

Your Ref:
Our Ref: **LS.CRWN.2.21**



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

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CAYMAN ISLANDS
GOVERNMENT

**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 extension of the Lease over Crown land at Registration Section West Bay Beach North Block 11D Parcel 1/11 to **The Proprietors, Strata Plan 12** (otherwise known as the *Villas of the Galleon* condominium complex) 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: 30/01/09

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

**ON THE EXTENSION OF THE LEASE OF CROWN LAND
BLOCK 11D PARCEL 1/11
TO THE PROPRIETORS, STRATA PLAN No.12**

Block 11D Parcel 1/11 comprises 4.264 acres of beachfront land along Seven Mile Beach. The Strata's leasehold interest derives from a premium groundlease with peppercorn rental granted by the Crown to Benson Greenall of 606 acres of undeveloped land for a term of 99 years from 11th April 1950.

Since the commencement of the lease the land known as Block 11D Parcel 1/11 has been developed, with the construction of the 74 unit condominium complex known as Villas of the Galleon. Faced with the prospect of losing possession of the land and buildings without compensation upon expiry of the lease in April 2050, the Proprietors of the Strata Plan approached Government to propose that Crown agree to extend the lease back up to 99 years from 1 July 2006.

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 646/07, 23 January 2007) that the Lease over Crown land Block 11D Parcel 1/11 to the Proprietors Strata Plan No.12 be extended to 99 years from 1st July 2006 in return for a consideration of CI\$4,500,000 plus costs, Stamp Duty and Registration Fees.

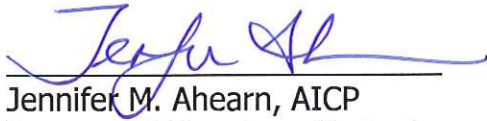
In accordance with Section 10 (2) of The Governor (Vesting of Lands) Law, (2005 Revision), three (3) valuations were commissioned to determine the value of the premium to be paid by the groundlease-holder in return for an extension of the lease at a peppercorn annual rental; one from Government's Lands and Survey Department and the others from private sector property valuation companies. The table below outlines the three (3) opinions of value:

Lands & Survey	Cardiff & Co	Bould & Paterson
CI\$4,710,226	US\$5,300,000	CI\$4,349,000

The extension of the Lease of Crown lands Block 11D Parcel 1/11 to the proprietors Strata Plan No.12 is subject to the following terms and conditions:

Landlord:	The Governor of the Cayman Islands
Tenant:	The Proprietors, Strata Plan No.12 (Villas of the Galleon)
Demise:	Block 11D Parcel 1/11
Area:	4.624 Acres
Term:	Lease dated 1950 to be extended from 42.81 years unexpired to 99 years unexpired
Expiry Date:	30 th June 2105
Premium:	CI\$4,500,000
Costs:	Stamp Duty and all costs relating to this transaction including the cost of obtaining independent valuations, survey, registration and legal fees

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.



Jennifer M. Ahearn, AICP

Permanent Secretary (Acting)

Ministry of District Administration, Planning, Agriculture & Housing

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



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

IN ANY REPLY,
PLEASE QUOTE
REF: CF/10

9 January 2009

CHIEF SURVEYOR'S REPORT

STATEMENT OF FACTS

WEST BAY BEACH NORTH – BLOCK 11D PARCEL1 (SHOWN HIGHLIGHTED IN YELLOW ON ACCOMPANYING DIGITAL RM EXTRACT)

In accordance with Section 10.2 (b) of the Governor (Vesting of Lands) (Amendments) (Dispositions) Law I can confirm that the following surveys have been commissioned to define the subject land boundaries:-

- Fixed Boundary Survey 01/409 dated 19th November 1980

Boundary turning points have been marked with:-

- Iron pin in concrete,

as fully described on the above-referenced survey plan.

These boundary markers have not been validated recently on the ground but could be replaced if necessary. They represent old markers from the above referenced survey and records and have been adopted by the most recent authenticated surveys for Block 11D Parcels 1.

A handwritten signature in blue ink, appearing to read "Rupert Vasquez", written over a horizontal line.

Rupert Vasquez
Chief Surveyor

email: Rupert.vasquez@gov.ky

Enc.:
Copy of request
Registry Map Extract dated 23.12.08
Feb 2004 Aerial Image with RM parcel overlay,
Extract of 01/409

REGISTRY MAP EXTRACT

SECTION : WEST BAY BEACH NORTH

BLOCK: 11D

PARCEL NO(s): 1

Client:

Operator: counter_ls

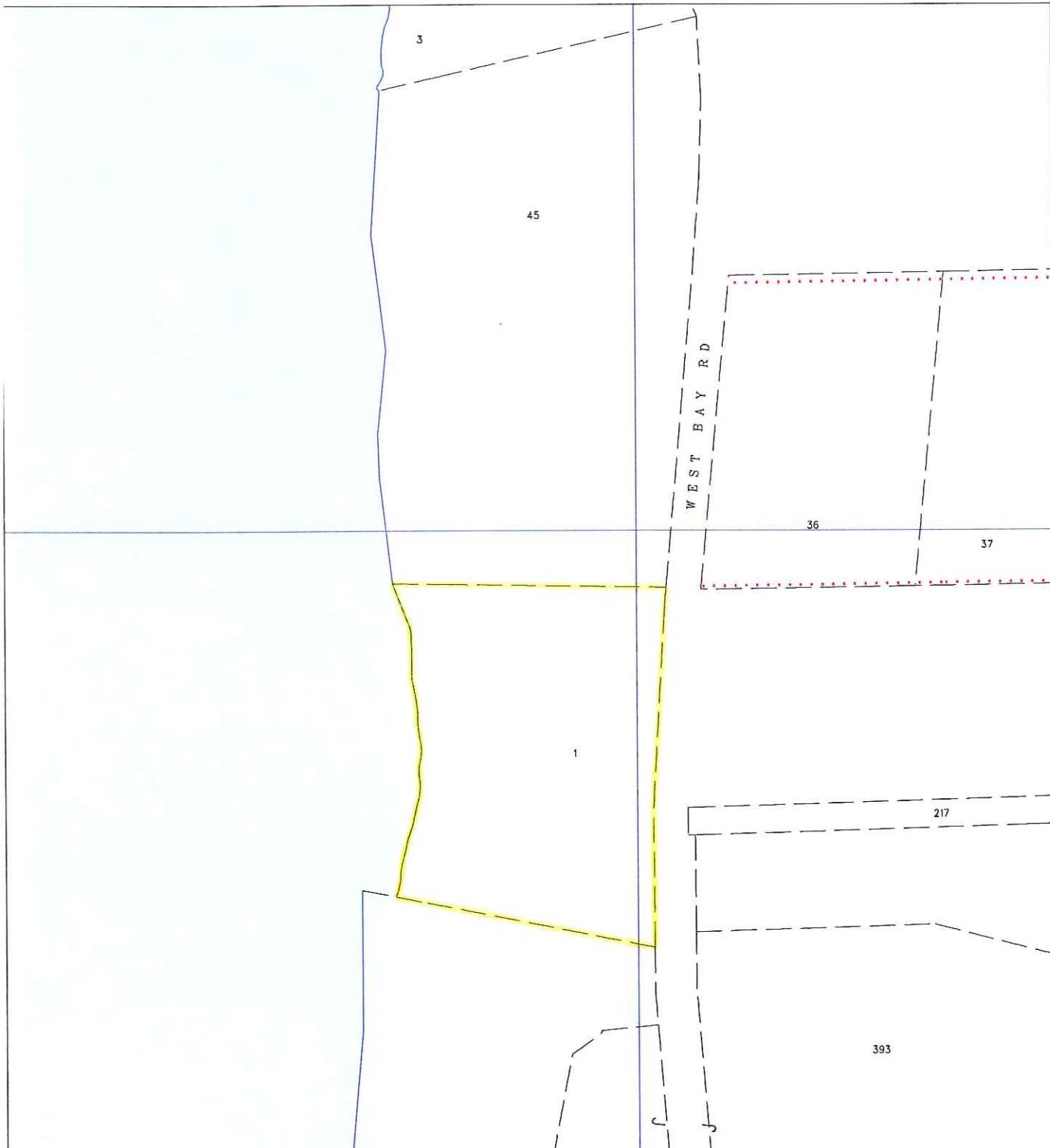
Scale: 1:2500

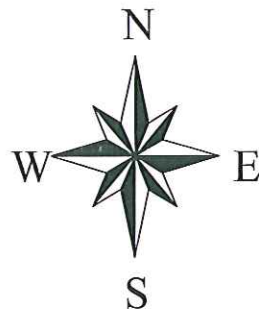
Date & Time: 23 Dec 2008 10:16 AM

Last Mutation : 23/04/2008

Adjacent Blocks (in grey): 12C

Lands & Survey Dept., P.O. Box 1089 GT, Grand Cayman. Telephone No.: 244-3424, Facsimile No.: 949-2187



