENT OF FACTS

LOWER VALLEY – BLOCK 32E PARCEL 50 (SHOWN EDGED RED 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 following surveys have been commissioned to define the subject land boundaries:-

- Fixed Boundary Survey 50/233,
- Fixed Boundary Survey 50/256,
- General Boundary Survey GB3970.

Boundary turning points have been marked in numerous ways including:

- Iron pins in concrete,
- Iron pins in concrete with Kaps,

as fully described on the above Survey Plans.

These boundary markers have not been validated recently on the ground but could be replaced if necessary. They represent old markers from various abutting surveys and have been adopted by the most recent authenticated surveys for Block 32E Parcel 50.

A blue ink signature of Rupert Vasquez, written over a horizontal line.

Rupert Vasquez MRICS
Chief Surveyor

email: Rupert.vasquez@gov.ky

Enc.
Hard copy attachments:
Request correspondence,
Feb 2004 Aerial Image with RM parcel overlay,
Registry Map Extract 12/09/08

**Ministry of District Administration, Planning, Agriculture &
Housing**

MEMORANDUM

TO: Director, Lands & Survey

ATTN: Chief Valuation Officer
Chief Surveyor

FROM: Permanent Secretary (Acting), DAPAH

DATE: 8 May 2008 **OUR REF:** LS/CRWN/1/29

**SUBJECT: VESTING OF CROWN LAND TO TOURISM ATTRACTION BOARD,
Block 32E Parcel 50 – Pedro Castle**

Further to your Memo dated 30 November 2007 and the Permanent Secretary's reply dated 6 December 2007 regarding the Crown ownership of Pedro Castle, I am advised that Cabinet has directed that the Parcel be vested in the name of the Tourism Attraction Board, in compliance with the Tourism Attraction Board Law 1996.

Cabinet has further directed that an appropriate Report be tabled in the Legislative Assembly, as required by Section 10 of the Governor (Vesting of Lands) Law (2005 Revision).

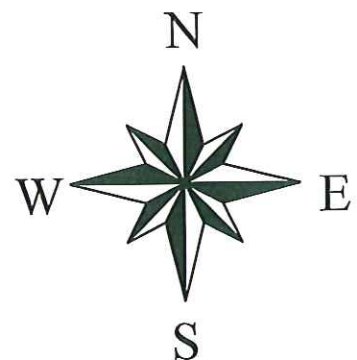
To enable me to compile the Report would you please provide a valuation report together with two independent valuation reports, and a Chief Surveyor's report.

The terms for the vesting are as follows:

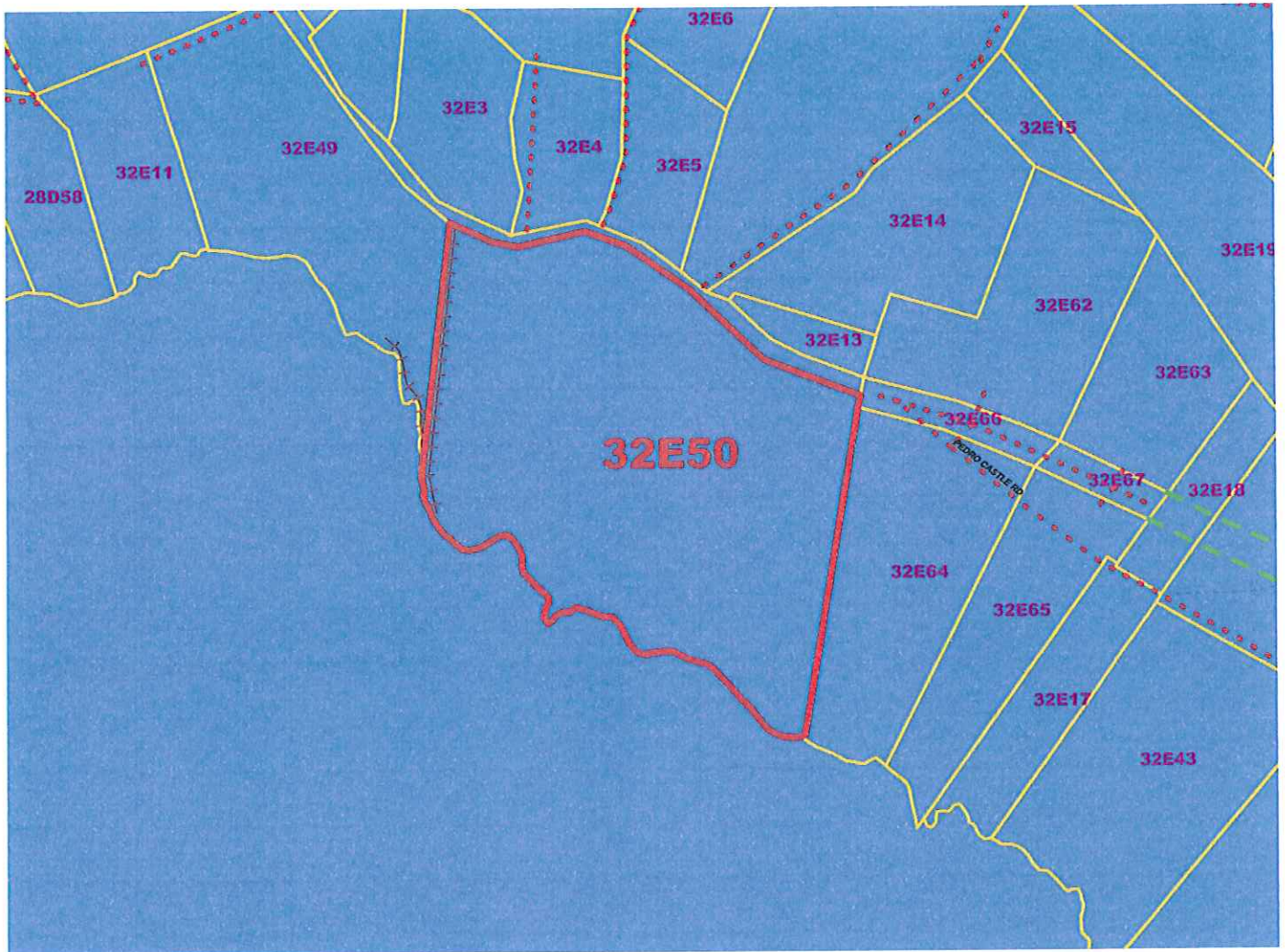
VENDOR:	His Excellency The Governor
PURCHASER:	Tourism Attraction Board
DEMISE:	Block 32E Parcel 50
PURCHASE PRICE:	One peppercorn. Stamp Duty and Registration Fees to be waived.


JENNIFER AHEARN, AICP

Block 32E Parcel 50

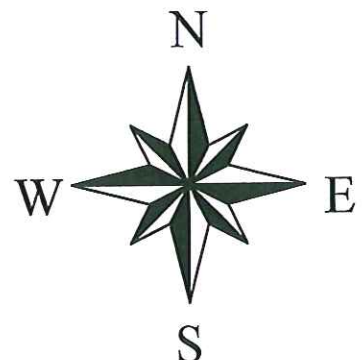


Land Information System



0.09 0 0.09 0.18 Miles

- Subject Parcel
- Unclassified Other Roads
- Rights of Way**
- Private
- - - - - Proposed Road
- +++++ Public
- Parcels



Valuation Report of	
Pedro Castle Pedro Castle Road Pedro St. James, Lower Valley Grand Cayman	
REGISTRATION DISTRICT Lower Valley	
BLOCK 32E	PARCEL 50

Prepared for
**Ministry of,
District Administration, Planning, Agriculture & Housing**



**The Valuation Office
Lands & Survey Department
Britcay House
236 Eastern Avenue
P.O. Box 1089
Grand Cayman KY1-1102
CAYMAN ISLANDS B.W.I.**

CONTENTS

1.00	Instructions	Page 1
2.00	Location and Situation	Page 2
3.00	Description	Page 2 & 3
4.00	Services	Page 3
5.00	Accommodation	Page 3 & 4
6.00	Planning	Page 5
7.00	Tenancies and Other Agreements	Page 5 & 6
8.00	Valuation Commentary	Page 6 - 9
9.00	Caveats & Confidentiality	Page 9 & 10
10.00	Environmental Issues	Page 10 & 11
11.00	Valuation	Page 11
12.00	Conclusion	Page 11 & 12

Appendices



THE VALUATION OFFICE
Lands & Survey Department
Cayman Islands Government

23rd October 2008

Our Ref : MGLS

Email : matthew.leseelleur@gov.ky

Dear Sirs,

Named Client: Ministry of District Administration, Planning, Agriculture & Housing
Property Address: Pedro Castle
Registration District: Lower Valley
Block: 32E
Parcel: 50

1.00 Instructions

- 1.01 In accordance with your instructions dated 8th May 2008, a copy of which is attached as Appendix I, we have prepared a Valuation Report to provide our opinions of value with respect to the above freehold oceanfront site accommodating Historic Buildings, Visitor Centre and grounds.
- 1.02 We now have pleasure in reporting to you our opinion of Market Value (M.V.).
- 1.03 Our opinion of value is provided as at 1st August 2008, and we have assumed that the property is to be valued as a single entity with full vacant possession.
- 1.04 We understand that the purpose of this Valuation Report and opinion of value herein is to assist the Cayman Islands Government in assessing a fair and reasonable valuation figure prior to vesting the property to the Tourism Attraction Board (TAB). We confirm that our opinions of value are provided in accordance with the R.I.C.S. Valuation Standards - 6th Edition (Red Book).
- 1.05 This Report has been prepared by Matthew Le Seelleur, B.A. (Hons), M.R.I.C.S., who is a Professional Member of the Royal Institution of Chartered Surveyors, acting as an Internal Valuer, subsequent to an inspection of the premises on 28th October 2008.
- 1.06 We confirm that we are not aware of any conflict of interest in preparing this Report on your behalf.



We therefore report as follows:

2.00 Location and Situation

- 2.01 We attach as Appendix II the Land Registry Map, which indicates the approximate position of the property in relation to the surrounding area. The Map is highlighted yellow with our understanding of the registered site boundaries. We have also provided a general Location Map as Appendix III, which is highlighted red, showing the location of the site in relation to the whole island.
- 2.02 Pedro Castle occupies an oceanfront position on the south coast of Grand Cayman. The immediate area is known as Pedro St. James and is located within the Registration District of Lower Valley.
- 2.03 Vehicular access to the site is from Pedro Castle Road, which runs south from the east/west arterial Shamrock Road.
- 2.04 The locality is predominantly residential in nature, with a mixture of bare residential lots and single family homes.

3.00 Description

- 3.01 We attach as Appendix IV a series of photographs which better illustrate the nature of the property, together with an Aerial Photograph of the site as Appendix V.
- 3.02 The parcel occupies a registered area of 7.6 acres (331,056 sq ft). The site is of irregular shape, however it has a rudimentary and uneven rectangular outline.
- 3.03 Measurements taken from Cayman Land Info indicate that the northern boundary has a length of approximately 700ft, and follows Pedro Castle Road. The eastern boundary is 530ft long and adjoins an unmade oceanfront parcel 32E-64. The southern boundary fronts the Caribbean Sea for 700ft. The western boundary borders 32E 49, another unmade ocean front parcel, and is 420ft in length.



- 3.04 The parcel slopes downward from north to south, with a height above sea level of between 23ft and 30ft at its northern boundary; reducing to between 9ft and 16ft at the southern boundary, where it meets the Caribbean Sea.
- 3.05 Generally speaking, we estimate that about 3.5 acres (155,000 sq ft), or about 45%, of the site remains raw Iron-shore and is undeveloped and uncultivated. The remainder of the site is divided between visitor & staff car parking (35,000 sq ft), the Visitor Centre (30,000 sq ft) and the grounds for the Great House, other structures and formal garden (110,000 sq ft).
- 3.06 The buildings are described in greater detail in Chapter 5.00

4.00 Services

- 4.01 The property is connected to all mains services.
- 4.02 The drains discharge into a Septic Tank.
- 4.03 None of the services were tested.

5.00 Accommodation

- 5.01 We have measured the buildings in accordance with the R.I.C.S. Code of Measuring Practice (Sixth Edition), and have calculated the following Gross External Areas (G.E.A.) or Gross Internal Areas (G.I.A.). The location and configuration of each structure is indicated on the site & buildings plan attached as Appendix VI, and for ease of reference we follow the numbering of the site & buildings plan.
- | | | |
|------|--------------------------------|---------------------------------------|
| 5.02 | 1 - Male & Female WC's | 59 sq ft G.E.A. |
| 5.03 | 2 - "Steadman Bodden Building" | 660 sq ft (including overhang) G.E.A. |
| 5.04 | 3 - Store | 504 sq ft G.I.A. |



5.05	4 - Gazebo	357 sq ft G.E.A.
5.06	5 - Cook House to the Great House	150 sq ft G.E.A.
5.07	6 - Great House (three floors)	5,166 sq ft G.I.A.
5.08	7 - Watler House	848 sq ft G.E.A.
5.09	8 - Store	264 sq ft G.E.A.
5.10	9 - Band Stand (Raised Deck)	not measured
5.11	10 - Store, Garbage Area & Septic Tank	408 sq ft (Store only) G.E.A.
5.12	11 - Visitor Centre, North Building Resource Centre, Managers Office, Staff Kitchen & WC's	1,278 sq ft G.I.A.
5.13	12 - Visitor Centre, West Building Pedro Theatre	3,969 sq ft G.E.A.
5.14	13 - Visitor Centre, South Building Reid's Sports Bar & Restaurant	1,260 sq ft G.I.A.
5.15	14 - Visitor Centre, East Building North Offices	356 sq ft G.I.A.
5.16	15 - Visitor Centre, East Building Middle Pedro Gift Shop	843 sq ft G.I.A.
5.17	16 - Visitor Centre, East Building South Male & Female WC's	439 sq ft G.E.A.
5.18	There is a visitor and staff car park to the eastern boundary of the site.	



6.00 Planning

- 6.01 The parcel is zoned for Institutional uses under the 1997 development plan. The adjoining parcels are zoned for Low Density Residential, as is the majority of the surrounding area.

7.00 Tenancies and Other Agreements

- 7.01 There is a lease in existence for the Visitor Centre, South Building which is trades as Reid's Sports Bar & Restaurant. There is a Memorandum of Understanding between TAB and the Visual Arts Society (VAS) of Grand Cayman, in relation to Watler House.

- 7.02 We outline below the principal lease terms regarding Reid's Sports Bar & Restaurant:

- 7.02.1 **Landlord** - Tourism Attraction Board
- 7.02.2 **Tenant** - Red Bay Café Ltd
- 7.02.3 **Lease date** - 18th September 2007
- 7.02.4 **Commencement date** - 1st September 2007
- 7.02.5 **Expiry date** - 31st August 2009
- 7.02.6 **Term** - Two years
- 7.02.7 **Permitted use** - Restaurant & Retail
- 7.02.8 **Gross average rent** - CI\$58,806 per annum
- 7.02.9 **Net average rent** - CI\$54,906 per annum
- 7.02.10 **Alienation** - Absolute prohibition



7.02.11 **Other terms** - None which require comment within this report

7.03 We outline below the principal terms regarding the Memorandum of Understanding between TAB and VAS in relation to Watler House:

7.03.1 **Agreement date** - 28th February 2007

7.03.2 **Agreement term** - Initially four years, with a further four year term (or longer) to be granted at the discretion of the TAB.

7.03.3 **Purpose of agreement** - VAS will renovate Watler House and TAB will insure and provide facilities for the ongoing running and maintenance of the building.

7.03.4 **Use** - VAS to be responsible for the operation of the building as an exhibition/meeting space available to the public.

7.03.5 **Costs & income** - VAS to pay estimated cost of CI\$35,000 towards the renovation, and all income from the renovated building to be shared equally between TAB & VAS.

7.03.6 **Other terms** - The agreement explicitly states that no proprietary rights are granted to VAS.

7.04 Please note that we have commented upon details of occupational documents and must point out that we are not qualified to advise upon the legal implications of these documents, and assume that you will be fully advised by your legal advisors in this regard.

8.00 Valuation Commentary

8.01 The value of real property derives from its location, physical characteristics and legally permitted use.



- 8.02 The definition of Market Value directs us to assume a willing buyer and a willing seller (known as the hypothetical parties), where the property is sold for its full value. This process assumes that if the properties current use does not provide the best price, then the value of alternative uses will form part, or all, of the hypothetical purchasers bid.
- 8.03 We have been supplied with historic income and expenditure figures for the existing operation as a tourist attraction. The figures show that the existing use is unsustainable without government support. Based upon the historic figures supplied we estimate that the operation, as it stands, costs the Cayman Islands Government between CI\$650,000 and CI\$700,000 per annum, which has a capital equivalent of about CI\$9million. This financial assistance from government would not be available to the market generally.
- 8.04 Valuers will often identify cost savings, economies of scale or even underperforming elements of an operational entity through the accounts. However, our analysis of those figures supplied, lead us to believe that the existing use and operation would not attract a buyer in the open market.
- 8.05 Therefore, to ascertain the Market Value we need to consider who would acquire the property in the current market, and what use they would wish to adopt. To do this we are required to set aside the historical and cultural importance of the site and its buildings, unless they enhance the value for the hypothetical parties.
- 8.06 We take the view that the existing configuration (position of the buildings) and density of the buildings significantly underutilises the site as a whole, therefore to value the buildings in situ would undervalue the site.
- 8.07 The size and position of the site precludes all but property investors and developers. They in turn would only bid for the site if they can see a return on the investment. Given the position and shape of the site we believe that the highest and best use lay with residential redevelopment, as a condominium scheme.



- 8.08 The present Institutional use is out of character for the location, which is predominantly Low Density Residential. We have therefore made the reasonable assumption that a change of use from Institutional to Low Density Residential use would be a natural change from a planning perspective.
- 8.09 Given that we have identified that the existing use is uneconomical in open market terms, and that the market generally would naturally gravitate towards the highest and best use, the correct method of valuation to apply is the comparable method of valuation.
- 8.10 The comparable method of valuation requires the Valuer to compare open market transactions of similar types of property in order to ascribe a likely value for the subject property. As all sites differ, to varying degrees, the Valuer is required to use experience and judgement to make adjustments to ensure that a "like for like" comparison is made. When considering comparable evidence it is important to consider factors such as transaction date, distance from the subject, plot size, elevation, etc.
- 8.11 In this case we have identified 19 transactions within the vicinity. Each comparable is an oceanfront undeveloped plot. We attach as Appendix VII the schedule of comparables used. The comparables provide two benchmark figures; (i) a capital rate of value per sq ft, and (ii) a linear rate per sq ft.
- 8.12 Our analysis of the comparables indicates that oceanfront parcels in this locality have a Market Value of about CI\$17.00 per sq ft.
- 8.13 It is an obvious reality that the value of oceanfront land is enhanced due to its proximity to the ocean. With this in mind we need to consider and apply the fact that the subject property has an outstanding "width to depth ratio" of 1.39. The average of all of the comparables combined is 0.36 (highest 0.67 - lowest 0.20). In practice this means that for each foot of depth (going back from the oceanfront) the comparables average 4.5 inches of oceanfront, while the subject property has 16.5 inches of oceanfront. The subject property's ratio is over 200% higher than the average available comparable, and we believe that this would encourage higher bids in the market.