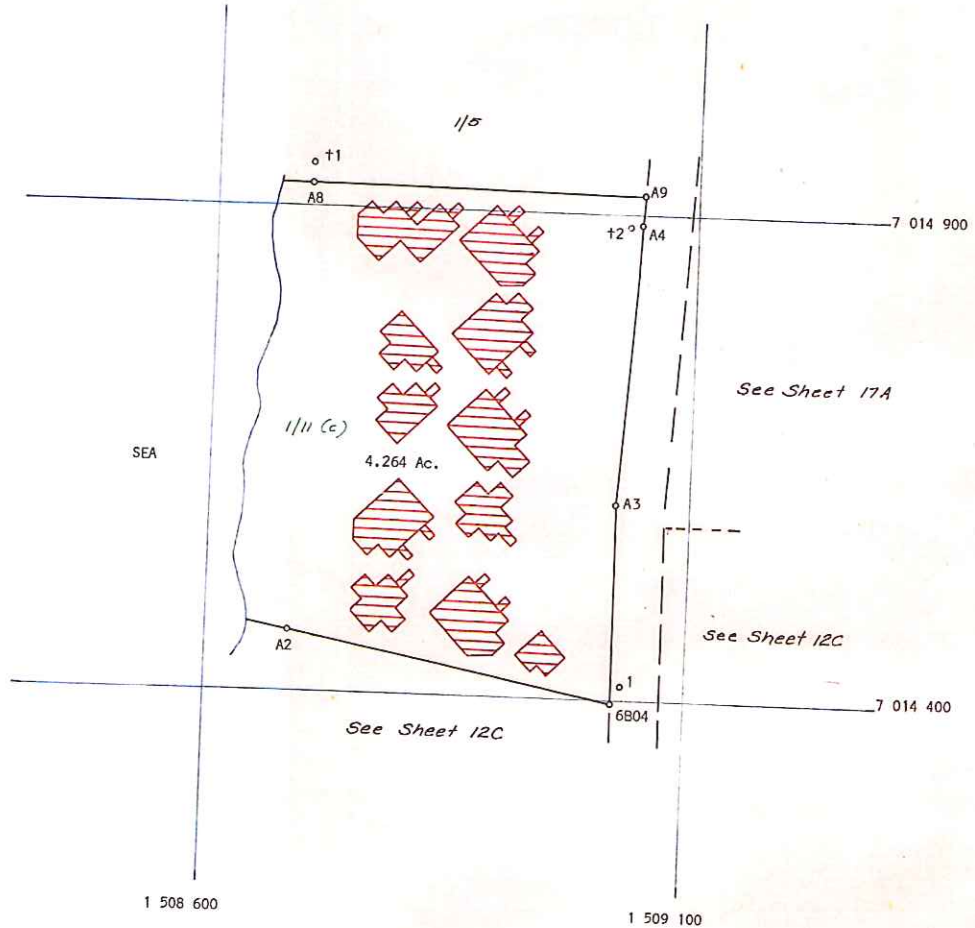


 **Subject Parcel**
 **Parcels**

Block 11D Parcel 1

Station	Y (Northings)	X (Eastings)	Height	Class of Beacon
6804	7 014 398.35	1 509 023.92		Old I.P.C. 01/183
A2	4 464.4	8 686.1		"
A3	4 601.5	9 022.9		"
A4	4 883.1	9 040.3		"
A8	4 923.1	8 697.8		"
A9	4 918.2	9 042.9		"
t1	4 944.03	8 698.28		"
t2	4 886.99	9 028.43		"
1	4 415.09	9 033.91		"

Line	Bearing	Distance
A2 - 6804	101° 04' 05"	344.2'
6804 - A3	359 42 44	203.2'
A3 - A4	03 28 28	287.1'
A4 - A9	04 56 13	30.2'
A9 - A8	270 48 49	345.1'
A8 - A2	181 27 40	458.9'
A2 - shoreline		44'
A8 - shoreline		33'



See 01/183

1192AV

I hereby certify that, in pursuance of the 26th. Sept. 1980
completed the survey represented by this plan, on which are written
the bearings and lengths of the lines surveyed by me, and that the
survey has been executed in accordance with the existing regulations
and with the approved scheme
Letter No. of 1980
Christopher Evans
Licensed Land Surveyor
P.O. Box 1072

SCALE 1 : 1250

Plot/Parcel No. 11D. 1/11a, 1/11b
New No. 11D. 1/11 (c) M. 1754
Ref Map/RIM
Sheet No. 11D
Section No. W. B. B. N.
Locality. Grand Cayman Hotels Ltd.

Registration	Transactions	Authentication	Date	Records	Date
First Received 4. 11. 80	Provisional Approval	Examined by J. M. S. J.	11. 11. 80	Traced by E.K. WHITAKER	27. 3. 81
File Reference CF/11	Final Approval	Approved by J. M. S. J.	11. 11. 80	Compared by J. M. S. J.	27. 3. 81
Computations No 537	Charted by	Authenticated by J. M. S. J.	11. 11. 80	Cadastral Sheet	
Field Book No with Comps.		for Chief Surveyor		R.I.M.	

Folio No. 01
Register No. 409



THE VALUATION OFFICE
LANDS AND SURVEY
DEPARTMENT

Valuation Report
On
Leasehold extension
on
West Bay Beach North
Block IID/I /II
(The Villas of the Galleon)
22nd January 2008



CAYMAN LAND INFO



RICS

The mark of
property professionalism worldwide



CONTENTS

1. INSTRUCTION	3
2. BASIS OF VALUATION	3
3. DEFINITION OF MARKET VALUE	4
4. ASSUMPTIONS	4
5. REGISTRY INFORMATION	5
6. PLANNING	5
7. DESCRIPTION OF THE PROPERTY	5
8. ENVIRONMENTAL ISSUES	7
9. CALCULATION OF THE PREMIUM	7
10. METHOD OF VALUATION	8
11. VALUATION BACKGROUND	8
12. DIMINUTION IN THE VALUE OF THE LANDLORD'S INTEREST	9
13. CALCULATION OF THE MARRIAGE VALUE	12
14. COMPENSATION FOR THE LOSS ARISING FROM THE GRANT LEASE EXTENSION	13
15. PREMIUM	14
16. CONCLUSION	14



APPENDICES

LAND REGISTER

LAND REGISTRY MAP

STRATA PLAN

PHOTOGRAPHS

AERIAL PHOTOGRAPH

APPENDIX I

APPENDIX II

APPENDIX III

APPENDIX I

APPENDIX V



1. Instruction

- 1.1. In October 2005, the Permanent Secretary, Ministry of District Administration, Planning, Agriculture and Housing instructed the Valuation Office to negotiate the lease extension on the subject property, Block 11D Parcel 1/11 (Villas of the Galleon) and provide a report after completion of the negotiations.
- 1.2. The Ministry required the valuation report to determine the capital premium to be paid for the extension of the lease on the subject property.
- 1.3. The current lease was granted on 11th April 1950 for a term of 99 years and the Lessee has requested the Lessor (Crown) to grant an extension of the lease for 99 years with effect from 30th June 2006.
- 1.4. The valuation date is 30th June 2006 which is the date the negotiations were concluded and is the effective date for the lease extension.
- 1.5. The property was inspected on 22nd January 2009.
- 1.6. This valuation report has been carried out in accordance with the Practice statements in the RICS Appraisal and Valuation Manual and conforms to the requirements of the Practice Statement.
- 1.7. This report has been prepared by Uche Obi, MA, MRICS a member of the Royal Institution of Chartered Surveyors (RICS).
- 1.8. We confirm that we are not aware of any conflict of interest in preparing this report.

2. Basis of Valuation

- 2.1. This valuation is prepared on the basis of market value according to the definition prescribed by the Royal Institution of Chartered Surveyors (RICS) and International Valuation Standards Committee (IVSC).

3. Definition of Market Value

- 3.1. “Market Value” is defined by the RICS & IVSC 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.

4. Assumptions

- 4.1. In accordance with the Market Value definition, We have assumed that:-
- (a) Marketing, negotiations and all enquires would have taken place in sufficient time to allow the property to be placed under an unconditional purchase contract on 30th June 2006 (the valuation date).
 - (b) The price is that which a willing buyer would be prepared to pay for the property.
 - (c) The price is that which a willing seller would be prepared to accept for the property.
 - (d) The hypothetical willing buyer and willing seller are not connected parties and that the hypothetical transaction is therefore an arm’s-length transaction.
 - (e) The property has been fully marketed, including using a site “For Sale” board and listed by a Realtor, for a sufficient time to allow it to sell by unconditional purchase contract on 30th June 2006.
 - (f) The hypothetical willing seller and willing buyer have acted knowledgeably and prudently, and that
 - (g) There is no element of compulsion to this transaction.

5. Registry Information

- 5.1. The Land register indicates that the subject property is registered to The Proprietors, Strata Plan Number 12.
- 5.2. The Crown is the Lessor.
- 5.3. The registered proprietors hold the property on a 99 year ground lease from 11th April 1950 at a rent of 35 pounds sterling per annum.
- 5.4. The property has an area of 4.264 acres.
- 5.5. There are no incumbrances registered against the property.
- 5.6. Attached as Appendix 1 & II are copies of the Land Register and Registry Map of the property.

6. Planning

- 6.1. The 1997 Development Plan indicates that property is zoned hotel/tourism.

7. Description of the property

- 7.1. The Property is located on the west side of West Bay Road between it's junction with Lime Tree Bay Avenue and Safehaven Drive.
- 7.2. It is on the beach side of West Bay Road between Ritz Carlton Resort and the Westin Casuarinas Resort.
- 7.3. As mentioned earlier in this report, the Property has an area of 4.264 acres (185,740 square feet).
- 7.4. It has a beach front of 464 feet and a road frontage to West Bay Road of 515 feet. It is 345 feet deep.



- 7.5. The Property has been developed into a 74 unit condominium complex known as the Villas of the Galleon.
- 7.6. The units are spread across 10 detached buildings (Blocks A to J) and are split into 5 three bedroom units, 53 two bedroom units, and 16 one bedroom units.
- 7.7. The three bedroom units have an area of 1,627 square feet, the area of the two bedroom units is between 1,115 to 1,173 square feet while the one bedroom range in size from 748 to 853 square feet.
- 7.8. The units were constructed in 1980 and were renovated after Hurricane Ivan in 2004.
- 7.9. Each unit has a private balcony or patio.
- 7.10. The units in Blocks F, G, B, C & J are on the sea front and benefit from an unrestricted view of the sea.
- 7.11. Units in Block I, D, A, H & E do not have a sea front. They have a restricted view of the sea.
- 7.12. The strata management company operates a daily/weekly rental of some of the units to Tourist.
- 7.13. Having regard to its unique location between 2 Five Star hotels, it is very likely that the subject property will benefit from spill over guests from the hotels.
- 7.14. In addition, Tourists looking for cheaper and basic accommodation will be inclined to rent units from the subject property.
- 7.15. Based on the above, we are of the opinion that units within the subject Property will be attractive as an investment due to the anticipated rental income.