- 8.14 There is no evidence to support specific upward adjustments to the value because of the “width to depth ratio” stated above. However, experience leads us to believe that the uplift would be more than “market sentiment”.
- 8.15 Furthermore, due to the scarcity of parcels of this size and position, the sale of this parcel in the current market could achieve a figure above existing provable levels of between 10% and 25%. This can be called a “top slice” to the overall value.
- 8.16 Due to a lack of evidence to support an uplift we have applied the minimum level of increase mentioned (10%), which also reflects a perceivable uncertainty surrounding the assumed change of planning use. The figure reported is therefore based on the provable site value of the parcel on the assumptions stated within this report.
- 8.17 We have adjusted our valuation to reflect the costs associated with extinguishing the Memorandum of Understanding between TAB and VAS in relation to Watler House. The lease between TAB and Red Bay Café Ltd expires on 31st August 2009, and as such does not affect this valuation exercise.
- 8.18 Finally, we have approached this valuation exercise on the basis that the Market Value derives from a change of planning use. This is a special assumption. We have used this assumption because the traditional valuation approach for this kind of operation would be the profits method of valuation, which in this instance produces a negative value.

9.00 Caveats & Confidentiality

- 9.01 We have relied on information provided to us by;
- Cayman Land Info.
 - Plans, drawings and other documentation supplied to us.
 - We attach a Certified True Copy of Land Registry as Appendix VIII.
- 9.02 This Report indicates when such information has been relied upon and its source. Please note that unless stated we have not independently verified this information.



- 9.03 This Valuation Report is confidential to the Client named on page one of this Report. We accept responsibility to the Client alone that this Report has been prepared with skill, care and diligence reasonably to be expected of a competent Chartered Valuation Surveyor.
- 9.04 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.
- 9.05 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 of the form and context in which it may appear. That said, we explicitly grant consent for publication of this Report in connection with the Governor (Vesting of Lands) Law (2005 Revision).
- 9.06 We advise that the figure stated within paragraph 11.01 may only be relied upon for a six month period from the date of valuation.
- 9.07 All figures reported are gross.

10.00 Environmental Issues

- 10.01 There is no land contamination register in the Cayman Islands. From our inspection of the Property and the surrounding area we noted no factors which would cause us to be concerned as to any actual or perceived environmental risk factors.
- 10.02 However, we are not qualified to make statements of fact relating to environmental issues and in preparing this Valuation Report we have assumed that contamination is not present at a level sufficient to affect the value of the interest in the open market.
- 10.03 Furthermore, we are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out which may draw attention to any contamination or the possibility of any such contamination.



10.04 In preparing this Valuation Report we have assumed that no contaminative or potentially contaminative uses have ever been carried out in the Property or on the land.

10.05 We have not carried out any investigation into past or present uses, either of the property or of any neighbouring land and have therefore assumed that none exists. However, should it be subsequently established that contamination, seepage or pollution exists at the property, or on any neighbouring land, or that the premises have been or are being put to a contaminative use, we must reserve the right to reconsider our valuation of the Property.

11.00 Valuation

11.01 **Market Value** : In accordance with your instructions we assess the Market Value (M.V.) of the freehold interest of the Property with full vacant possession and subject to the contents of this Report, on the date of valuation, as:

CI \$6,100,000

(Six Million, One Hundred Thousand Cayman Island Dollars)

11.02 **Definition of Valuation Basis** : We have adopted the definition of Market Value set out in PS3 of the of the R.I.C.S. Valuation Standards - 6th Edition (Red Book), we can provide the Interpretive Commentaries within the Red Book if required.

11.03 **Market Value** is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

12.00 Conclusion

12.01 We confirm our opinion that the property should not be disposed at a sum beneath a prudent proportion of our valuation figure, in accordance with good commercial practice (notwithstanding the needs of society as a whole).



12.02 Finally, we trust that this Valuation Report contains the information that you require at the present time. However, should you require any further assistance please advise us accordingly.

Yours faithfully,

Matthew Le Seilleur, B.A. (Hons), M.R.I.C.S.
Chartered Valuation Surveyor
For Director of Lands & Survey



THE VALUATION OFFICE
Lands & Survey Department

Date of Valuation : 1st August 2008

APPENDICES

Copy:- Instructions	Appendix I
Land Registry Map	Appendix II
Location Map	Appendix III
Photographs	Appendix IV
Aerial Photograph	Appendix V
Site & Buildings Plan	Appendix VI
Schedule of Comparables	Appendix VII
Land Registry Extract	Appendix VIII

Appendix I
Copy:- Instructions

File

Ministry of District Administration, Planning, Agriculture & Housing

MEMORANDUM

TO: Director, Lands & Survey

ATTN: Chief Valuation Officer
Chief Surveyor

FROM: Permanent Secretary (Acting), DAPAH

DATE: 8 May 2008

OUR REF: LS/CRWN/1/20 33

**SUBJECT: VESTING OF CROWN LAND TO TOURISM ATTRACTION BOARD,
Block 32E Parcel 50 – Pedro Castle**

Further to your Memo dated 30 November 2007 and the Permanent Secretary's reply dated 6 December 2007 regarding the Crown ownership of Pedro Castle, I am advised that Cabinet has directed that the Parcel be vested in the name of the Tourism Attraction Board, in compliance with the Tourism Attraction Board Law 1996.

Cabinet has further directed that an appropriate Report be tabled in the Legislative Assembly, as required by Section 10 of the Governor (Vesting of Lands) Law (2005 Revision).

To enable me to compile the Report would you please provide a valuation report together with two independent valuation reports, and a Chief Surveyor's report.

The terms for the vesting are as follows:

VENDOR:	His Excellency The Governor
PURCHASER:	Tourism Attraction Board
DEMISE:	Block 32E Parcel 50
PURCHASE PRICE:	One peppercorn. Stamp Duty and Registration Fees to be waived.



JENNIFER AHEARN, AICP

Appendix II
Land Registry Map

Appendix III
Location Map

REGISTRY MAP EXTRACT

SECTION: LOWER VALLEY

BLOCK: 32E

PARCEL NO(s): 50

Last Mutation: 26/6/2008

Client: Matthew Le Seelleur Operator:

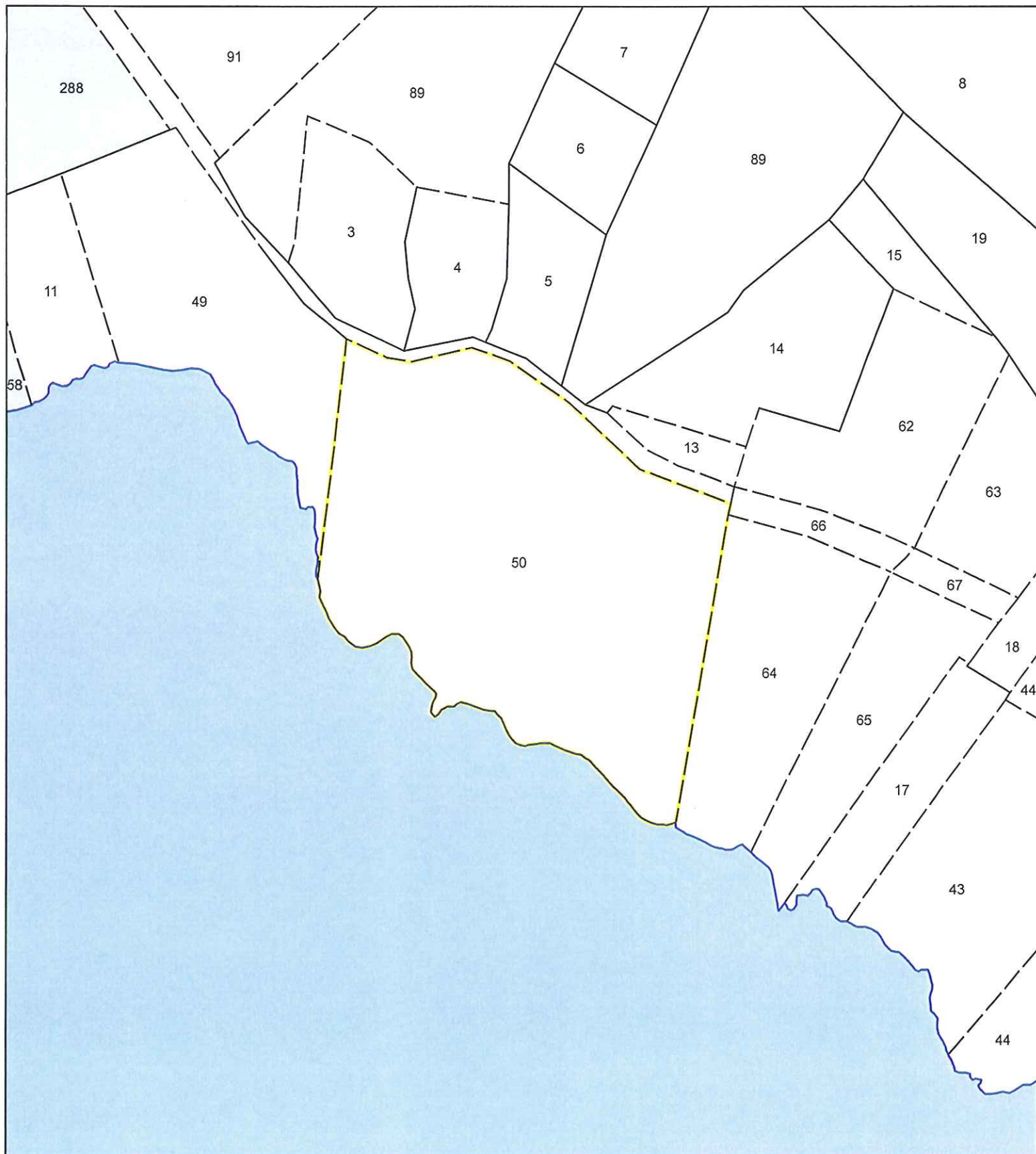
Cayman Land Info Website

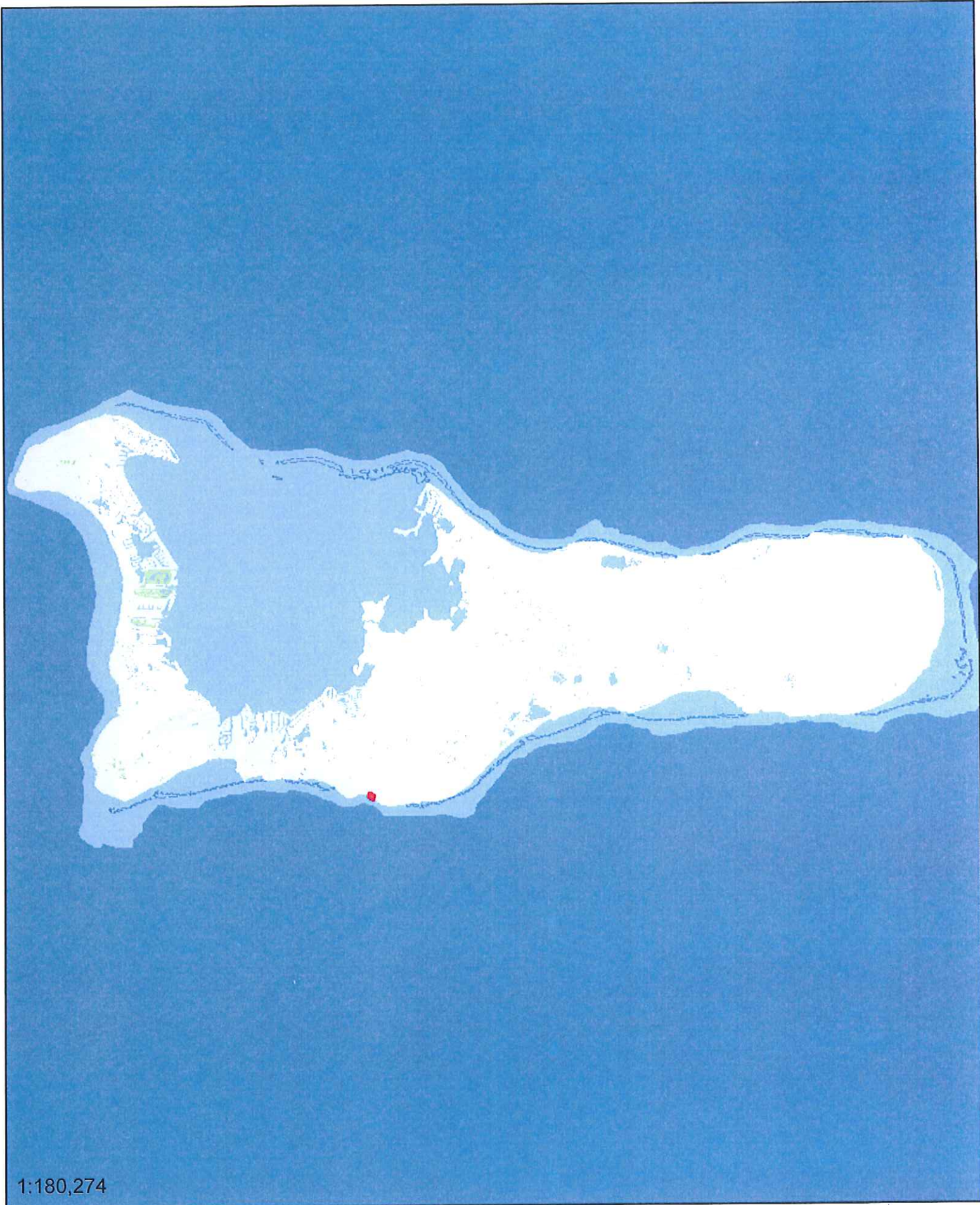
Adjacent Blocks: 28C, 28D, 32B, 32D

Scale: 1:2,500

Date & Time: 10/23/2008 9:59:48 AM

Lands & Survey Dept., P.O. Box 1089, Grand Cayman KY1-1102, Cayman Islands Telephone No : 1 (345) 244-3424 Facsimile No : 1 (345) 949-2187





1:180,274

CAYMAN LAND INFO

Copyright © Cayman Islands Government
Produced by Lands and Survey - Must Print to Size

0 8,000 16,000 32,000 48,000 64,000 Feet



Appendix IV
Photographs



Visitor Car Parking



Visitor Car & Bus Parking



Visitor Centre Entrance (Pedro Gift Shop)



Visitor Centre (from car park)



Formal Lawn (looking west)



Gazebo (Pedro Theatre in the background)



The Great House (eastern elevation)



The Great House (northern elevation)



The Great House (southern elevation)



Cook House



Store



"Steadman Bodden Building"



Watler House



Watler House



Iron-Shore (looking south)



Iron-Shore (looking west)



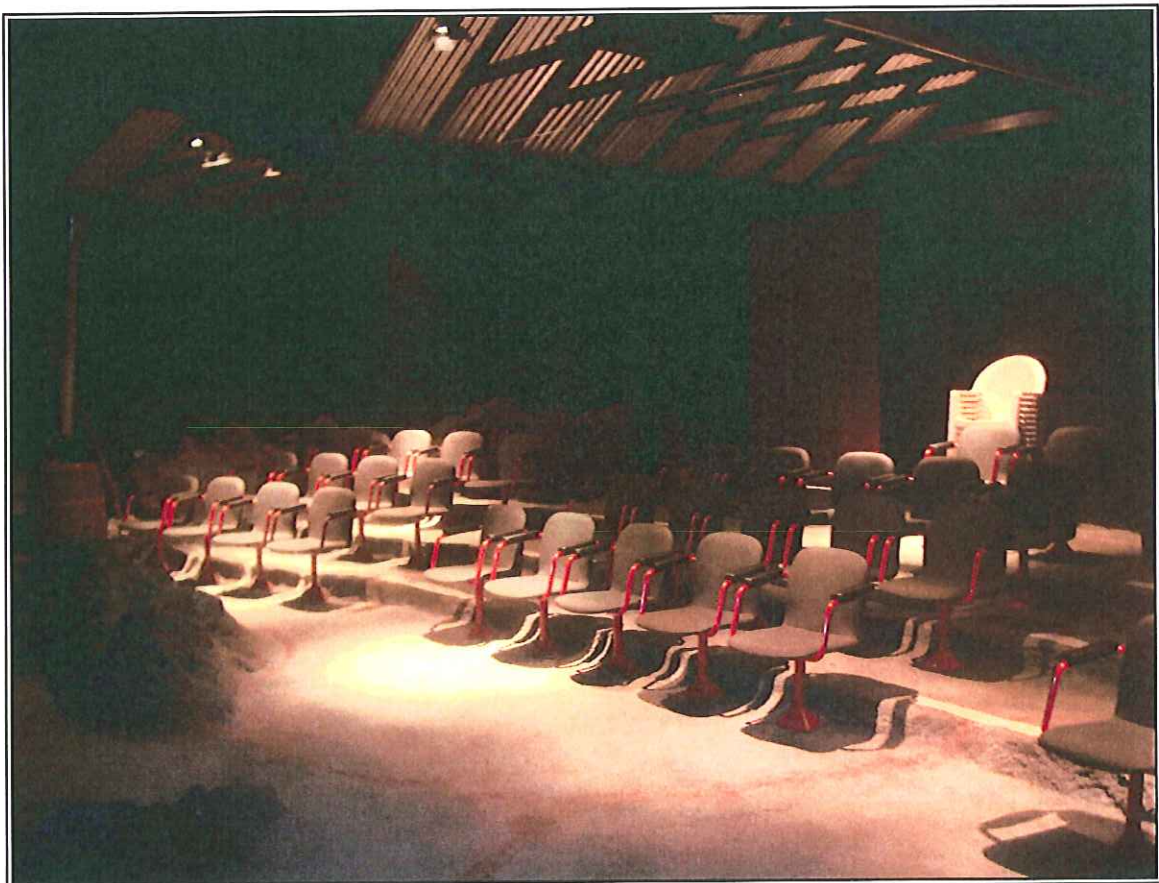
Pedro Gift Shop



Office

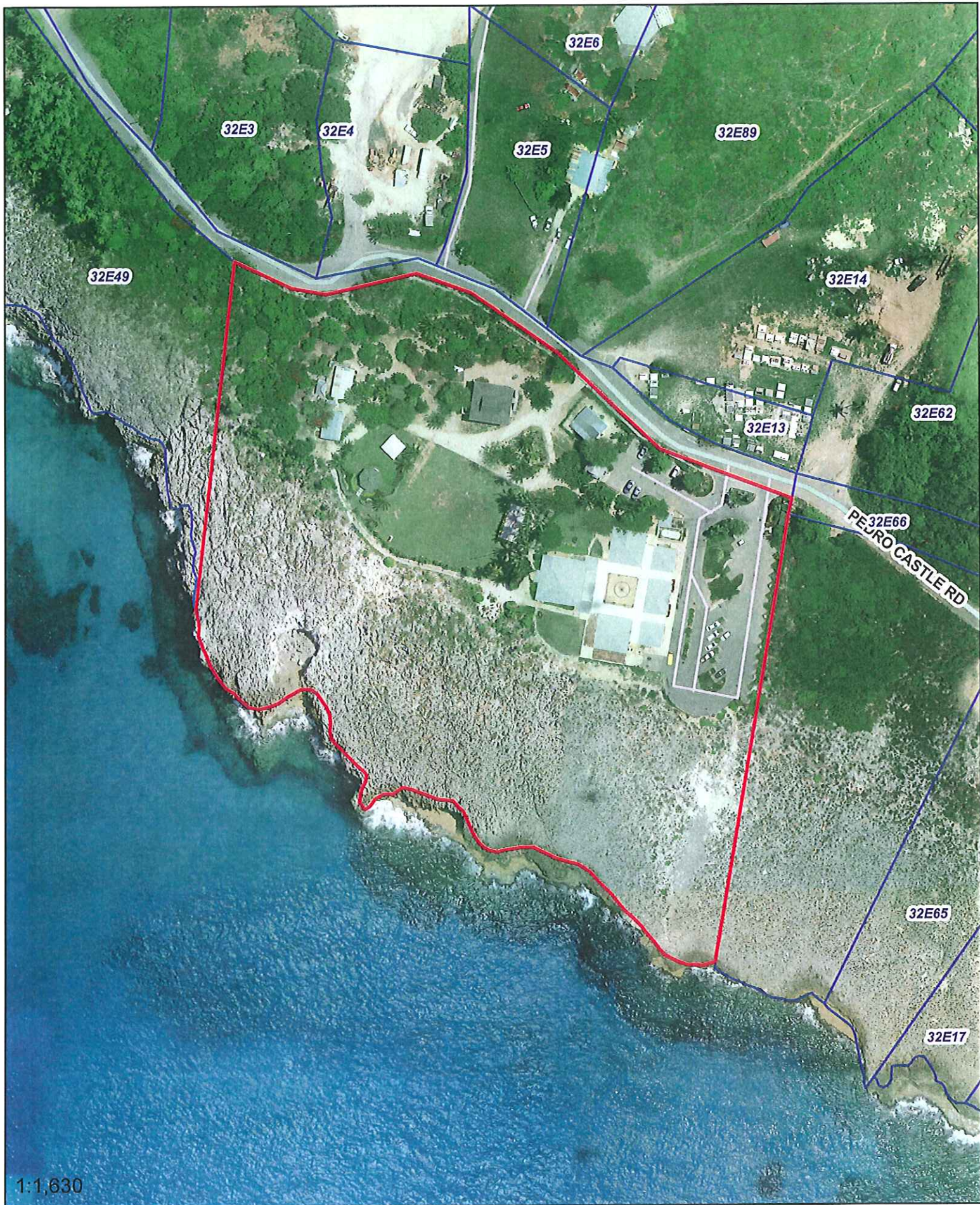


Staff Kitchen



Pedro Theatre

Appendix V
Aerial Photograph



1:1,630

CAYMAN LAND INFO

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0 70 140 280 420 560 Feet



Appendix VI
Site & Buildings Plan

SITE & BUILDINGS PLAN AT 32E-50 (PEDRO'S CASTLE)



KEY

- 1 Male & Female WC's
- 2 "Steadman Bodden Building" (dilapidated – used as a store)
- 3 Store
- 4 Gazebo
- 5 Cook House to the Great House
- 6 Great House
- 7 Watler House
- 8 Store
- 9 Band Stand (Raised Deck)
- 10 Store, Garbage & Septic Tank
- 11 Visitor Centre – North Building (Resource Centre, Managers Office, Staff Kitchen & WC's)
- 12 Visitor Centre – West Building (Pedro theatre)
- 13 Visitor Centre – South Building (Reid's Sports Bar & Restaurant)
- 14 Visitor Centre – East Building North (Offices)
- 15 Visitor Centre – East Building Middle (Pedro Gift Shop)
- 16 Visitor Centre – East Building South (Male & Female WC's)

Appendix VII
Schedule of Comparables

Location E-or-W of Subject	Block & Parcel	Date	Price US\$	Registration District	Acreage	Size ft	Rate per sq ft US\$	Linear ft	Depth	Depth- Width Ratio	Price per Linear ft US\$	Note/Comment
WEST	25C-307	Jul-08	\$339,500	SPOTTS	0.26	11,326	\$29.98	45	230	0.20	\$7,544.44	Iron shore - not filled - parcel directly south of Shamrock Road
WEST	28D-299	Jan-07	\$450,000	SAVANNAH	1.24	54,014	\$8.33	114	540	0.21	\$3,947.37	Iron shore, like subject is about 50% - not filled - south of Gloria May Drive - Approx 50% zoned public open space
WEST	25C-166&167	Jul-06	\$1,200,000	SPOTTS	0.96	41,818	\$28.70	122	222	0.55	\$9,836.07	Sandy Iron shore beach - unmade - directly south of Shamrock Road
WEST	25C-6	Mar-06	\$450,000	SPOTTS	0.7	30,492	\$14.76	94	348	0.27	\$4,787.23	Iron shore, like subject is about 50% - not filled - parcel directly south of Shamrock Road
WEST	28D-158	Jan-06	\$440,000	SAVANNAH	0.78	33,977	\$12.95	136	302	0.45	\$3,235.29	Iron shore, like subject is about 50% - not filled - access via West Lane
WEST	28E-97	Jan-06	\$620,000	SAVANNAH	0.53	23,087	\$26.86	112	221	0.51	\$5,535.71	Iron shore - not filled - access from Shamrock Road through via Buddy's Way
EAST	32E-27	Nov-05	\$425,000	LOWER VALLEY	2	87,120	\$4.88	205	548	0.37	\$2,073.17	Iron shore, like subject is about 50% - no direct road access - track leads from Pedro Castle Road purchased with 32E-38 (separate transactions)
EAST	32E-38	Nov-05	\$215,000	LOWER VALLEY	1.15	50,094	\$4.29	129	602	0.21	\$1,666.67	Iron shore, like subject is about 50% - no direct road access - track leads from Pedro Castle Road purchased with 32E-27 (separate transactions)
WEST	28E-98	Apr-05	\$620,000	SAVANNAH	0.91	39,640	\$15.64	170	260	0.65	\$3,647.06	Iron shore - not filled - access from Shamrock Road through via Buddy's Way
EAST	32D-114	Apr-05	\$271,000	LOWER VALLEY	0.62	27,007	\$10.03	113	280	0.40	\$2,398.23	Iron shore, like subject is about 50% - not filled - south of Sea Spray Drive
WEST	28E-119	Aug-04	\$250,000	SAVANNAH	0.64	27,878	\$8.97	83	412	0.20	\$3,012.05	Iron shore - not filled - access from Shamrock Road through via Savannah Grand (28E-153)
WEST	28E-99	Mar-04	\$410,000	SAVANNAH	0.72	31,363	\$13.07	161	309	0.52	\$2,546.58	Iron shore - not filled - access from Shamrock Road through via Buddy's Way
EAST	32D-18	Mar-04	\$265,000	LOWER VALLEY	0.663	28,880	\$9.18	104	288	0.36	\$2,548.08	Iron shore, like subject is about 50% - not filled - south of Sea Spray Drive
EAST	32D-36	Dec-03	\$225,000	LOWER VALLEY	0.6334	27,591	\$8.15	98	283	0.35	\$2,295.92	Iron shore, like subject is about 50% - not filled - south of Sea Spray Drive
WEST	25C-160	Oct-03	\$675,000	SPOTTS	0.64	27,878	\$24.21	118	245	0.48	\$5,720.34	Sandy beach - unmade - directly south of Shamrock Road
WEST	28D-298	Jul-03	\$290,000	SAVANNAH	1.25	54,450	\$5.33	112	532	0.21	\$2,589.29	Iron shore, like subject is about 50% - not filled - south of Gloria May Drive - Approx 50% zoned public open space
WEST	25C-169	Jul-02	\$475,000	SPOTTS	0.68	29,621	\$16.04	101	299	0.34	\$4,702.97	Iron shore - used as garden for adjoining - parcel directly south of Shamrock Road
EAST	32D-35	Apr-02	\$350,000	LOWER VALLEY	0.6248	27,216	\$12.86	108	271	0.40	\$3,240.74	Iron shore, like subject is about 50% - now with house - south of Sea Spray Drive
WEST	28D-301	Jan-02	\$300,000	SAVANNAH	1.11	48,352	\$6.20	107	474	0.23	\$2,803.74	Iron shore, like subject is about 50% - not filled - south of Gloria May Drive
				AVERAGE OVERALL			\$13.71					
				AVERAGE EAST OF THE SUBJECT			\$8.23					
				AVERAGE WEST OF THE SUBJECT			\$16.23					
				AVERAGE OVERALL SINCE 2006			\$20.26					
				AVERAGE OVERALL SINCE 2005			\$15.64					
				AVERAGE OVERALL SINCE 2004			\$14.43					
SUBJECT 32E-50					7.6	331,056		712	514	1.39		NB ALL FIGURES IN THIS SCHEDULE ARE US\$

Appendix VIII
Land Registry Extract

C - INCUMBRANCES SECTION
32E 50
Registrar of Lands

[illegible]



VALUATION OF:

Pedro St. James Property
Registered as Block/Parcel 32E/50
Lower Valley
Located at the west side of Pedro Castle Road
Grand Cayman, Cayman Islands

CLIENT:

Mr. Matthew Le Seelleur
Lands and Survey Department
P.O. Box 1089
Grand Cayman, KY1-1102

INTENDED USER:

Cayman Islands Government

DATE OF VALUE:

September 24, 2008

VALUATION BY:

Andrews Key Ltd.
James V. Andrews, MAI, MRICS
Chartered Valuation Surveyor

Ref.: J/1117



ANDREWS KEY LTD.
PROPERTY CONSULTANTS



September 25, 2008

Mr. Matthew Le Seelleur
Lands and Survey Department
P.O. Box 1089
Grand Cayman, KY1-1102

At your request I have completed a valuation (appraisal) of the Pedro St. James Property registered as Block/Parcel 32E/50, Lower Valley; and located at the west side of Pedro Castle Road, Lower Valley, Grand Cayman, Cayman Islands. The purpose of the assignment is to estimate the Market Value of the Absolute Title in the subject property "As Is" for portfolio management purposes and for use by Cayman Islands Government. The valuation is not intended to be used for any other uses and not to be relied upon by any other individuals or entities. The valuation is reported in a Summary Report as defined by the Uniform Standards of Professional Appraisal Practice (USPAP).

I direct the reader's attention to the signed certification, limiting conditions and assumptions (including hypothetical conditions) stated in the attached report, on which the value conclusion(s) are contingent. Based on the data, analyses and conclusions described on the following pages, the estimated Market Value of the Absolute Title for the property described herein, "As Is", as of September 24, 2008, was:

KYD \$6,530,000

SIX MILLION FIVE HUNDRED THIRTY THOUSAND CAYMAN ISLANDS DOLLARS *

*see Special Assumption attached to this value conclusion

Respectfully Submitted,
ANDREWS KEY LTD.



.....
James V. Andrews, MAI, MRICS
Chartered Valuation Surveyor

ANDREWS KEY LTD.
PROPERTY CONSULTANTS

P.O. Box 11905 Grand Cayman • KY1-1011 Cayman Islands • #5 GFK Plaza, 90 Godfrey Nixon Way, George Town
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TABLE OF CONTENTS

Executive Summary.....	2
General Information.....	3
Valuation Standards:.....	3
Competency Statement:	3
Type of Report:	4
Hypothetical Conditions and Extraordinary Assumptions:.....	4
Estimated Exposure Time:	4
Scope of Work	5
Location and Identification of the Property	7
General Location.....	7
Specific Location.....	8
Identification of the Property	8
Registry Details and Property History	8
Subject Property Map	9
Subject Photographs	10
Summary of Site Characteristics	12
Building Description.....	14
Highest and Best Use.....	16
Preface to Value	18
Land Valuation By Sales Comparison	20
Cost Approach.....	22
Reconciliation	24
Certification.....	25
Limiting Conditions	26
Definitions.....	28
Uncertified Copy of Land Register for Subject Property	29

Professional Qualifications of the Valuer

Executive Summary

Subject Property:	Pedro Castle Property
Location:	At the west side of Pedro Castle Road, Pedro, Grand Cayman, Cayman Islands
Legal Description/Registration:	Block/Parcel 32E/50 Lower Valley
Client:	Mr. Matthew Le Seelleur Lands and Survey Department P.O. Box 1089, Grand Cayman, KY1-1102
Type/Basis and Intended Use of Valuation:	Estimate Market Value "As Is" for portfolio management purposes
Intended User:	Cayman Islands Government
Title (Interest) Valued:	Absolute Title
Site Area:	7.60 acres or 331,056 square feet according to Land Register
Improvements:	Building improvements include a Special Purpose historic property with related commercial buildings constituting a tourist attraction, with 19,137 square feet of Gross External Area
Date of Inspection:	September 24, 2008
Date of Value:	September 24, 2008
Date of Report:	September 25, 2008
Estimated Value: Market Value	KYD \$6,530,000 "As Is" * *see special assumption attached

General Information

Valuation Standards:

The valuation and report of the referenced property has been prepared in conformity with the Standards of Professional Practice and Code of Ethics of the Appraisal Institute (including the Uniform Standards of Professional Appraisal Practice {USPAP}), and the Practice Statements of the RICS Appraisal and Valuation Standards Manual.

Competency Statement:

I hereby state that I am competent to perform this assignment based on my qualifications and experience in the analysis of properties of this nature and in this local market.

Purpose and Intended Use of Assignment:

The purpose of the assignment is to estimate the Market Value of the Absolute Title for the subject property "As Is" for portfolio management purposes. The valuation report and estimated values are not intended for any other uses or to be relied upon by any individuals or entities other than those listed in this report as the client and the intended users.

"MARKET VALUE" is defined as:- "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

"ABSOLUTE TITLE" According to the Cayman Islands Registered Land Law, an 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."

Type of Report:

The valuation is communicated in a Summary Report as defined by USPAP. The purpose of a Summary Report is to provide a written summary of the methodology, data analyzed, analysis, and conclusions implemented into the valuation.

Hypothetical Conditions and Extraordinary Assumptions:

Although the Market Value basis was requested by the client, the purpose of the valuation is to assess the proper amount to be reported for a transfer between government entities. For this reason, the Market Value is estimated, but with the assumption that a market does exist consisting of purchasers interested in the ongoing operation of the property as a historic tourist attraction with a certain heritage value to the country. Should this operational use be discontinued, or this market not exist, the Market Value could be significantly lower than that estimated in this report.

Estimated Exposure Time:

The estimate of Market Value assumes the property has been adequately marketed and exposed in the market for a period of time that would be considered normal for this property type and location. The subject is in an area with a reasonable amount of exposure, sales and development activity. The estimated exposure time, presumed to occur prior to the sale at Market Value, is estimated to be twelve months or less.

Scope of Work

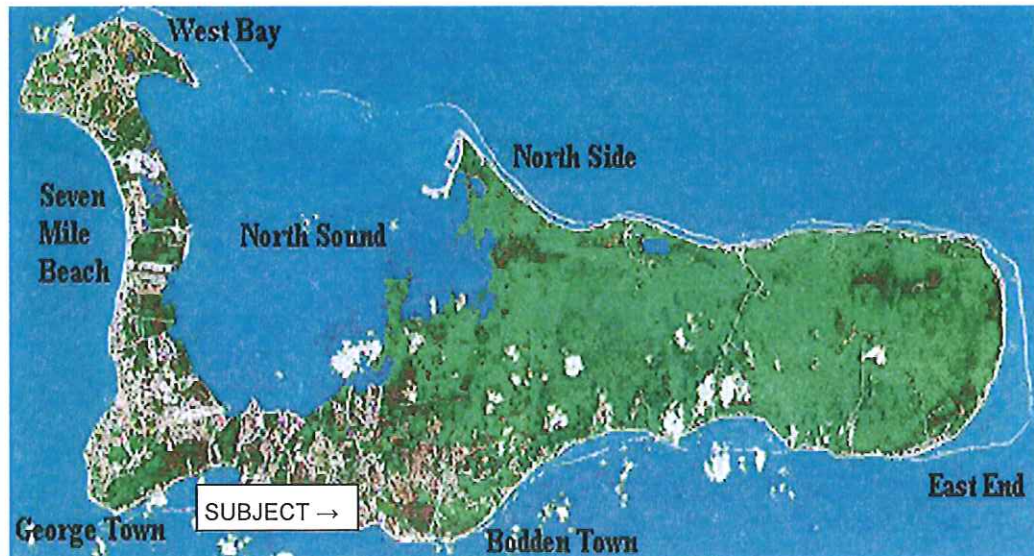
The following describes the scope of the appraisal process in this case:

1. I have inspected the interior and exterior of the site and building improvements, as well as the surrounding area. Emphasis was placed on factors affecting value, and within the normal realm of a valuer's expertise. As I am not an environmental engineer, no soil or sub-soil tests were taken to ascertain any environmental concerns that are other than notable by sight.
2. I have analysed the market pertaining to the subject property, including development activity, sales prices, listings, rental rates, expenses, and inventory.
3. I have estimated the Highest and Best Use for the subject site based on legal, physical, financial and practical factors.
4. The Cost Approach is a method of valuation based on the estimated depreciated replacement costs of the building and site improvements added to the estimated land value. Guidance is taken from the RICS Valuation Information Paper #10, which states that the Cost Approach can be effective in instances where there is a limited (or no) market for a specialised property, and where the other approaches are not applicable. In this case the majority of the Cost Approach is comprised of the Land Value which is estimated by Sales Comparison. A complete cost approach was applied.
5. The Sales Comparison Approach is a method of valuation based on sales prices of similar properties which have sold, and with adjustments for dissimilarities. Other than for the underlying land portion of the property (which is valued by Sales Comparison), no sales data was available for comparable properties. A sales approach was not applicable for this appraisal.
6. The Income Approach is a method of valuation based on converting the estimated income that could be generated by the property into value by way of capitalisation and/or yield rates. In this case historical financial statements were provided which indicate a negative cash flow as a result of operations. The project is government owned and is subsidised since it is considered significant to the history of the country. A income approach was not applicable for this appraisal.