7.16. Attached as Appendix IV are photographs of the property while a 2004 Aerial photograph is attached as Appendix V.

7.17. The strata plan details on the property are attached as Appendix III.

8. Environmental Issues

8.1. There is no land contamination register in the Cayman Islands. From our inspection of the subject property and the surrounding area we did not note any factors which would cause us to be concerned as to any actual or perceived environmental risk factors. However, we are not qualified to make statements of fact relating to environmental issues and on preparing this valuation report we have assumed that contamination is not present at a level sufficient to affect the value of the property.

9. Calculation of the premium

9.1. In determining the premium to be paid for the extension of the leasehold interest, we have followed the procedure set out in the UK Leasehold Reform, Housing and Urban Development Act 1993 as amended by the Commonhold and Leasehold Reform Act 2002.

9.2. The Act states that the premium to be paid for a lease extension shall be the total of:-

- a) **The diminution in the value of the Landlord's interest in the Property;** this is, the difference between the value of the Landlord's interest now with the present lease (the valuation date) and the value of his interest after the grant of the extension.
- b) **The Landlord's share of the Marriage Value;** the marriage value is taken as the potential increase in the value of the Property arising from the grant of the lease extension. The Act requires

that this "profit" shall be shared between the parties. The proportion of the split of Marriage Value is fixed by the legislation at a 50:50 division between Landlord and Tenant. However, if the case is not referred to the UK Lands Valuation Tribunal the split will be agreed by negotiation.

- c) Compensation for loss arising from the grant of the new lease.

10. Method of valuation

- 10.1. We have adopted a comparable sales method of valuation to arrive at the market value at the valuation date present (valuation date) and proposed interests.
- 10.2. This is based on analysing recent sales on undeveloped land and condos along Seven Mile Beach.
- 10.3. Sales evidence has been obtained from the Department's Land information System.

11. Valuation background

- 11.1. As mentioned earlier, the Tenant is seeking to extend the unexpired portion of the lease from approximately 43 years to 99 years from 30th June 2006.
- 11.2. The main reason for the Tenant proposing this extension is that as the lease draws closer to the expiry date the value of all the strata lots diminishes.
- 11.3. This is due to the fact that at the end of the lease term the Property including the building will revert back to the Landlord. There is no automatic right if renewal.
- 11.4. For the above reason, the Landlord is under no pressure to grant an extension and he has the greater bargaining power.

- 11.5. In most cases when a lease is extended, the Tenant has more to gain compared to the Landlord.
- 11.6. From the Tenant's perspective, the extension will translate into an increase in the value of the strata lots; in particular the units will be mortgageable whereas with a shorter and diminishing term remaining they will not.
- 11.7. Extending the lease will lead to a diminishing in the Landlord's interest due to the fact that the lease will revert to him at a later date than if it is not extended.

12. Diminution in the value of the Landlord's interest

12.1. *Landlord's present Interest (as at the Valuation date)*

- 12.1.1. The Property will revert to the landlord when the lease expires in 43 years time.
- 12.1.2. Therefore, the value of the Landlord's interest at the valuation date is based on the value of the land, deferred 43 years.
- 12.1.3. At the valuation date, the buildings were 26 years old and in 43 years time they would have reached the end of their economic life and have a nominal value.
- 12.1.4. Therefore, we have ignored the value of the buildings in valuing the Landlord's interest.
- 12.1.5. The Landlord's interest is based on a land value excluding the buildings.
- 12.1.6. The most relevant sale is the acquisition of Block 10E Parcel 1 & 2 (now Parcel 62).
- 12.1.7. This parcel has an area of 2.29 acres (99,752 square feet) and a sea front of 350 feet.



- 12.1.8. It sold for CI\$21,840,000 in April 2006.
- 12.1.9. At the date of the sale there was a derelict building on the property known as Victoria House.
- 12.1.10. The property comprised several condo units.
- 12.1.11. The price paid equates to CI\$62,400 per linear foot or CI\$219 per square foot.
- 12.1.12. The subject property is in a better location than the comparable property as it is situated between 2 hotels.
- 12.1.13. Therefore, having regard to this comparable transaction, we are of the opinion that the market value of the land at the valuation date excluding the buildings is **CI\$31,000,000 (thirty one million Cayman Islands Dollars)**.
- 12.1.14. We have applied a rate per linear foot of CI\$66,500. This equates to a rate per square foot of CI\$165.
- 12.1.15. The lower rate per square foot reflects the fact that the subject property is larger than the comparable.
- 12.1.16. The prime interest rate in the Cayman Islands at the valuation date was 8.25%.
- 12.1.17. To arrive at the value of the Landlord's right to receive CI\$31 million in 43 years time, a discount rate of 6% has been applied to the value of the Property.
- 12.1.18. The discount rate applied reflects the fact that the Property is situated in a prime location and there is little risk of Tenant default.

12.1.19. Based on the above, the value of the Landlord's interest at the valuation date of 30th June 2006 is **CI\$2,480,000 (Two million four hundred and eighty thousand Cayman Islands Dollars).**

12.2. *Landlord's proposed Interest*

12.2.1. The Landlord by extending the lease is postponing his right to occupy the Property for another 56 years.

12.2.2. The Property will revert to the Landlord when the lease expires in 2105 (99 years time) if the lease extension is granted.

12.2.3. Therefore, the value of the Landlord's proposed interest is based on the value of the land on 30th June 2006 deferred 99 years.

12.2.4. Again, the buildings on the Property are 26 years old and in 99 years time the buildings would have reached the end of their economic life. Therefore, they are assumed to have a nominal value.

12.2.5. As stated above, the market value of the land is CI\$31 million and a discount rate of 6% has been applied to arrive at a value of CI\$91,363, Say CI\$90,000.

12.2.6. Therefore, the value of the Landlord's proposed interest if the lease is extended for 99 years with effect from 30th June 2006 is **CI\$90,000 (Ninety thousand Cayman Islands Dollars).**

12.2.7. In other words, at the valuation date, the market value of the right to receive CI\$31 million in 99 years time at a rate of discount rate of 6% is CI\$90,000.

12.2.8. Therefore, the diminution in the value of the landlord's interest if the lease is extended by 56 years is **CI\$2,390,000 (Two million three hundred and ninety thousand Cayman Islands Dollars) i.e. CI\$2,480,000 minus CI\$90,000.**

13. Calculation of the Marriage Value

13.1. The marriage value represents the difference between the aggregate present interests at the valuation date and the aggregate proposed interests.

13.2. The aggregate present and proposed interest will comprise the value of the Landlord's and Tenant's present and proposed interest.

13.3. *Tenant's present interest(at the valuation date)*

13.3.1. There is a stigma attached to properties held on long leasehold interests because as the lease draws closer to the end it diminishes in value. Also, it can not be used as a security for a mortgage.

13.3.2. In order to arrive at the market value of the Tenant's present interest we have taken into account recent sales of units in the Property.

13.3.3. We are of the opinion that the market value of the subject property at the valuation date, based on the aggregate value of the units is **CI\$35,000,000 (thirty five million Cayman Islands Dollars)**.

13.4. *Tenant's Proposed Interest*

13.4.1. We are of the opinion that the Tenant's interest in the Property will increase by 20% if the lease is extended from 43 years to 99 years with effect from 30th June 2006.

13.4.2. Therefore, the market value of the Property based on the aggregate value of all the units, assuming the lease is extended to 99 years at the valuation date, is **CI\$42,000,000 (Forty two million hundred Cayman Islands Dollars)**

13.4.3. In other words, extending the lease will lead to an increase in the value of the Tenant's interest from CI\$35,000,000 to CI\$42,000,000.

13.5. *Marriage Value*

- 13.5.1. The marriage value is the difference between the aggregate value of all the present interest (at the valuation date) and the aggregate value of all the proposed interest.
- 13.5.2. The total of the present value of the Landlord's and Tenant's interest is **CI\$37,480,000 (Thirty-seven million four hundred eighty thousand Cayman Islands Dollars)**. This comprises the Landlord's interest of **CI\$2.48 million** and the Tenant's interest of **CI\$35 million**.
- 13.5.3. The value of the Landlord's proposed interest is **CI\$90,000** while the Tenant's proposed interest is **CI\$42 million**. Therefore, the total of the proposed interest is **CI\$42,090,000 (Forty-two million and ninety thousand Cayman Islands Dollars)**.
- 13.5.4. The marriage value or the difference between the present and proposed interests is **CI\$4,610,000 (Four million six hundred and ten thousand Cayman Islands Dollars)**.
- 13.5.5. The Landlord's share of the marriage value assuming a 50% split is **CI\$2,305,000 (Two million three hundred and five thousand Cayman Islands Dollars)**

14. *Compensation for the loss arising from the grant of the lease extension*

- 14.1. The compensation is to provide remedy to the Landlord for any other diminution in the value of his interest in other property and any loss or damage arising from the grant of the new lease. This is difficult to prove as the Landlord retains the freehold. Probably the only possible claim could be a claim for loss of opportunity for redevelopment potential.



15. Premium

15.1. The premium to be paid by the Tenant to the Landlord for the extension of leasehold interest in the subject property from 43 years to 99 years with effect from 30th June 2006 is **CI\$4,695,000 (Four million six hundred and ninety-five thousand Cayman Islands Dollars)**. This comprises the following amounts:-

- Diminution in value of the Landlord's interest - **CI\$2,390,000 (Two million three hundred and ninety thousand Cayman Islands Dollars)**
- Landlord's share of the Marriage Value - **CI\$2,305,000 (Two million three hundred and five thousand Cayman Islands Dollars)**

16. Conclusion

16.1. 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.

Uche Obi, MA MRICS
Senior Valuation Officer
For Director of Lands & Survey

22nd Jan 2009.