Scope of Work (Continued):

7. The estimated values were reconciled into estimated market values for the property, and reported in this Summary Report.
8. I have estimated the exposure time (the marketing period that would have taken place prior to a sale) associated with the market value estimates.

Location and Identification of the Property



Grand Cayman Island

General Location

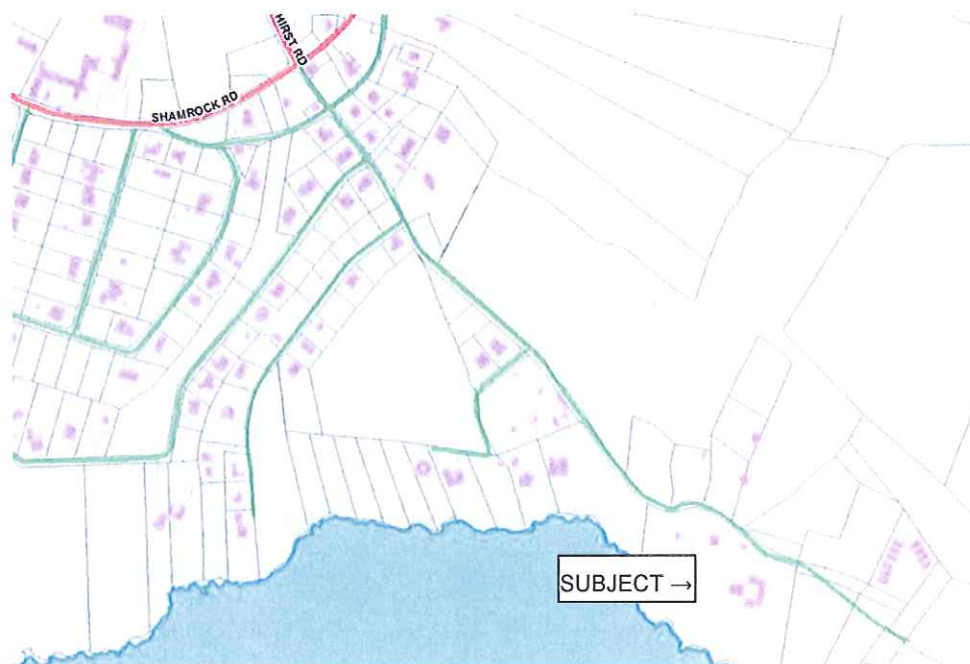
The subject is essentially located in the Pedro St. James area. Generally the profile of the area is residential (mostly single family). The neighbourhood basically extends along the Pedro Castle Road from the roundabout in Savannah south to the Caribbean sea. This area is an extension of the general Savannah area except that there are larger homes along the cliff rock above the shoreline at the southern end of the road.

The general location is about eight miles east of the center of George Town, the Capital and business centre of the Cayman Islands. The area is roughly considered to be bound on the north by Shamrock Road, on the east by Lower Valley, on the south by the Caribbean Sea, and on the west by Spotts. Support services are a reasonable driving distance, and the trend of the area is generally improving.

Surrounding property types include average to good quality single family homes, small apartment developments and vacant land, as well as the Pedro Castle historic tourist attraction. Supply for similar properties is considered medium, and demand is considered high in the area. The area is considered about 25% built-up, and the age range of most of the buildings in the area varies from the extremes of new to 25 years old.

In general, no detrimental or adverse influences were noted, surrounding properties appear to be compatible with the neighbourhood and the overall outlook is positive.

Area Map



Specific Location

The property is located at the southwest side of Pedro Castle Road, adjoining the Caribbean Sea, in the Pedro area south of Savannah, Grand Cayman. The Pedro area comprises the properties along Pedro Castle Road which runs south from the junction at Savannah, and then eastward along the coastline.

Identification of the Property

The subject can legally be described with its registration in the Torrens based Land Registry, as Block/Parcel 32E/50 in the Lower Valley Registration Section.

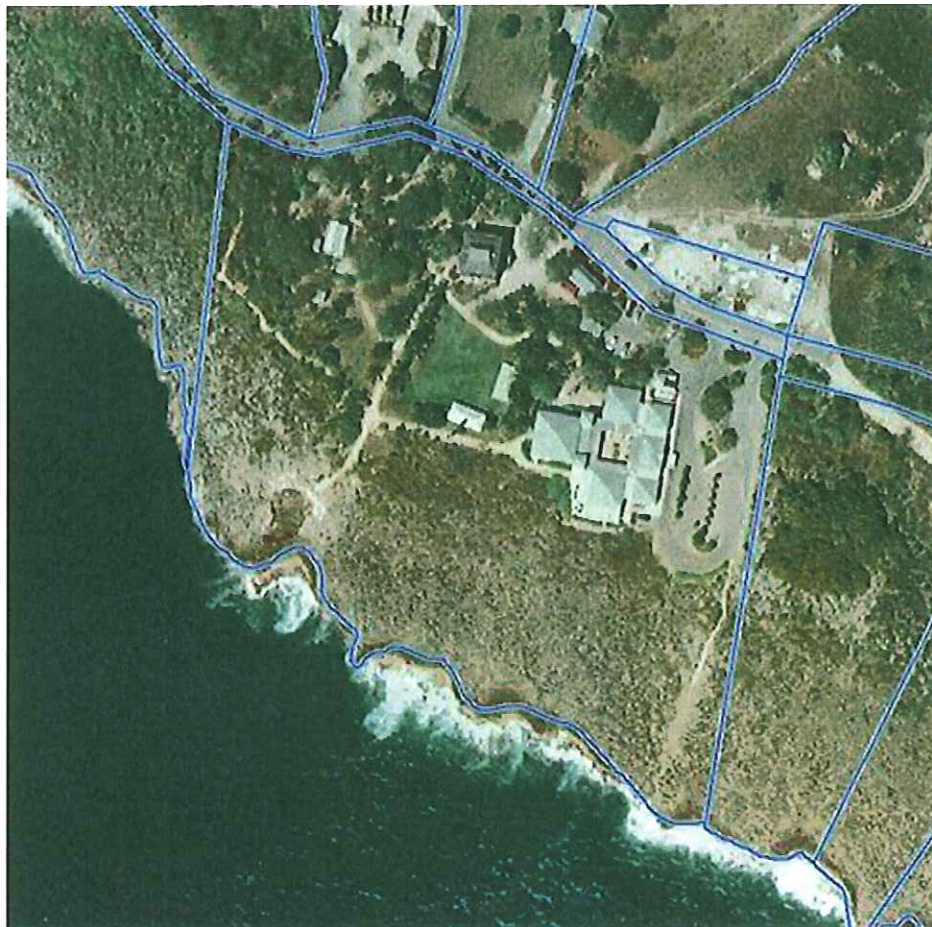
Registry Details and Property History

Block/Parcel:	32E/50
Registration Section:	Lower Valley
Proprietor/Address:	Crown
Title:	Crown/Absolute
Sales History:	No recorded land transfers
Charges/Encumbrances:	None
Charge Proprietor(s):	N/A
Easements, Etc.:	None Noted on Land Register
Appurtenances:	Vehicular right of way rights over the estate roads

Subject Property Map



Registry Map Extract

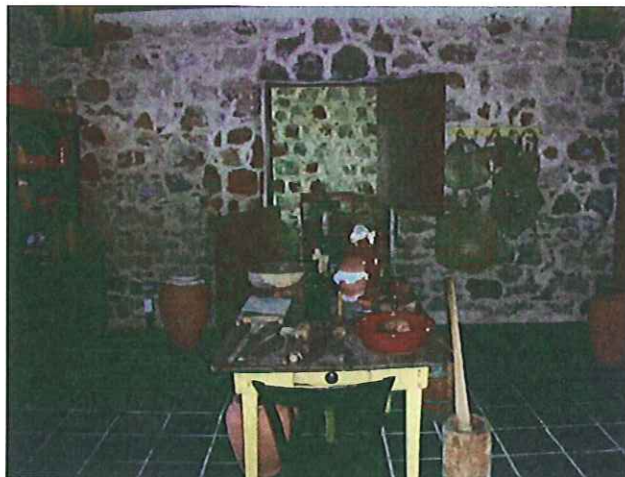


Aerial Photograph (2004 Photography)

Subject Photographs



View of Great House



Interior of Great House



View of Welcome Centre



View of Gift Shop



View of Restaurant



View of Grounds and Ocean View

Summary of Site Characteristics

Land Area (acres / square feet)

Total Parcel Area: 7.60 acres / 331,056 S.F.
(according to Land Register)

Excess Land Area: 0.00 acres / 0 SF
Usable Land Area: 7.60 acres / 331,056 SF

Dimensions/Frontage (Feet)

Shape: Irregular
Average Width: 700'
Average Depth: 473'
Primary Road Frontage: 700' Pedro Castle Road
Secondary Road Frontage: 0'
Water Frontage: 700'

Type of Frontage/View Ocean frontage

Access Primary access from Pedro Castle Road, a 30 foot wide, chip and spray paved private road.

Topography/Soil Conditions The site is generally gently sloping. The soil conditions appear to be coral rock, limestone and sand, with an ironshore (fossilised coral) coastline.

Elevation in the range of 30' across the 50% portion closest to the road, in the 20' range along the eastern portion of the ironshore, sloping to about 13' at the coastline (above mean sea level) (Source: caymanlandinfo.ky GIS system)

Services

Mains Electricity: Yes (Caribbean Utilities Company Ltd.)
Mains Water: Yes (Water Authority Cayman)
Telephone: Yes
Public Sewer: No (Septic System)

Encroachments None noted

Summary of Site Characteristics (Continued):

Zoning	Institutional
Zoning Description	The Institutional zone is generally reserved for government related developments such as schools, prisons, or tourism attractions such as this. The subject parcel is surrounded by Low Density Residential zoning.
Easements	None Noted on Land Register
Appurtenances	Vehicular right of way rights over the estate roads
Highest And Best Use	Multi-Family Residential
Comments:	The subject has an excellent elevation and is in a very desirable coastal location.

Building Description

The subject parcel is comprised of a number of buildings for the purpose of a historic attraction. First and foremost is the historic building known as The Great House (formerly Pedro's Castle). The name and history of the building were subject to many myths which have mostly been proven false through research. The building was apparently constructed by an immigrant from England (William Eden) with the use of slave labour in the years following his arrival in 1780. All that remains today (due to various hurricanes and fires) of the original structure is a three storey structure built from quarried stone and mortar, although it is believed that there were wooden verandahs surrounding the building which have been recreated in the 1996-98 renovations.

The historical significance goes beyond the fact that this is the oldest standing structure in Cayman, but further that the building is known as the Birthplace of Democracy in the country due to the early meetings held there for the purpose of constructing a parliamentary government. Eden sold the property in the early 1800s upon his departure and it was subsequently used as a diplomat's home, courthouse, jail, and was periodically left abandoned. It went through a variety of ownerships prior to it being bought by Tom Hubbell in 1954. Hubbell eventually leased the property as a restaurant and inn until his death in 1977 and was responsible for the myths of the "castle" being built in the 1600s by Spanish pirates. The Great House survived a variety of storms and various ownerships, but it succumbed to a fire and was destroyed in 1989. The Cayman government purchased the property in 1991 for CI\$852,000 and undertook the restorations and new construction in 1996-1998. This involved re-creating the various rooms, verandahs, doors, shutters, stairways, and roof structure from imported mahogany. Slate tiles were added to the ground floor open areas. Essentially all that remained is the stone and mortar shell of the interior walls. Reportedly, the cost of the restoration including recreating carved wood furnishings was US\$4.75 million, with an additional US\$1.5 million spent on the visitor's centre.

The Visitor's Centre consists of a multi-media theatre, gift shop, restaurant, welcome centre with offices and staff areas, offices and rest rooms. These buildings are reinforced concrete block construction with face brick exterior, pitched timber roofing with tongue and groove wood decking, commercial quality fixed glass doors and windows, and split system air conditioning. There are six separate buildings for these uses connected by covered walkways and a courtyard. The theater contains an elaborate multi-media presentation run on computers and other high-tech equipment.

There are also several storage buildings on the site, two of which are historic "wattle and daub" buildings that were moved to the site from other areas.

Building Description (Continued):

The following is a summary of the building areas (totaling Gross External Area) taken from measurement.

Building Areas - Pedro St. James	
	<u>Sq. Ft.</u>
Great House	
First Floor	1,300
Second Floor	1,714
Third Floor	<u>1,714</u>
Total GEA	4,728
Welcome Centre - Enclosed Areas	
Restaurant	1,480
Gift Shop	970
Office	677
Office/Welcome Ctr	1,450
Theater	3,370
Rest Rooms	<u>662</u>
Total	8,609
Welcome Centre - Open/Covered	
Total	4,240
Storage etc.	
W&D Storage Bldg 1	630
Small Storage	250
W&D Storage Bldg 2	<u>680</u>
Total Storage	1,560
Total Gross External Area	19,137

Highest and Best Use

The Highest and Best Use of a property is the use that is legally permissible, physically possible, financially feasible, and provides maximum productivity. Generally this use allows for the highest value attributable to the land.

The subject is a historic property with a tourist attraction built around it. In creating this National Heritage site, the government has spent a great deal of money to acquire the property, restore the Great House to some degree of historic accuracy (only the stone and mortar shell remained), and build the ancillary commercial buildings (the Welcome Centre contains restaurant, gift shop, multi-media theatre, offices, etc.). These buildings do not make maximum productivity of the 7.65 acre site, and there is room for additional development. We have also been supplied with historic financial statements, which indicate that the ongoing tourist attraction has not been financially viable even with government subsidies.

The 7.60 acre ocean front site would be desirable for residential development, as it is unique with respect to location, size, elevation, and the excellent views. The zoning is Institutional, however the site is surrounded by Low Density Residential zoning and it is assumed that a change to this zoning would be allowed if a sale to the private sector occurred. Condominiums would be allowed in the LDR zoning to a certain density, and the existing restaurant use could probably be continued on this portion of the parcel based on historical precedent. In light of these concerns, the Highest and Best Use is likely a re-development of the property with some sort of condominium resort (this would be the case if the site were vacant), but with some combination of the existing uses. For example, a condominium resort could still be built with the continued use of the restaurant and the focal point of the Great House as an amenity (of interest) to the development. Additionally, it is considered that there is room on the site for further tourist development related to the existing use if such a purpose exists that would fill an existing demand.

A typical appraisal of the Market Value of the property would assume that the property would be purchased for development or use in keeping with its Highest and Best Use. In this case, however, in order to serve the purpose of the assignment I have made the assumption that there is a market including buyers interested in the continuing ongoing operation as a historical tourist attraction. This market could include government entities, public/private partnerships, or private individuals with interests in preserving heritage and hopefully benefitting from future property appreciation.

Highest and Best Use (Continued):

With respect to this it is also considered that there could be a method to operating the property more financially effectively. Therefore the valuation assumes the Highest and Best Use is for continued use as the historical tourist attraction, with perhaps further development to better maximize use of the site.

Preface to Value

There are three traditional approaches to value in the appraisal of real property. Following is a discussion of these approaches and their applicability in this case.

The (Depreciated Replacement) Cost Approach is a method of valuation based on the estimated depreciated replacement costs of the building and site improvements added to the estimated land value. This approach is most applicable when the building improvements are relatively new and there is little accrued depreciation, and/or when no other approaches are applicable. The Cost Approach is often used when there is little data to support the use of other approaches. The Cost Approach includes a value of the vacant site, typically valued by the Sales Comparison Approach.

Guidance is taken from the RICS Valuation Information Paper #10, which states that the Cost Approach can be effective in instances where there is a limited (or no) market for a specialised property, and where the other approaches are not applicable. Section 3.1 states "DRC is only to be used where there is no active market for the asset being valued: that is where there is no useful or relevant evidence of recent sales transactions due to the specialised nature of the asset."

Section 8.7 of this document addresses Historic Properties, and states "In most cases the fact that the entity currently occupies a historic building is incidental to the service provided and would be totally irrelevant when specifying a modern equivalent. Only where the historic nature of the building itself creates an intrinsic part of the benefit or service potential of the asset would it be correct to reflect the cost of reproducing the actual asset in the cost of the modern equivalent." For this reason, Reproduction Cost is estimated rather than Replacement Cost. Further, consideration is given to the fact that the historic building was largely recreated in 1996-1998 except for the stone walls that form the inner core of the building. In this case the majority of the Cost Approach is comprised of the Land Value which is estimated by Sales Comparison. A complete cost approach was applied.

The Sales Comparison Approach is a method of valuation based on sales prices of similar properties which have sold, and with adjustments for dissimilarities. This approach is typically the best emulation of the market and often is considered most applicable if there is sufficient data regarding recent comparable sales of similar properties. Other than for the underlying land portion of the property (which is valued by Sales Comparison), no sales data was available for comparable properties. A sales approach was not applicable for this appraisal.

Preface to Value (Continued):

The Income (or Investment) Approach is a method of valuation based on converting the estimated income that could be generated by the property into value by way of capitalisation and/or yield rates. This approach is most applicable in the valuation of income producing (typically leased) properties, and is considered most applicable if the primary motivation for investment from typical purchasers would be the potential income stream. In this case historical financial statements were provided which indicate a negative cash flow as a result of operations. The project is government owned and is subsidised since it is considered significant to the history of the country. A income approach was not applicable for this appraisal.

Land Valuation By Sales Comparison

In the valuation of the subject site, sales of similar parcels are typically considered and compared for assistance in arriving at a value estimate. I have searched the Land Registry for sales of similar land sales in the area. The comparable sales used are shown on the following chart, and are compared on a price per square foot and per linear foot of sea frontage.