Date of Report



APPENDIX I

Land Register

**CAYMAN ISLANDS
LAND REGISTER**

Opened 25 JUN 2005

Ownership Type	Crown / Private	APPURTENANCES	Block and Parcel No. 11D 1	
Nature of Title			Registration Section	WEST BAY BEACH NORTH
Origin of Title			Name of Parcel	
First Registration				
Mutation No.	M 7206		Approximate Area 4.264 Acre	

[illegible]

[illegible]



APPENDIX II

Registry Map



REGISTRY MAP EXTRACT

SECTION: WEST BAY BEACH NORTH

Block/Parcel(s): 11D 1

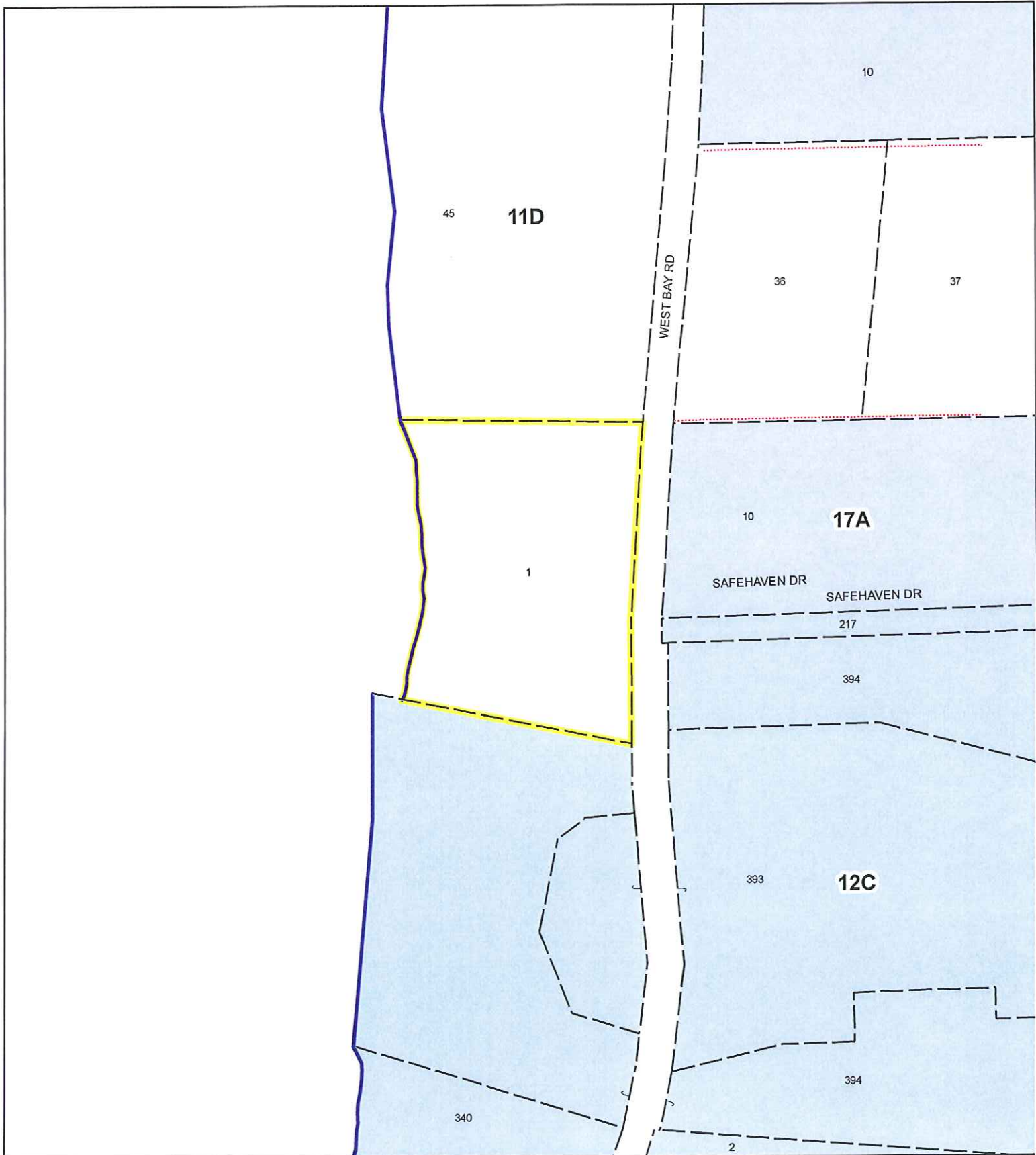
Last Mutation: 6/8/2008



Registry Map Extracts must be printed to fit a paper size of 8.5" x 11" in order to retain a scale of **1:2,500**

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Lands & Survey Department, P.O. Box 1089, Grand Cayman KY1-1102, Cayman Islands Tel: 1 (345) 244-3420 | Fax: 1 (345) 949-2187 | Web: www.caymanlandinfo.ky





APPENDIX III

Strata Plan

LOCATION WEST BAY BEACH NORTH

STRATA PLAN N° 12

Registered 31 May 1978

PARCEL N° 4/9 (c) 1/11 (a)