Summary of Land Sales				
	<u>Subject</u>	<u>Sale 1</u>	<u>Sale 2</u>	<u>Sale 3</u>
Location	Pedro Castle Road	Gloria Day Dr	Shamrock Dr.	Buddy's Way
Block/Parcel #	32E/50	28D/299	28E/7, 27	28E/98
Date of Sale	N/A	01.11.2007	06.30.2005	06.13.2005
Sale Price	KYD	\$378,000	\$2,394,000	\$520,800
Land Size Acres	7.6	1.24	5.80	0.91
Land Size, Sq. Ft.	331,056	54,014	252,648	39,640
Sea Frontage (LF)	700	100	270	170
Zoning	INS	LDR/POS	LDR	LDR
Shape	Irregular	Irregular	Irregular	Irregular
Avg Elevation	25'	23'	25'	13'
\$/Square Foot	KYD	\$7.00	\$9.48	\$13.14
\$/L.F. Frontage	KYD	\$3,780	\$8,867	\$3,064
Financial Adjustments				
Conditions of Sale		0.0%	0.0%	0.0%
Market Conditions (Date of Sale)		5.00%	12.00%	12.00%
Adj \$/Sq. Ft.		\$7.35	\$10.61	\$14.71
Adj \$/LF	N/A	\$3,969	\$9,931	\$3,431
Location and Physical Adjustments				
- Location		0.0%	0.0%	0.0%
- Elevation/Fill		0.0%	0.0%	20.0%
- Zoning		20.0%	0.0%	0.0%
Adj \$/Sq. Ft.		\$8.82	\$10.61	\$17.66
Adj \$/LF		\$4,763	\$9,931	\$4,117
Price Per Sq. Ft. Adjustments				
- Size		-15.0%	-5.0%	-20.0%
- Shape (Frontage)		25.0%	35.0%	-15.0%
Adj. Price/Sq. Ft. KYD		\$9.37	\$13.61	\$12.01
Price Per L.F. Adjustments				
- Size		15.0%	5.0%	20.0%
- Shape (Depth)		-25.0%	-35.0%	15.0%
Adjusted Price/FF KYD	N/A	\$4,108	\$6,778	\$5,682

Due to dissimilarities, the unit prices of the comparables are adjusted to equate them with the characteristics of the subject site. No adjustments were necessary for conditions of sale or financing concessions. There has been appreciation in the area, and the sales should be brought forward with adjustments for time.

Land Valuation (Continued):

The sales are adjusted for location and physical characteristics such as elevation and access. On a "per square foot" basis the sales are adjusted for size and shape (frontage versus depth). Size adjustments are based on the principle of "economies of scale", meaning smaller sites typically sell for higher prices on a per-square-foot basis. Sale 1 is partly zoned Public Open Space (the 50% toward the coast) and was adjusted for Zoning. Sale 3 has an inferior elevation and was adjusted upward. All three sales are smaller to different degrees and size adjustments were made. The shape adjustments are made in reciprocal to equalise the price per square foot to the price per linear foot compared with the shape of the subject (SF/LF). The previous chart illustrates the adjustments and the adjusted unit prices for the comparables.

Price Per Square Foot Analysis

The adjustment process produced a range of data. The most comparable and best value indication for the subject is felt to come from all three sales. In this case it was felt most appropriate to choose a value conclusion toward the middle of the range. Based on these considerations, the subject site as though vacant has an estimated value on a price per square foot basis as follows:

$$331,056 \text{ SF} \times \text{KYD } \$12.00 / \text{SF} = \text{KYD } \$3,972,672$$

Price Per Linear (Ocean) Front Foot Analysis

Again, the most comparable value indication is felt to come from all three sales. Based on available information, the subject site has a value on a per linear front foot basis as follows:

$$700 \text{ feet} \times \text{KYD } \$5,500 / \text{LF} = \text{KYD } \$3,850,000$$

Land Value Conclusion

All the above data and analyses were given consideration. Based on these conclusions, the estimated value of the subject site by the Sales Comparison Approach is KYD\$3,900,000.

Cost Approach

The Cost Approach is a method of valuation whereby the land value is added to the estimated depreciated replacement (and reproduction) cost of the building and site improvements. In estimating the replacement/reproduction cost I have consulted Marshall and Swift (an international construction cost index with adjustment multipliers for the Cayman Islands) as well as our database of local costs and actual completed projects. The replacement costs are estimated on a cost per square foot basis using the most reliable sources.

Physical (curable) depreciation, otherwise known as "wear and tear" is based on the estimated effective age which considers the condition (10 years) divided by the estimated total economic life (70 years); resulting in this case a deduction of 14.29%.

A 25% functional obsolescence deduction is taken due to the fact that the locations of the existing buildings would potentially impede the development of new residential or commercial buildings in terms of placement; along with the fact that the ongoing operation of the site does not appear to be financially profitable without further development.

The contributory value of the site improvements are also added to the depreciated building improvements and the land value. Entrepreneurial Reward, also known as "developer's profit" is the incentive for development and is also part of the cost. In this case, however the anticipated business profit is not evident in this operation which is not profit based; therefore no entrepreneurial reward is estimated. The total estimated value by the Cost Approach, as shown following.

Cost Approach (Continued):

Cost Approach Computations				
Cost Approach Computations	CIS		CIS	CIS
Land Value				\$3,900,000
Great House	\$385 /SF x	4,728 SF=	\$1,820,280	
Welcome Centre	\$200 /SF x	8,609 SF=	\$1,721,800	
Covered Areas	\$25 /SF x	4,240 SF=	\$106,000	
Storage Areas	\$65 /SF x	1,560 SF=	\$101,400	
Total Estimated Replacement Costs			\$3,749,480	
Depreciation Estimate	Effect Age:	10 Econ. Life:	70	
Physical Depreciation		14%	-\$535,640	
Functional Obsolescence			-\$937,370	
External Obsolescence			\$0	
Total Depreciation:			-\$1,473,010	
Depreciated Costs			\$2,276,470	
Site Improvements, External Works			\$350,000	
Total Costs				\$2,626,470
Entrepreneurial Reward		0%		\$0
Indicated Value				\$6,526,470
Rounded To:				\$6,530,000
Adjustments				\$0
Value "As Is"				\$6,530,000

Note: The above estimates do not include any potential contributory value (if any) associated with technical multi-media equipment in the theatre, or other non-real estate related equipment normally found in similar property types.

The preceding analysis results in a value conclusion by the Cost Approach for the subject property "As Is" of KYD \$6,530,000. This estimated value is contingent on the existence of a market for the ongoing use as a historic tourist attraction with limited to no potential for periodic cash flow from operations.

Reconciliation

The following values have been estimated for the subject property:

Cost Approach

KYD \$6,530,000

The Cost Approach is the only applicable method in this case. Based on the data, analyses and conclusions described on the following pages, the estimated Market Value of the Absolute Title for the property described herein, "As Is", as of September 24, 2008, was:

KYD \$6,530,000

**SIX MILLION FIVE HUNDRED THIRTY THOUSAND CAYMAN ISLANDS
DOLLARS**

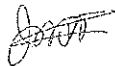
The above value estimate is based on the following *Special Assumption*:

Although the Market Value basis was requested by the client, the purpose of the valuation is to assess the proper amount to be reported for a transfer between government entities. For this reason, the Market Value is estimated, but with the assumption that a market does exist consisting of purchasers interested in the ongoing operation of the property as a historic tourist attraction with a certain heritage value to the country. Should this operational use be discontinued, or this market not exist, the Market Value could be significantly lower than that estimated in this report.

Certification

I certify that, to the best of my knowledge and belief:

- ♦ The statements of fact contained in this report are true and correct.
- ♦ The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- ♦ I 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.
- ♦ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ♦ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ♦ My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favours 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.
- ♦ The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute (which include the Uniform Standards of Professional Appraisal Practice); and in conformity with the Practice Statements of the RICS Appraisal and Valuation Standards Manual.
- ♦ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorised representatives.
- ♦ As of the date of this report I have completed the continuing education program of the Appraisal Institute.
- ♦ I have made a personal inspection of the property that is the subject of this report.
- ♦ No one provided significant real property appraisal assistance to the person(s) signing this certification.



James V. Andrews
2008.09.26 16:58:10
-05'00'

James V. Andrews MAI, MRICS

Limiting Conditions

CONDITION NO. 1

Unless otherwise stated, the value appearing in this valuation/appraisal represents my opinion of the Market Value or the Value Defined AS OF THE DATE SPECIFIED. Market Value of Real Estate is affected by economic conditions and consequently will vary with future changes in such conditions. If the value reported herein is as of a future date, no liability can be assumed for changes that may occur in any conditions or factors that would impact the value conclusions reported.

CONDITION NO. 2

The value estimated in this valuation/appraisal report is gross, without consideration given to any encumbrance, restriction, or question of title, unless specifically defined.

CONDITION NO. 3

This valuation/appraisal report covers only the property described, and the values and rates used do not apply to any other property, however similar it may be.

CONDITION NO. 4

It is assumed that the title to the premises is good, that the description of the property is correct, that the improvements are entirely and correctly located on the property described and that there are no encroachments on this property, but no investigation or survey has been made.

CONDITION NO. 5

This valuation/appraisal expresses my opinion, and employment to make this appraisal was in no way contingent upon the reporting of a predetermined value or conclusion. The assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan. This report is provided for the stated purpose and the sole use of the named client. It is confidential to the Client and his professional advisers and the valuer/appraiser accepts no responsibility whatsoever to any other person. Photographs, sketches, etc. presented in this report are included for the sole purpose of illustration.

CONDITION NO. 6

No responsibility is assumed for matters legal in nature, nor is any opinion of title rendered. It is assumed that there are no charges against the subject property which would have a bearing on the market value, except for those, if any, noted in the Report and/or on the Land Register (where applicable). For the purposes of this valuation, it is assumed that the subject property meets all the requirements of Planning Regulations, Building and Electrical Codes, where applicable, Fire Officer's and Health Inspector's requirements and other Legal Government Laws and Regulations, unless noted to the contrary in this report.

CONDITION NO. 7

No legal survey or soil test reports concerning the subject property have been presented to us. Accordingly, no responsibility is assumed concerning these matters, or no other technical or engineering techniques which would be required to discover any latent or inherent hidden defective condition of the subject property. For the purpose of this valuation, therefore, we have assumed that the subject land and property are free from any defects as stated. Parcel sizes have been obtained from the Land Register unless otherwise stated.

The property rights valued exclude any mineral rights or values, if any, arising therefrom. We have not arranged for any investigation to be carried out to determine whether or not high aluminium cement or calcium chloride additive or any other potentially deleterious material has been used in the construction of this property or has been incorporated and we are, therefore, unable to report that the property is free from risk in this respect. For the purposes of this valuation/appraisal, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

We have not arranged for any investigation, inspection or test of any of the services in connection with the subject land and property - Gas, Electrical, Water (Cistern, Mains, Well, Hot, Cold, Waste), Drainage (Septic Tank, Sewage disposal or treatment and Mains). We are therefore, unable to report that the Services have been correctly designed and/or installed or that they are in accordance with the Bylaws and Regulations appertaining to the property. For the purpose of his valuation/appraisal, we have assumed that such investigation or test would not disclose any adverse defects.

CONDITION NO. 8

No part of this report (especially conclusions of value, the identity of the valuer/appraiser or the firm with which he is connected, or reference to the Appraisal Institute or any of its designations) shall be disseminated to the public through advertising media or any other public relations media, news media, sales media or any other public means of communication without our prior written consent and approval.

CONDITION NO. 9

This report represents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop my opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in our files. The depth of discussion contained in this report is specific to the needs of the client and is for the intended use stated in the report. It is our determination that this report is not so summarised as to result in a misleading or confusing valuation/appraisal.

CONDITION NO. 10

The legal description and title of the subject property have been obtained from either the Government Land Registry or the client; and where possible a copy of the Register and Section of the appropriate Land Registry Map is attached to this Report. These documents are assumed to be true and correct and our valuation/appraisal report relies upon their legal accuracy.

Definitions

"APPRAISAL" "(noun) the act or process of developing an opinion of value; an opinion of value. (adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services" Source: Uniform Standards of Professional Appraisal Practice - 2008

"VALUATION" "A member's opinion of the value of a specified interest or interests in a property, at the date of valuation, given in writing. Unless limitations are agreed in the terms of engagement this will be provided after an inspection, and any further investigations and enquiries that are appropriate, having regard to the nature of the property and the purpose of the valuation." Source RICS Appraisal and Valuation Standards Manual

"MARKET VALUE" is defined as:- "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion." Source:

"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)

"FEE SIMPLE ESTATE" "Absolute ownership subject only to limitations imposed by the State, also called a Freehold."(Source: International Valuation Standards, Eighth Edition 2007)

"LEASEHOLD ESTATE" "The interest which a tenant or lessee acquires under a lease including rights of use and occupancy for a stated term under certain conditions".(Source: International Valuation Standards, Eighth Edition 2007)

"LEASED FEE ESTATE" "The ownership interest that the landlord or lessee maintains in a property under a lease with the rights and use of occupancy being conveyed or granted to a tenant or lessee" (Source: International Valuation Standards, Eighth Edition 2007)

FOR INSURANCE VALUATIONS:

"INDEMNITY VALUE" "It is the cost necessary to replace, repair, or rebuild the property insured to a condition substantially the same as, but not better or more extensive than, its condition at the time that the damage occurred taking into consideration age, condition, and remaining useful life." Source: The Dictionary of Real Estate Appraisal, 4th ed (published by The Appraisal Institute)

"REINSTATEMENT VALUE" "This is the cost necessary to replace, repair, or rebuild the property insured to a condition substantially the same as, but not better or more extensive than, its condition when new." Source: The Dictionary of Real Estate Appraisal, 4th ed (published by The Appraisal Institute)

Professional Qualifications



James V.

Andrews MAI, MRICS

Box 11905 Grand Cayman, KY1-1011 Cayman Islands

Designations and Memberships

MAI Member, Appraisal Institute (1992)
MRICS - Royal Institution of Chartered Surveyors (2005)

Licenses Held

Real Estate Salesman, State of Tennessee (1987-1990)
Certified General Appraiser – State of NC (1991-Present)

Formal Education

Bachelor of Business Administration - Dec. 1985
Belmont University, Nashville, TN, USA

Post Graduate Coursework

Full curriculum of Appraisal Institute courses necessary for designation including 320 classroom hours of education. Various courses relating to residential and commercial property valuation and standards of practice.

Continuing Education

Appraisal Institute requirement of 100 (relevant) classroom hours every five years including USPAP standards updates, RICS requirement 60 hours (or equivalent) every three years.

Relevant Professional Experience

Began appraisal career in 1987 in Tennessee, USA (Bass & Associates Inc.) specializing in commercial property. Relocation to North Carolina, USA (Shippett Wilkins & Associates, Inc.); with specialisation in valuation and feasibility studies of shopping centres and office buildings in the southern states. Moved to Grand Cayman in 1997; with professional experience mostly involving general practice property valuation and consulting locally (with Cardiff & Co. Ltd. and Andrews Key Ltd. as a partner); as well as valuation of resort and destination club properties throughout the Caribbean. Co-founded Andrews Key Ltd. in March, 2007

Types of Clients

Types of clients include local, regional, and international lending institutions, banks, life insurance companies, brokers, mortgage brokers and syndicators, resort destination clubs, Private Residence Clubs, general real estate owners and developers.



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PRIVATE AND CONFIDENTIAL

Mr. M. Le Seeleur
For the Director of Lands and Survey
PO Box 1089
Grand Cayman KY1-1102
Cayman Islands

Your ref: 32E 50/IF
Our ref: AGH / 32E 50

23 September 2008

PROPERTY APPRAISAL : Pedro's Castle.
PHYSICAL ADDRESS : Pedro's St. James, Savannah,
Grand Cayman, Cayman Islands
BLOCK AND PARCEL : 32E 50
CUSTOMER : Lands and Survey Department,
Cayman Islands Government

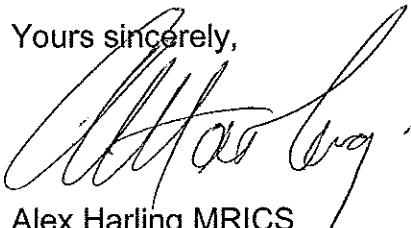
Dear Mr. Le Seeleur,

Further to your instructions dated 30th July 2008, we confirm that we have inspected the above property and all of the comparables listed in this report.

There are a number of special assumptions set out in the report and which we would draw your attention to.

Thank you for your instructions and should you require any further assistance, please do not hesitate to contact us.

Yours sincerely,



Alex Harling MRICS
Bould Consulting Limited

**VALUATION
INSTRUCTIONS**

CLIENT	Lands and Survey Department
PURPOSE OF VALUATION	Market Appraisal
BASIS OF VALUATION	Market Value
DATE OF VALUATION	11 th September 2008
DATE OF INSPECTION	11 th September 2008
PROPERTY INSPECTION BY	Alex Harling MRICS
REPORT BY	Alex Harling MRICS and Martyn Bould FRICS

REGISTRATION DETAILS

BLOCK & PARCEL	32E 50
TITLE OF LAND	Absolute (in Crown ownership)
APPURTENANCES	None
INCUMBRANCES	Public right of way to the fishing ground as indicated on the Registry Map.
REGISTERED LAND AREA	7.60 acres (331,056 square feet)
ZONING OF LAND	Institutional

PROPERTY LOCATION

The subject property is located on the southern end of Pedro Castle Road, which runs to the south off Shamrock Road, opposite the junction with Hirst Road. The property is therefore in Pedro's area of Savannah.

Countryside Shopping Centre is found approximately half a mile to the north of the subject property, at the junction of Shamrock Road and Hirst Road.

The property is approximately six and a half miles from central George Town.

SITE DESCRIPTION - 32E 50

The parcel comprises ironshore, which can be seen to extend inland approximately 240 feet from the coastline and has been filled to the north of this.

The site is estimated from Lands and Survey website to be between 12.1 and 31 feet above mean sea level.

All mains services connections, including Caribbean Utilities Company Limited, City Water and Cable and Wireless connections are understood to be available to the site.

DESCRIPTION OF PROPERTY

TYPE

Ocean-fronting Ironshore site with historic Pedro St. James house and associated tourist visitor centre / theatre, shop, offices and Durty Reid's restaurant and bar. We understand that the site has previously been used as a former courthouse, jail, Government Assembly and restaurant.

Traditional Caymanian houses on the site have been retained, some of which appear to be in the process of being restored.

There is also a separate kitchen adjacent to the main Pedro's house and a stand-alone gazebo.

There is an asphalt surfaced parking area with concrete parking stops and lighting.

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FLOOR AREAS

Refuse collection area	342 sq ft
Staff kitchen and toilets	1,403 sq ft
Offices	431 sq ft
Office porch	147 sq ft
Gift shop	959 sq ft
Public toilet block	427 sq ft
Public toilet block porch	221 sq ft
Durty Reid's building	1,408 sq ft
Theatre	3,308 sq ft
Courtyard roofed area	1,877 sq ft
Courtyard awnings	1,913 sq ft
Store adjacent to car park	410 sq ft
Watler house	843 sq ft
Pedro's Castle ground floor	1,650 sq ft
Pedro's Castle second floor	1,806 sq ft
Pedro's Castle top floor	1,806 sq ft
Pedro's Castle, staircases	157 sq ft
Kitchen to Pedro's Castle	156 sq ft
Caymanian-style house	665 sq ft
Deck & ramp to above	376 sq ft
Toilets to Caymanian house	134 sq ft
Traditional cistern	87 sq ft
Storage building	519 sq ft
Gazebo	331 sq ft

The property has been measured in accordance with the RICS Code of Measuring Practice, where practicable.

Pedro's Castle has been measured to the extremities of each corner, although for the purposes of estimating re-building costs we have had regard to the fact that large areas of the building are open sided.

ACCOMMODATION

Refuse collection area	An open, walled dustbin enclosure.
Staff kitchen and toilets	We could not access one room to the south.

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Two separate office rooms.

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Office porch	Open-sided, roofed-over porch.
Gift shop	Open-plan retail shop.
Public toilet block	Separate male and female toilets
Public toilet block porch	Open-sided, roofed-over porch
Dirty Reid's building	Restaurant and kitchen
Theatre	Entrance lobby and open theatre with stage. We only had limited inspection of these premises.
Courtyard roof	Open-sided covered walkway around the central courtyard formed by the theatre, shop, offices, Dirty Reid's and staff building and toilets.
Courtyard awnings	Lattice-work awnings between separate elements of the visitor centre complex formed by the theatre, shop, offices, Dirty Reid's and staff building and toilets.
Store adjacent to car park	Timber-framed store building with two covered porches. We could not inspect the interior of this building.
Watler house	Timber-framed, traditional Caymanian house. We could not inspect the interior of this building.
Pedro's Castle ground floor	Scullery, pantry, bedroom, two open-sided areas and stone staircases to the upper floors.
Pedro's Castle second floor	Central stone wall-enclosed room. Two timber shutter enclosed rooms and two open-sided areas.
Pedro's Castle top floor	Central stone wall-enclosed room. Two timber shutter enclosed rooms and two open-sided areas.

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Kitchen to Pedro's Castle	Timber latticework enclosure and rendered stone oven.
Traditional Caymanian house	No access was possible into this building.
Deck & ramp to above	Timber decks to the front and rear of the above building and ramp leading up to the rear deck.
Toilets to Caymanian house	Separate timber-framed structure to the rear of the Caymanian-style house.
Traditional cistern	Timber-framed covered cistern.
Storage building	Timber-framed building
Gazebo	Timber structure gazebo with tiled floor.

CONSTRUCTION

Visitor Centre, offices, theatre complex, etc

Concrete walls with Marmoran finish and Coralstone feature detailing. Standing seam metal pitched roof, Thermatru type metal lined doors and aluminium rain water goods. Double glazed aluminium windows and metal folding hurricane shutters.

Internally floors are predominantly finished with ceramic floor tiles, although the theatre has a concrete floor finish. Internal doors are a combination of metal clad hollow core and timber louver closet doors. Ceilings are predominantly sheetrock with fluorescent strip lighting. Kitchen units are Formica coating particle board types. The unit occupied by Durty Reid's has a vaulted timber boarded ceiling.

The units are predominantly centrally air conditioned, although the office has a wall mounted air conditioning system. There is also low pressure gas cylinder supply. Sanitary

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ware is standard ceramic. The septic tank is a pre-formed type with concrete wall surrounding it, which has been finished with Marmoran and concrete coping stones.

Pedro's Castle

Stone ground floor walls with stone columns to parts of the ground floor and the central structure of the upper floors, the remainder being timber framed. The upper floors are enclosed by timber shutters, or are open sided, with a timber rail.

Timber roof structure with asphalt single covering. Timber floor structure and staircases to the upper floors. Top floor floors have a slate tile finish whilst those to the second floor are timber boarded. Front staircases from ground to second floor are timber, whilst those to the rear of the house are part stone, part brick and rendered.

Timber doors and shutters, upper floor screened panels.

Separate kitchen for Pedro's Castle

This has rendered stone oven and chimney structure with woven timber 'kitchen' area.

Store adjacent to car park

Timber-framed with shiplap cladding, an asphalt shingle roof covering, plywood double entry doors and eaves timberwork and limited aluminium rain water goods.

Traditional Caymanian houses & buildings

These are constructed with timber-framing, over timber post and retro-fitted concrete block footings. Timber porch and railing, wattle and daub walls and a zinc roof covering with plywood. Wall mounted air conditioning has been retro-fitted.

Windows on the Watler House have been boarded up and we could not inspect these. Those to the Caymanian-style house to the north west of the site have shutters and timber doors.

The toilet structure adjacent to this is also timber framed and clad with a zinc roof, ceramic floor tiles and modern ceramic sanitary ware.

There is an old cistern to the west of the site, of similar construction to the buildings described in this section.

The storage building to the south west of the site is also timber framed, but has a painted reconstituted (MDF-type) wall cladding. This has concrete footings, zinc roof and one aluminium sliding single-glazed window, the remainder being traditionally shuttered.

Gazebo

Timber framed, with asphalt shingle roof covered and ceramic tiled floor covering.

SITE WORKS

Asphalt surfaced parking area with concrete parking stops and lighting.

Paved walkways and central 'courtyard' to the visitor centre.

SERVICES

Electrical supply from Caribbean Utilities Company

Water supply assumed to be from mains

Sewerage by septic tank.

COMMENTS ON VALUATION APPROACH

Date of valuation

You have informed us that the valuation is required as at the date of inspection which was on 11th September 2008.

Valuation methodology

The valuation is of a parcel of land, with institutional land use planning zoning, which comprises an historic site, marketed as central to the history of the Cayman Islands and which is presently run as a government subsidized tourist attraction, one building being commercially let out.

1) Notional rent with reference to trading levels

This valuation is not a business valuation of goodwill. All trading income, profits, stock-in-trade, goodwill and other aspects of the value of a business are specifically excluded.

However, as the majority of the subject property is run as a business and the use of the land, site and the historic Pedro's Castle and other buildings on site are crucial to this business.

The notional rent method of valuation has regard to the income the business produces and derives a notional rent from business profit or turnover, usually as a percentage. This notional rent is then capitalized to represent the opportunity cost saved in not having to rent, or buy alternative premises. This capitalization is much the same as a standard investment valuation.

Whilst we were intending capitalizing such a notional rent, it appears to us that in this instance the business is heavily government subsidized and effectively makes a trading loss. There is therefore no net profit element, which makes it impossible to capitalize a notional rent. This method of valuation therefore has no merit in this instance.

2) Comparable method

This method has regard to sales of other nearby properties, both land and land with buildings on site and compares these to the subject property. We consider that in this instance this method has merit.

However, the subject property is unique, in view of the buildings on site and the low density of this development. The only effective comparisons that can be drawn therefore, are comparisons of land value. We consider that the comparable method cannot be used to compare the subject land and buildings to sales of other land with buildings on site.

We have therefore used the comparable method as a starting point from which to consider the Depreciated Replacement Cost Method.

3) Investment method

Whilst this is usually applicable to commercially operated premises, there are problems in using the investment method in this instance.

The first issue is that the site is very sparsely covered and built over. This means that there are elements of value in the site which are not realized in the rents able to be achieved, or being received. This could be addressed by adding in a value for 'surplus land', over and above the land needed to achieve the rents being received.

There is also the issue that only one small building in the entire complex is being rented out – Durty Reid's. It is both difficult to extrapolate the rent being received for Durty Reid's one small building to all of the other buildings on site and impossible to arrive at a suitable and reliable rental value for such other buildings as the Watler House and Theatre by any meaningful comparison. This makes the investment method an approximate estimate at best.

It is also unlikely that the average reasonable property investor seeking to realize a rental return from a commercial property would consider the subject property with reference to the investment method. Whilst such a hypothetical purchaser may assess the overall level of income in the business accounts, the level of rent likely to be able to be achieved would, in our opinion, be of less importance to such as buyer.

4) Depreciated Replacement (DRC) Cost Method

We comment generally on the DRC method at the foot of this report. Our professional view is that this method is usually flawed by attempting to assess Market Value, or the value which would be agreed upon by two parties negotiating freely in the open market, with reference to cost to build.

However, the DRC method may be applicable in some instances and whilst it is globally considered in The Royal Institution of Chartered Surveyors Red Book to be a RLB|Rider Levett Bucknall

method of 'last resort' where no other methods of valuation are applicable, this method does have some validity when valuing properties where a prospective purchaser has the option of purchasing a similar undeveloped site in the locality and building their own building, or buildings.

It takes no account of the fact that if a property is offered on the market, the price paid is usually determined by the amount a willing purchaser and vendor are prepared to agree. This method therefore disregards the effect of market forces on any element of the property, other than the site, or land value. In this instance, however, the land value constitutes a larger part of the overall value, as assessed under the DRC method, than do the buildings.

As described in the RICS Guidance Note: The Depreciated Replacement Cost Method of Valuation for financial reporting, the DRC method may have more merit where there is a limited, or no active market for a particular asset, that is where there is no useful or relevant evidence of recent sales transactions due to the specialized nature of the asset. That would appear to hold true in this instance. The Guidance Note refers to specialized properties as: -

"Real property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialized nature and design, its configuration, size, location, or otherwise."

This would appear to apply fittingly to the subject property, as a result of which we consider that the DRC method should be afforded more weight in this instance.

5) Development / re-development potential

This method of valuation assesses the residual value of a site or property by working back from the most likely, highest and best use re-development alternative. This needs to be assessed in relation to the local planning framework and the market conditions.

In the Cayman Islands this method is used fairly infrequently. There are still relatively large amounts of undeveloped land and high numbers of transfers of undeveloped land. This makes it possible to assess the value of a property with reference to sales of other undeveloped parcels, rather than have to work backwards in a more hypothetical fashion from a gross development, or re-sale value. We therefore consider that this method is too hypothetical to be used in this instance. It would also duplicate the comparable valuation method for globally assessing land value.

METHODS OF VALUATION

PROFITS METHOD

This method derives a notional rent from the net income, business profit, or turnover a business produces, usually as a percentage. The notional rent is then capitalized to produce a capital figure. This capitalization is much the same as a standard investment valuation.

We have been supplied with three years trading figures for Pedro's Castle. We have been asked to keep these confidential. We understand that this report is confidential to Lands and Survey (and those they pass the report to) and therefore summarise the trading figures below.

SUMMARY OF TRADING FIGURES

<u>Turnover to year end</u>	<u>Jun-05</u>	<u>Jun-06</u>	<u>Jun-07</u>
Gross turnover from admissions	\$23,371.59	\$4,413.79	\$96,522.35
Other gross income	\$133,221.49	\$125,389.77	\$334,026.50
Total income	\$156,593.08	\$129,803.56	\$430,548.85
Cost of goods sold	\$62,628.83	\$56,584.46	\$137,134.25
Gross profit	\$93,964.25	\$73,219.10	\$293,414.60
Operating costs	(\$1,452,093.02)	(\$1,076,063.93)	(\$964,164.55)
Net ordinary profit	(\$1,358,128.77)	(\$1,002,844.83)	(\$670,749.95)

The above figures exclude any government subsidies. Whilst we were intending capitalizing a notional rent, it appears to us that without the substantial government subsidies the business effectively makes a trading loss. There is therefore no net profit element, which makes it impossible to capitalize a notional rent. This method of valuation therefore has no merit in this instance.

Even in the trading accounts for the year to June 2007, which show substantial improvement on the previous two years figures, the gross profit is only CI\$293,415, in comparison to operating costs of CI\$964,165. The loss is

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therefore almost 2.3 times the gross profit. It is difficult therefore to see how this is useful in attempting to arrive at a notional rent. Using a notional rent assumes that a reasonable investor would assess rent as a business cost and ensure that the rent being paid, in conjunction with all other costs, allowed for there to be a net profit.

It is for this reason that we have concluded that the profits or trading method of valuation is unsuitable in this instance.

COMPARABLE METHOD OF VALUATION

In arriving at our opinion of value using the Comparable Method we have had regard to recent sales of similar properties in the locality making appropriate adjustments we feel necessary in order to reflect the differences in location, design, condition, valuation dates, etc.

NEARBY LAND SALES

Date	Block & parcel	CI\$ Transfer	Parcel (sq ft)	Lin ft coast	Price CI\$/sq ft	Price CI\$/linear ft	Notes
Jul-08	25C 307	\$285,180	21,780	45	\$13.09	\$6,337	Bare, overgrown narrow strip of ironshore land, near Spotts Landing.
Jan-07	28D 299	\$378,000	54,014	114	\$7.00	\$3,316	Undeveloped land in a reasonably good residential area.
Feb-06	32D 36	\$243,000	28,819	98	\$8.43	\$2,480	Bare, undeveloped ironshore land.
Mar-06	25C 6	\$378,000	31,363	96	\$12.05	\$3,938	Ocean front parcel, west of subject.
Jan-06	20D 158	\$369,600	33,977	134	\$10.88	\$2,758	Derelict house on ironshore land, located off West Lane.
Dec-05	28D 120	\$22,293,000	191,228	798	\$116.58	\$27,936	Large, undeveloped ironshore parcel.
Nov-05	28E 97	\$520,800	23,087	110	\$22.56	\$4,735	Undeveloped land in a reasonably good residential area.
Nov-05	32E 38	\$180,600	50,094	128	\$3.61	\$1,411	Undeveloped ironshore land. Very inaccessible. No road access.
Nov-05	32E 27	\$357,000	87,120	202	\$4.10	\$1,767	Undeveloped ironshore land. Very inaccessible. No road access.
Apr-05	28E 98	\$520,800	39,640	170	\$13.14	\$3,064	Undeveloped land in a reasonably good residential area.
Mar-04	28E 99	\$344,400	31,363	160	\$10.98	\$2,153	Undeveloped land in a reasonably good residential area.
Average					\$20.22	\$5,445	

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15

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Undeveloped land

	<u>CI\$ / square foot</u>	<u>CI\$ / linear foot</u>
Highest rate (anomaly)	CI\$ 116.58	CI\$ 27,936
Highest rate	CI\$ 22.56	CI\$ 6,337
Lowest rate	CI\$ 3.61	CI\$ 1,411
Average rate	CI\$ 20.22	CI\$ 5,445
Average rate (excl. anomaly)	CI\$ 10.58	CI\$ 3,196

NEARBY DEVELOPED PROPERTY SALES

Date	Block & parcel	CI\$ Transfer	Parcel (sq ft)	Lin ft coast	Price CI\$/sq ft	Price CI\$/linear ft	Notes
Mar-08	32D 33	\$1,605,240	28,641	106	\$56.05	\$15,144	"On the rocks", a good quality two-storey house on site with ironshore coast.
Sep-05	32D 124	\$834,000	91,040	399	\$9.16	\$2,090	Relatively large two storey house on site. House in moderate condition.
Jan-04	32D 5	\$1,995,000	125,845	214	\$15.85	\$9,322	Large luxury house on ironshore coast site.
Oct-03	25C 160	\$567,000	27,878	118	\$20.34	\$4,805	Single storey house on an elevated site, next to Spotts Public Beach.
Apr-01	28E 1	\$26,040,000	167,270	322	\$155.68	\$80,870	Small single storey house on large, elevated parcel of land.
Average					\$51.42	\$7,840	

Buildings

	<u>CI\$ / square foot</u>	<u>CI\$ / linear foot</u>
Highest rate (anomaly)	CI\$ 155.68	CI\$ 80,870
Highest rate	CI\$ 56.05	CI\$ 15,144
Lowest rate	CI\$ 9.16	CI\$ 2,090
Average rate	CI\$ 51.42	CI\$ 22,446
Average rate (excl. anomaly)	CI\$ 25.35	CI\$ 7,840

COMMENTS ON THE COMPARABLES

We have inspected all of the above comparables, other than 32E 27 and 32E 38, as we could not reach these due to their inaccessibility. We were, however, able to note that both 32E 27 and 32E 38 comprise undeveloped sites.

We have looked at sales comparables both of undeveloped land and land that has been developed, for the following reasons: -

- 1) The quality of buildings was assessed and in particular, lifespan and in the event of Ivan-damaged buildings, whether these could be economically repaired.
- 2) To assess whether the buildings on any comparable site are as low density as those on the Pedro's Castle site.
- 3) As we have inspected all of the comparables we have been able to note similarities and differences between the built up comparables and the subject site.
- 4) In summary we inspected all of the comparables with view to establishing whether any building on the comparable sites had any value, or whether the majority of value was land value.
- 5) The existing buildings on the Pedro's St. James property are not considered to make full use of the site and therefore, in our opinion, do not represent highest and best use of the site.
- 6) The land comprises 7.6 acres of ironshore, ocean-front land. Much of the land has been filled, but the first approximately 240 feet back from the ocean remains unfilled. This area therefore remains uneven ironshore and would need filling prior to being built upon.
- 7) In our opinion the sales of land 28D 120 for CI\$ 22,293,000 in 2005 and 28E 1 for CI\$ 26,040,000 in April 2001 were anomalous and we cannot explain the high sales figures achieve in each case. We have therefore excluded these and considered the remaining comparables.
- 8) It can be seen from the above that the average land rate per square foot, excluding the anomaly is CI\$ 10.58 and CI\$ 3,196 per linear foot. The subject lot is large which may result in the rates being lower. Additionally some of the comparables, such as 25C 307 are in more easily accessible locations, closer to George Town and as such sold for prices representing rates above those applicable to the subject property.
- 9) In our opinion the most suitable rate, taking into account the above mentioned factors is CI\$ 8.50 per square foot, or CI\$ 4,000 per linear foot.

The Comparable Market method has regard to the sales of other similar properties with buildings constructed on site.

COMPARABLE MARKET VALUATION

Having regard to the above comparables and our comments on the Comparable Market method, we are of the opinion that the land element only of the subject property should be valued for a figure as follows: -

LAND ELEMENT	<u>Site area</u> <u>acres</u>	<u>Site area</u> <u>sq ft</u>	<u>Rate psf</u> <u>CI\$</u>	<u>Total</u> <u>CI\$</u>
Total site	7.6	331,056	\$8.50	\$2,813,976
LAND ELEMENT	<u>Linear feet</u>		<u>Rate plf</u> <u>CI\$</u>	<u>Total</u> <u>CI\$</u>
Total site	710		\$4,000	\$2,840,000
Average of two methods say CI\$ 2,827,000 - land only				

INVESTMENT METHOD

As outlined above, we do not consider that the investment method is appropriate in this instance.

This is for a variety of reasons including the following: -

- 1) The site is very sparsely covered and built over. Parts of the property, especially the surplus land will not command a market rent that can be related to capital value.
- 2) There are therefore elements of value in the site which are not realized in the rents able to be achieved, or being received. This could lead to an under-valuation of the property.
- 3) Only one small building on site has been rented out – the unit occupied by Durty Reid's. There is therefore no rent passing which can be capitalized on the remainder of the property and it is difficult to assess market rent for this unusual property in a relatively remote location in commercial rental terms.
- 4) It is also unlikely, in our opinion, that a willing property investor seeking to purchase this property would assess the value of the subject property with reference to the investment method. Whilst such a hypothetical purchaser may assess the overall level of income in the business accounts when considering a purchase of the property, the level of rent likely to be able to be achieved would, in our opinion, be of less importance to such a buyer. We should stress that this report is not a business valuation and that any element of value related to the business is specifically excluded.

DEPRECIATED REPLACEMENT COST METHOD

This method assesses the Market Value of a property on the assumption that a willing buyer has the alternative of buying land and constructing buildings, or structures equivalent to the subject property. It therefore assesses the cost of land, construction and all associated fees and includes a developer's profit.

Land value element

The land sales comparables are shown above under the comparable method heading.

It can be seen that we arrived at a value for the land alone of CI\$ 2,827,000 by using the comparable method.

Replacement cost of building and depreciation

The question that must be addressed is whether, when looking at the property as a whole, after proper marketing for a reasonable time period, the property would sell for more as a result of the buildings, structures and other works on site than it would if these were not present and the site was sold as land alone, for example, for re-development.

This depends on whether the existing buildings have a useful function to the market as a whole, rather than only to the present owner – the Cayman Islands Government. Our opinion is that, commercially and economically, the majority of buildings on site have little or no viable commercial or economic value. This certainly applies to the Caymanian style timber framed and wattle and daub houses, some of which are used for storage.

The visitor centre and accompanying shop, building occupied by Durty Reid's, the theatre, offices and staff rooms are relatively new, we understand having been completed around 2006. However, although these are not obsolete in terms of construction and physical lifespan, it might be difficult to find an alternative use for them if the property is not run as a tourist attraction.

As the trading figures show a loss after disregarding all subsidies and grants, it appears that there is no net economic benefit, or profit from running the property as a tourist attraction based on the current layout. This may mean that the property has development potential for alternative uses. However its planning zoning may limit this. However, in terms of depreciation, for the purposes of the DRC method, the buildings may be considered to be practically economically and functionally obsolete with higher depreciation than is often used in this method.

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20

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We have therefore applied relatively high depreciation to the replacement cost figures.

Additionally, in preparing a DRC valuation one must ask whether, if an alternative site was purchased, it would be viable to re-construct similar buildings, whether modern equivalents could be built at lower prices and whether there is any economic or development benefit in constructing or replacing some of the buildings presently on site. In our opinion, this applies to some of the storage and older Caymanian structures on site, which appear to have little or no commercial, or economic benefit.

In this regard we are of the opinion that the appropriate replacement cost for the subject building is: -

<u>CONSTRUCTION COSTS</u>			
	<u>Rate psf</u>	<u>Total GEA</u>	<u>Overall CI\$</u>
Bin store internal	\$125	181	\$22,641
Bin store external	\$100	161	\$16,100
Staff kitchen & W.C.s	\$140	1,403	\$196,438
Offices	\$140	431	\$60,291
Offices porch	\$100	147	\$14,729
Gift shop	\$140	959	\$134,312
Toilet block	\$140	427	\$59,800
Toilet block porch	\$100	221	\$22,097
Durty Reid's	\$140	1,408	\$197,093
Theatre	\$160	3,308	\$529,263
Courtyard roof	\$70	1,877	\$131,422
Lattice awnings	\$25	1,913	\$47,829
Store	\$120	410	\$49,240
Walter House	\$150	650	\$97,430
Porch	\$100	193	\$19,325
Pedro's - GF stone areas	\$250	769	\$192,168
Pedro's - GF open areas	\$180	853	\$153,550
Pedro's - GF two staircases	\$150	157	\$23,522
Pedro's - timber areas SF	\$250	3,612	\$903,122
Kitchen - stone	\$100	62	\$6,167
Kitchen - weaved area	\$40	94	\$3,762
Caymanian house	\$150	510	\$76,475
Porch	\$100	155	\$15,517
Deck and ramp	\$30	376	\$11,285
Toilet block	\$150	134	\$20,052
Caymanian store	\$120	519	\$62,333

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Gazebo	\$90	331	\$29,761
Sewage treatment plant			\$20,000
Car parking hard surface			\$100,000
External lighting & plant			\$15,000
Totals		21,262	\$3,230,723

Say CI\$ 3,230,000, excluding chattels

DEPRECIATION

Taking into account the age, condition and likely economic and functional obsolescence and environmental factors in relation to the property, we are of the opinion that the buildings should be depreciated at 70%, as shown below.

DEPRECIATED REPLACEMENT COST VALUATION

LAND ELEMENT	<u>CI\$</u>	
Average of above	\$2,826,988	
VALUE OF IMPROVEMENTS		
Build cost		<u>\$3,230,723</u>
Less depreciation	@ 70.00%	(\$2,261,506)
Sub total		<u>\$969,217</u>
Plus fees and expenses		
Professional fees & expenses @	15.00%	\$484,608
Finance on 1/2 development cost for	18 months at	9.00%
		<u>\$64,712</u>
Sub total		<u>\$549,321</u>
Total including land		\$4,345,526
Plus developers profit on finished Market Value	0.00%	\$0
Market Value		<u>\$4,345,526</u>

Say CI\$ 4,346,000, excluding chattels and business

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22

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COMMENTS ON THE DEPRECIATED REPLACEMENT COST METHOD

- We consider this to be the most suitable form of valuation methodology in this instance, as the property is specialized and restricted as to use, by the age and nature of buildings on site, the planning zoning and other physical factors.
- There is therefore likely to be a limited number of potential purchasers in the open market for this property, excluding the business, who wish to purchase the property for existing use and it's existing format.
- There are no suitable comparable sales of similar property and the investment method is also unsuitable in this instance. This means there is more need to rely on the DRC method.
- We have applied a uniform rate of depreciation to all buildings on site. The rate of depreciation is a hypothetical figure and refers more to the economic use, layout and type of buildings on site than to the physical lifespan the buildings and structures may have. It is not intended to indicate lifespan so much as the extent to which the value, as determined by cost to build, will be reflected in any price offered by a willing purchaser of the whole property.
- The site is presently zoned institutional, which ay limit future use of the site. Any developer purchaser will have to assume the planning risk, in addition to the other usual risks of development.

SUMMARY OF MARKET VALUE VALUATION METHODS

The three methods set out above can be seen to produce the following results.

Comparable method	CI\$ 2,827,000
Investment method	CI\$ Not applicable
Depreciated replacement cost method	CI\$ 4,346,000

There are a relatively low number of comparable sales of larger ocean-fronting ironshore parcels of land in the nearby vicinity. This and the unusual, historic and low density nature of some of the buildings on site make the comparable method less reliable in this instance.

There is no one comparable sale which closely resembles the subject property and which can easily be compared to it. Most comparables listed in this report either have a higher site density, with a more traditional house on site, or comprise bare land with little or no useful buildings on site. Reliance on the comparable method could therefore lead either to an over or under-valuation.

The Depreciated Replacement Cost method, although it assesses cost not value, and is therefore often only relied upon as back-up where the other two methods are unreliable, has some merit in this instance.

However, it still must be asked whether the property as a whole is in demand at the Market Value figure arrived at by the DRC method from a willing buyer who would see value on the existing buildings on site, over and above site value? Our opinion is that there would be low demand for this property on such a basis and as a result we have made a heavy deduction for 'depreciation'. This depreciation applied has been predominantly for functional obsolescence and environmental factors having regard to the merits of the existing use in relation to the surrounding area and to the local and national planning and environmental policies.

There is a difference of CI\$ 1,519,000 between the figures arrived at by the Depreciated Replacement Cost method and the Comparable Method based on land value alone. We are aware that the property underwent substantial repair, rebuilding and expansion after Hurricane Ivan. As a result the cost of the buildings on site exceed the CI\$ 1,519,000 differential.

The question remains whether, if the existing owner sold the property, any new owner would seek to continue the existing use and therefore be prepared to pay the CI\$ 1,519,000 premium over land value for the existing buildings facilitating the present use. Whilst there may also be alternative uses for the buildings on site, the location of the property, which is remote either from any main road, or from George Town and Seven Mile Beach and its institutional planning designation make alternative uses less attractive.

Given, however, that the cost to replace the buildings vastly exceeds the CI\$1,519,000 differential we therefore conclude that the property should be valued at the base land value plus the depreciated replacement cost of the buildings and site works. As we have applied significant amounts of depreciation to the premium for the buildings over and above land value, the overall Market Value is tempered and brought closer towards land value.

It is therefore our opinion that the Market Value of the subject property with vacant possession, as at 11th of September 2008, is **CI\$ 4,346,000 (FOUR MILLION, THREE HUNDRED AND FORTY SIX THOUSAND CAYMAN ISLAND DOLLARS)** net of chattels and business and trading goodwill.

CAVEATS AND EXCLUSIONS

Please note that we are not advising upon and our valuation excludes the value of removable chattels, furnishings, stock-in-trade and other non permanent or non fixed elements of the permanent structure.

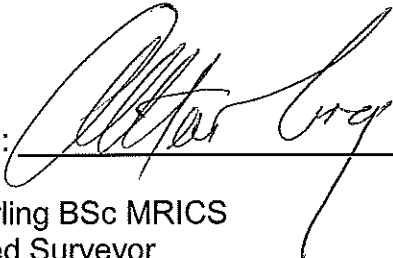
Our valuation specifically excludes any business goodwill. This is not a business valuation, despite our having been provided with three year's trading accounts. These were assessed with a view to assessing a notional rent for the property which could then be capitalized. Please see our comments above in this regard.

Our valuation is of the real property. We have not taken account of any abnormal income, subsidies, loans, grants, insurance settlements or other sums not directly related to the usual rents arising from real property for use and occupation by tenants.

We recommend that anyone relying on this report verify these matters in particular, in addition to the usual enquiries. We recommend that these matters are verified by your attorney. Should any of the information in this report later prove incorrect, our valuation report and valuation figure may need to be materially changed.

MARKET VALUE

In our opinion the Market Value of the property known as Pedro's St. James, Savannah, Grand Cayman, Cayman Islands, Block 32E, parcel 50 with vacant possession, as at 11th of September 2008, is **CI\$ 4,346,000 (FOUR MILLION, THREE HUNDRED AND FORTY SIX THOUSAND CAYMAN ISLAND DOLLARS)** net of chattels and business and trading goodwill.

SIGNED:  DATED: 23rd September 2008

Alex Harling BSc MRICS
Chartered Surveyor

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DEFINITION OF MARKET VALUE

"Market Value" is defined by the Royal Institution of Chartered Surveyors and the International Valuation Standards Committee as;

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion."

EXPLANATION OF VALUATION METHODOLOGY

INVESTMENT METHOD

This is a method of estimating the present worth of the rights to future benefits to be derived from the ownership of a specific interest in a specific property under given market conditions.

In property valuation, the future rights can be expressed as the right to receive an income from the property. This income is provided by the gross rental achieved by the leasing of the property to appropriate tenants.

Unless the property to be valued is completely vacant or owner occupied, as of the valuation date, the gross income achievable from the current tenants can be ascertained from the existing Leases. Where this is not possible, or the tenants are paying a less than market rental, it is necessary to examine comparable evidence of current lettings of other similar properties, in order to decide upon the appropriate market rental value.

DEPRECIATED REPLACEMENT COST METHOD

This method of valuation is defined by The Royal Institution of Chartered Surveyors as being: "The aggregate amount of the value of the land for the existing use or a notional replacement site in the same locality and the gross replacement cost of the buildings and other site works, from which appropriate deductions may be made to allow for the age, condition, economic or functional obsolescence, environmental and other relevant factors;"

Although it must always be recognised that the valuation must be of the actual property, it may be appropriate to assess the value of the land for the existing use by reference to the cost of purchasing a notional replacement site in the same locality, equally suitable for the existing use. Therefore, similarly to the Comparable Method of valuation it is appropriate to arrive at an opinion of value

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of the land element by comparison with recent sales of similar properties in the locality.

Replacement cost of building

These costs should take into consideration everything, which is necessary to complete the construction from a new "green field" site to provide buildings, as they are at the time of the valuation, fit for and capable of being occupied and used for the current use.

This will include the necessary cost of excavations, underground drainage, sewage works, sewers, lighting, hard foundations, all accommodation and infrastructure works and completed construction of the buildings, finished to a standard as existing and fully fitted out. Allowance should be made also for professional fees and fees for statutory bodies in respect of approvals and inspections.

DEPRECIATION

In considering deductions from the gross replacement cost, the valuer must have regard to the relative decline in value of building of similar age and type for which there is a market when compared with a new building. Deductions will normally be made under three main headings;

1. Economic obsolescence- the age and condition of the existing building and the probable cost of future maintenance as compared with that of a modern building.
2. Functional obsolescence- suitability for the present use and the George Town East of its continuance, or use for some other purpose, by the undertaking.
3. Environmental factors- existing use must be considered in relation to the surrounding area and to the local and national planning and environmental policies.

The Depreciated Replacement Cost method is considered by The Royal Institution of Chartered Surveyors to be a method of 'last resort' where no other methods of valuation are applicable, this method does have some validity when valuing properties where a prospective purchaser has the option of purchasing a similar undeveloped site in the locality and building their own building.

There is an element of developer's profit, in order to reflect the time, risk, costs and project management necessary to develop a property. Without this there is no incentive for an owner or developer to develop the land rather than simply to buy an alternative property with completed buildings.

It takes no account of the fact that if a property is offered on the market, the price paid is usually determined by the amount a willing purchaser and vendor are prepared to agree. This method therefore disregards market forces.

Given that a large element of the value arrived at by this method constitutes the build cost, which will be similar irrespective of location, the Depreciated Replacement Cost method does not usually adequately take account of the effect which location has on Market Value.

ASSUMPTIONS

1. Unless the Valuer has stated any express or special assumptions above within the main body of this report, the following assumptions apply.
2. That vacant possession is available as at the valuation date.
3. That chattels, furniture and items not forming a permanent part of the structure are excluded.
4. That the boundaries and land area are accurate, as we have not carried out a survey to establish boundaries or accuracy of land area. The opinion of value is subject to verification of boundaries and land areas.
5. That no incumbrances, appurtenances or charges are registered which could affect the sale of the property on the open market.
6. That the property and its value are not affected by any matters which would be revealed by a local search and replies to usual enquiries.
7. That all government planning and statutory laws and regulations have been complied with and approvals obtained, including planning permission for any buildings, structures, extensions and alterations, that the condition and use of the property are lawful, that any buildings are correctly located and that all Occupancy Certificates, Planning Board, Building Control Unit, Fire Authority, Environmental Health and Electrical Inspectorate certificates and approvals have, where necessary, been obtained, including for connection of utilities.

8. That all information obtained from the government Land Registry, realtors and the property owner is correct. No guarantees are offered on the correctness of such information, both documented evidence and hearsay, which should be subject to substantiation.
9. That all those covered or unexposed areas which are concealed during the construction process, or were otherwise enclosed, covered, or not accessible during our inspection and which we did not open up, are free from material defect. We therefore cannot offer any warranty as to the construction and condition of such concealed areas.
10. That no deleterious or hazardous materials or techniques have been used and that the buildings and site are free from any contamination. We have not tested for such, although have noted these where we have been alerted to their visual presence.
11. We have also not carried out an investigation of the sub-strata or service installation to the property and this opinion is subject to the ability of the land to accept the required development and the adequacy of the service installations without incurring additional expense.
12. The opinion of market value excludes the following :-
 - a) Selling expenses.
 - b) Legal fees and expenses.
 - c) Stamp duty or other fees by Government.
 - d) Furniture, contents and possessions.
 - e) Sales' commissions.
13. The employment of Bould Consulting Limited in and compensation for preparing this report are in no way contingent upon the opinion of value stated and neither Bould Consulting Limited, or the Valuer have any interest in the subject property, either present or prospective, direct or indirect, financial or otherwise, nor are they associated with the party or agent with whom the client is dealing.
14. The appraiser's fees are not contingent upon an action or event resulting from the analyses, opinions or conclusions in, or the use of, the appraisal.
15. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan or investment, nor was the compensation contingent upon the amount of the value reported.

16. This valuation is valid for 12 months from the date hereof, subject to there being no material changes in circumstances, the property market, or the economy generally. After 12 months, or should any material circumstances alter we recommend that a revaluation be carried out.
17. This report shall be rendered invalid if without an original signature.
18. The report is provided for the sole use of the client. It is confidential to the client and their professional advisers. Bould Consulting Limited gives no warranty, representation or assurance to any third party that the statements, conclusions and opinions expressed or implied in this report are accurate or valid. Any third party who relies upon this report does so at their own risk.
19. Neither the whole nor any part of this report or any reference to it may be included in any published document, circular or statement, nor published in any way without Bould Consulting Limited' prior written approval, including of the form and context in which it may appear.

LIMITING CONDITIONS

1. This is not a structural or building survey and the extent of our inspection was in accordance with RICS guidelines for inspections for valuation purposes, which is of a limited nature. We cannot offer any warranties, expressed or implied, as to the structural and other condition of the building, standard of workmanship, quality of materials or possibility of latent defects. We did not test services. Should you require such advice we recommend that a further report be obtained.
2. This report is not intended to advise on the effect any defective materials, workmanship, construction or other parts of the property, including those concealed, nor upon the effect such areas may have upon the structural and decorative condition of the property.
3. The Market Value appraisal should not be used as a reinstatement figure for insurance purposes. We have not been advised of the claims history (if any) relating to the property. Should any special risks exist, or there have been any material, serious or recurrent claims then we should be advised of these, as in the light of such further information our valuation may require amendment.

4. This report is not intended to form a Measured Survey, as defined by the RICS and floor areas, where stated, are approximate and for information only.

PHOTOGRAPHS



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32

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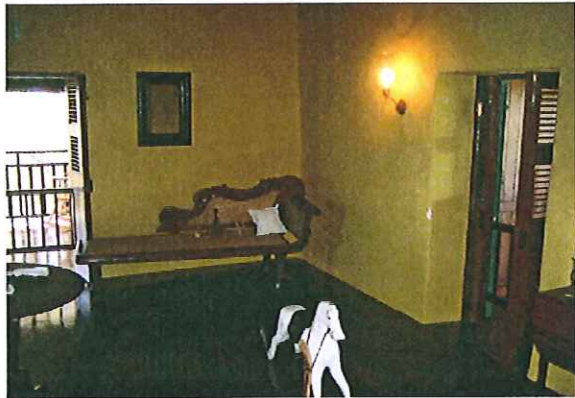
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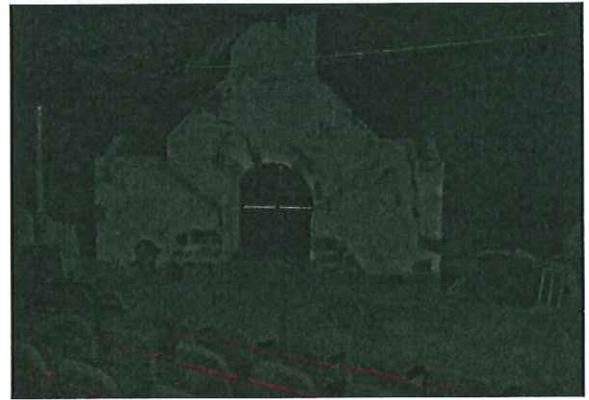
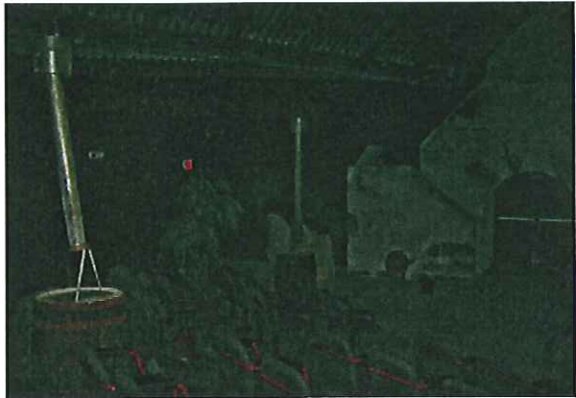
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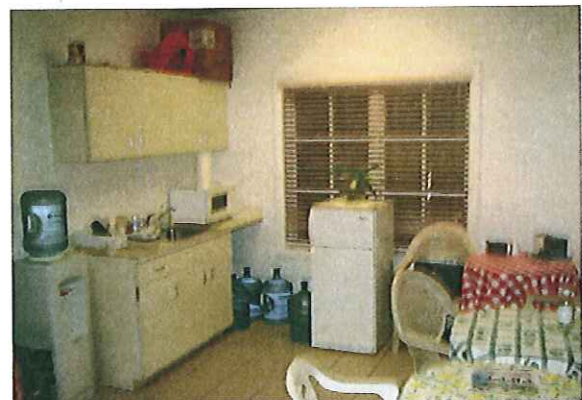
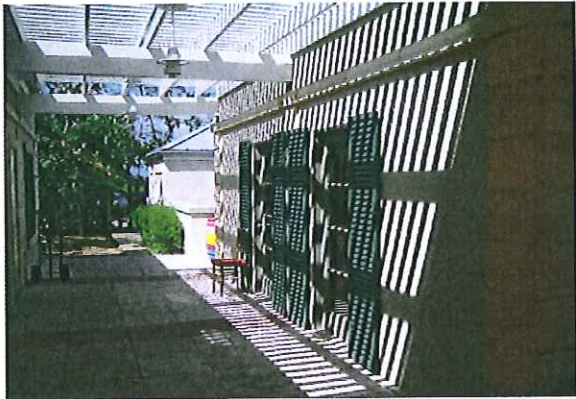
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LANDS AND SURVEY TITLE DOCUMENT



CAYMAN ISLANDS
LAND REGISTER

A - PROPERTY SECTION

Ownership Type : CROWN

Nature of title :

Origin Of Title:

First Registration :

Mutation No : M 4116

Edition No : 2

Opened : 03 NOV 1997

APPURTENANCES

Block and Parcel No. 32E 50

Registration Section : LOWER VALLEY

Block and Parcel No : 32E 50

Name of Parcel :

Approx. Area 7.6 Acre (M 4774)
: SEB

B - PROPRIETORSHIP SECTION

ENTRY No.	DATE	INSTRUMENT No.	NAME AND ADDRESS OF PROPRIETOR(S)	SIGNATURE OF REGISTRAR
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Block and Parcel No. 32E 50

C - INCUMBRANCES SECTION

ENTRY No.	DATE	INSTRUMENT No.	NAME OF INCUMBRANCE	FURTHER PARTICULARS	SIGNATURE OF REGISTRAR
1	07/11/91	M 4909	Easement	A Public Right of way to the fishing ground as indicated on the Registry Map.	S BROWN

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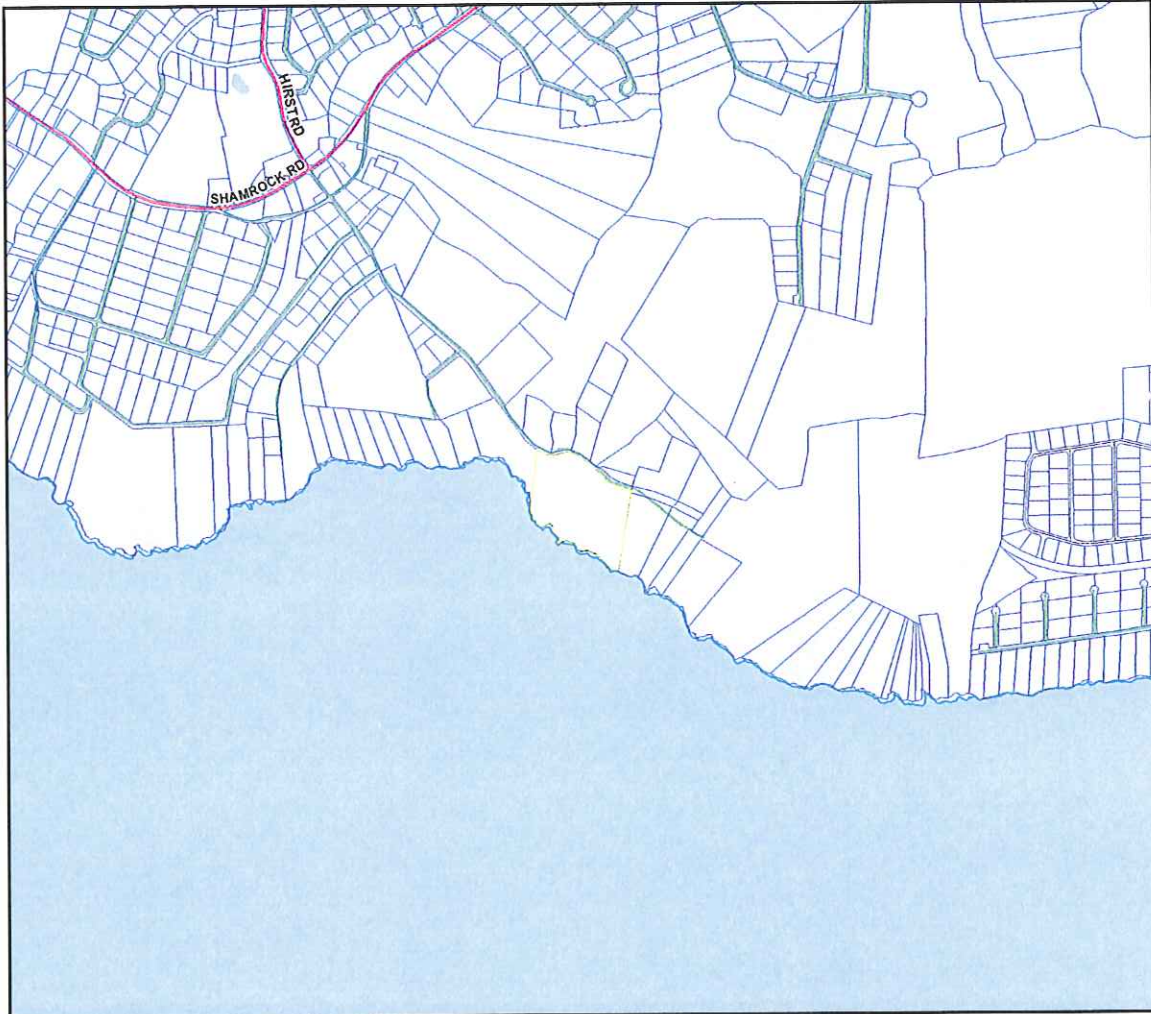
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46

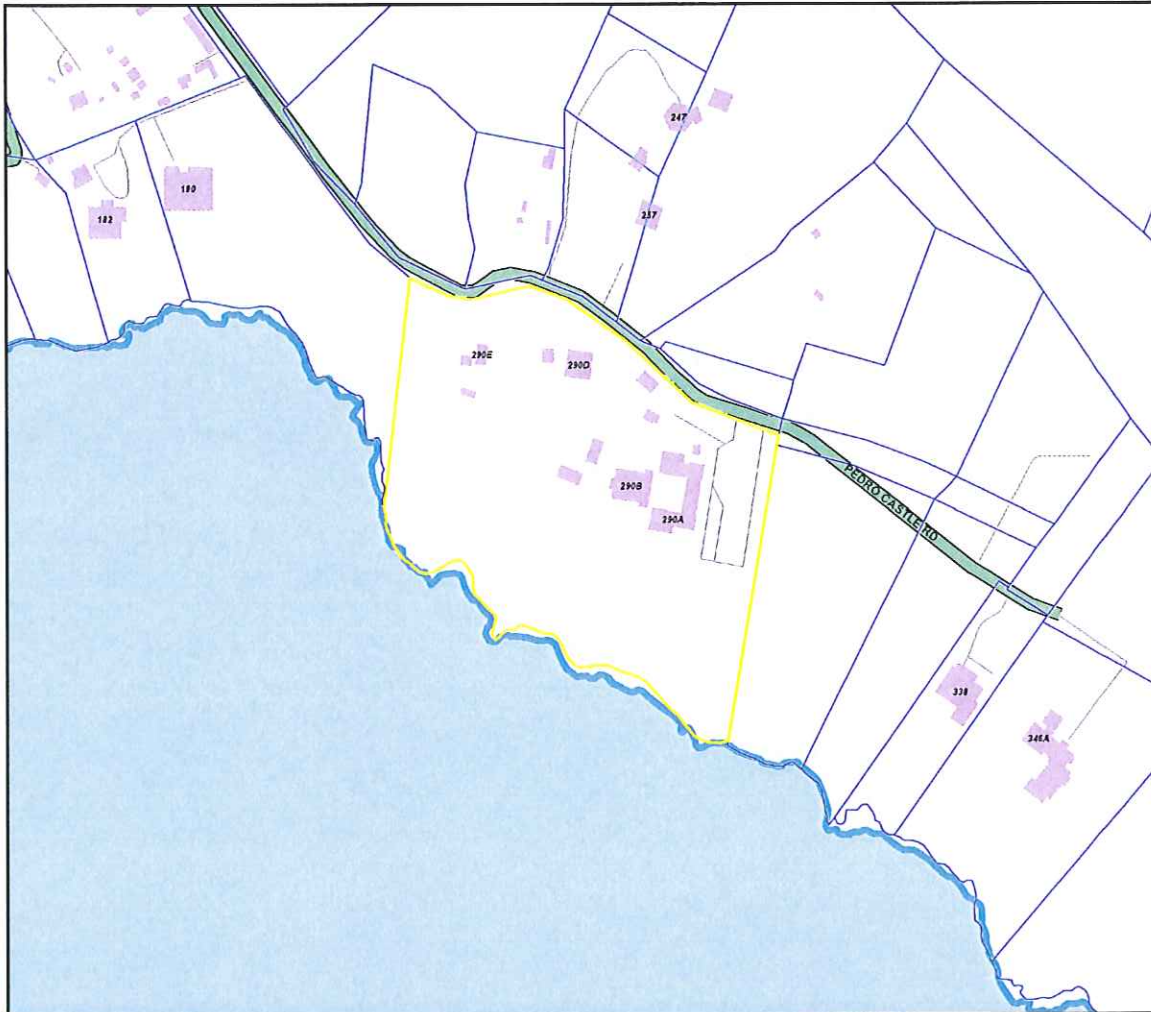
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LOCATION MAP



SITE PLAN



RESOLUTION

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

**PEDRO ST. JAMES,
BODDEN TOWN, GRAND CAYMAN
(BLOCK 32E, PARCEL 50)**



Whereas:

- 1) The Tourism Attraction Board Law 1996, section 12, provides for Pedro St. James, located on Block 32E Parcel 50, to be vested in the Tourism Attraction Board.
- 2) The subject parcel comprises approximately 7.6 acres.
- 3) After careful analysis and consideration, the Governor in Cabinet has determined that it is in the best interest of the Cayman Islands to vest the lands to the Tourism Attraction Board at a price of one (1) peppercorn, and that Stamp Duty and Registration Fees be waived.

AND IT IS FURTHER RESOLVED that full details of Block 32E Parcel 50 and of the disposition proposed shall forthwith be published in a Gazette and in the next available issue of a newspaper circulating in the Cayman Islands 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 lands.

PASSED in Cabinet this 22nd day of April, 2008.



CLERK OF THE CABINET



CAYMAN ISLANDS

GAZETTE

Monday, 26th May 2008

Issue No. 11/2008

CONTENTS

SUPPLEMENTS		
Laws, Bills, Regulations.....	Pg.597	
COMMERCIAL		
Liquidation Notices		
Notices of Winding Up,		
Appointment of Liquidators		
and Notices to Creditors.....	Pg.598	
Notices of Final Meeting		
of Shareholders.....	Pg.629	
Partnership Notices	None	
Struck-off List	None	
Transfer of Companies	Pg.651	
Reduction of Capital	Pg.651	
Grand Court Notices	Pg.652	
Regulatory Agency Notices	Pg.654	
Demand Notices	None	
General Commercial Notices	None	
Patent and Trademarks	Pg.655	
GOVERNMENT		
Exclusion Order.....	None	
Appointments.....	None	
Personnel Occurrences.....	Pg.661	
Long Service Awards.....	None	
Public Auction.....	None	
Departmental Notices.....	None	
Court of Appeals Notices.....	None	
Overseas Territories Orders.....	None	
Change of Name.....	None	
Land Notices.....	Pg.661	
Road Notices.....	None	
Proclamations.....	None	
Probate and Administration.....	None	
Errata.....	Pg.662	
Gazette Publishing and Advertising		
Information.....	Pg.663	
Gazette Dates and Deadlines.....	Pg.664	
INDEX	Pg.665	

NOTICE: *Gazette Publishing Dates & Deadlines for the year, and advertising and subscription rates, are posted at the back of this Gazette.*

USING THE GAZETTE: The *Cayman Islands Gazette*, the official newspaper of the Government of the Cayman Islands, is published fortnightly on Mondays. The next issue (12/08) will be published on 9th June 2008. Closing time for lodgment of commercial notices will be 12 noon, Friday, 30th May 2008. Government notices must be lodged at the Gazette Office by 12 noon on the previous Wednesday (28th May). This timeframe will be followed for all Gazettes. Notices are accepted for publication in the next issue, unless otherwise specified.

GOVERNMENT

Personnel Occurrences

ACTING

- Mr. Rupert O. Vasquez, Chief Surveyor, was appointed as acting Director of Lands & Survey for the period 12th to 16th May 2008.

Land Notices

THE GOVERNOR (VESTING OF LANDS) LAW (2005 REVISION)

NOTICE UNDER SECTION 10 (1) (a)

PROPERTY AT PEDRO CASTLE ROAD, ST JAMES, GRAND CAYMAN

Notice is hereby given that the Governor in Cabinet proposes to vest the property specified below, presently held as Crown Land, to the Tourism Attraction Board for a peppercorn consideration and to waive Stamp Duty and Registration Fees.

THE SCHEDULE

The parcel of land off Pedro Castle Road, Lower Valley, Grand Cayman, more particularly described as:

SECTION	BLOCK	PARCEL	AREA
Lower Valley	32E	50	7.6 acres

The property is shown on the Registry Map which may be inspected at the office of the Director of Lands & Survey, BritCay House, Eastern Avenue, Grand Cayman, and at the Lands Office, District Administration Offices, Cayman Brac.

Made this 26th day of May 2008.

ALAN R. JONES
Director of Lands & Survey

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ADMINISTRATOR/FOREMAN

At least four years experience required. Must have the following qualifications:
AutoCAD, Autodesk Land Desktop, Bachelor of Science Degree
Caymanians or status holders only need apply.
Salary CI\$2,500.00/month

CONSTRUCTION WORKERS NEEDED

Mason, Carpenters, Steel Fixers, Metal Workers, Sheetrock Masons needed.
\$8 - \$14/hr.

At least seven years experience required.
Caymanians only.

Island Builders
P.O. Box 559
Grand Cayman KY1-1502
Email: info@islandbuilders.ky
Fax: 947-9895

is seeking to employ a **Carpenter** - successful applicant should possess at least five years experience in the field only Caymanian status holder or person married to Caymanian need apply.

Submit application
The Manager
D & G Building and Maintenance
P.O. Box 31993, Grand Cayman, KY1-1208

D & G Building and Maintenance

is seeking to employ a **Labourer** - successful applicant should possess at least five years experience in the field only Caymanian status holder or person married to Caymanian need apply.

Submit application
The Manager
D & G Building and Maintenance
P.O. Box 31993, Grand Cayman, KY1-1208

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NOTICES

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**Keep
Cayman
Clean**



THE GOVERNOR (VESTING OF LANDS) LAW (2005 REVISION)

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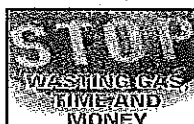
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Made this day 15th of May 2008.

SIGNED: ALAN R. JONES
DIRECTOR OF LANDS & SURVEY



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