VILLAS OF THE GALLEON
GRAND CAYMAN HOTELS
LTD. BOX 71, GRAND CAYMAN

Address of Body Corporate
for service of notices

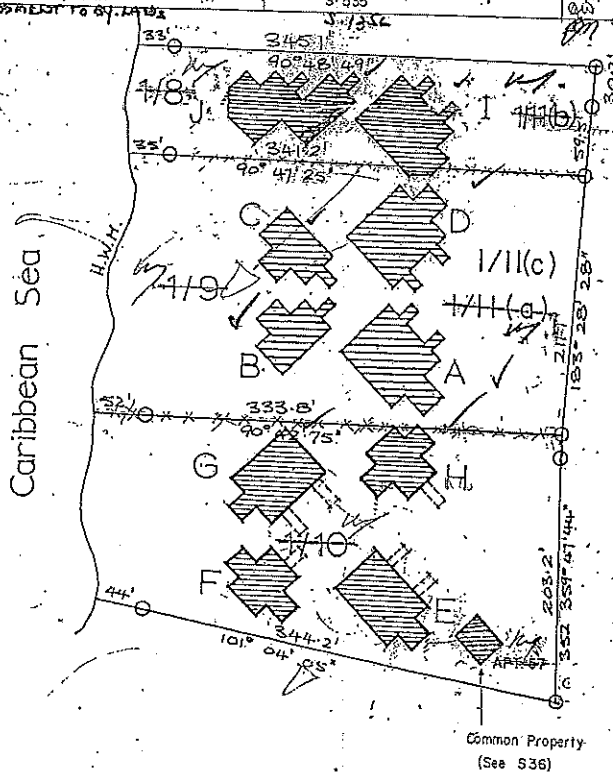
Registrar of Lands

Last Plan

Diagram of location of buildings
in relation to parcel boundaries

Scale 1:1250

DATE	AMENDMENTS	REMARKS
13-6-78	By Laws	Inst. No. 2315/78
3-11-78	Executive Committee Notice	Inst. No. 4107/78
6-3-79	Executive Committee Notice	Inst. No. 1169/79
11-3-80	1/9, 1/10 → 1/11 (c), 1/8 → 1/11 (b)	Mutation No. 1470
8-12-80	1/11 (c), 1/11 (b) → 1/11 (c)	Mutation No. 1754
10-4-82	H57 Reverted to Common Property	S-38
12-88	Amendments to By-Laws	S-182
1-95	Amendments to By-Laws	S-412
3-2-97	Amendment to By Laws	S-491
15-12-97	Amendment to By Laws	S-535



STRATA PLAN No. 12

Schedule of Unit Entitlement

	Strata Lot No.	Area & Unit Entitlement	OFFICE USE ONLY
			Block & Parcel No.
BLOCK A	1 2 bed	1316 squ. ft.	IID 179 H1
	2 1 bed	853	IID 179 H2
	3 1 bed	853	IID 179 H3
	4 1 bed	853	IID 179 H4
	5 2 bed	1155	IID 179 H5
	6 1 bed	748	IID 179 H6
	7 1 bed	748	IID 179 H7
	8 1 bed	748	IID 179 H8
	9 2 bed	1155	IID 179 H9
	10 2 bed	1155	IID 179 H10
	11 2 bed	1155	IID 179 H11
BLOCK B	12 1 bed	853	IID 179 H12
	13 2 bed	1316	IID 179 H13
	14 2 bed	1155	IID 179 H14
	15 2 bed	1155	IID 179 H15
BLOCK C	16 2 bed	1316	IID 179 H16
	17 1 bed	853	IID 179 H17
	18 2 bed	1155	IID 179 H18
	19 2 bed	1155	IID 179 H19
BLOCK D	20 1 bed	853	IID 179 H20
	21 1 bed	853	IID 179 H21
	22 1 bed	853	IID 179 H22
	23 2 bed	1316	IID 179 H23
	24 1 bed	748	IID 179 H24
	25 1 bed	748	IID 179 H25
	26 1 bed	748	IID 179 H26
	27 2 bed	1155	IID 179 H27
	28 2 bed	1155	IID 179 H28
	29 2 bed	1155	IID 179 H29
	30 2 bed	1155	IID 179 H30
AGGREGATE			

I, Christopher Evans,

of P.O. Box, 1072,

a surveyor licensed under the Land Surveyor's Law 1971 hereby certify that

(1) the building erected on Block and Parcel No 11 D 179 is within the external boundaries of the parcel subject to Clause (2) of the certificate

(2) ~~cover or gutters of the building project beyond external boundaries and appropriate easement has been granted as an encumbrance of the parcel by instrument No~~

Dated 24 May 1978

Signature

Sheet Nos

approved by the Central Planning Authority for the purposes of the Strata Titles Registration Law 1973 That

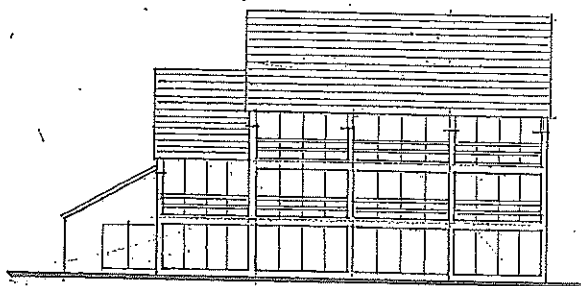
(1) the development conforms with the requirements of the Development and Planning Regulations 1972

(2) a certificate of fitness for occupancy has been issued in respect of Strata Lot Nos

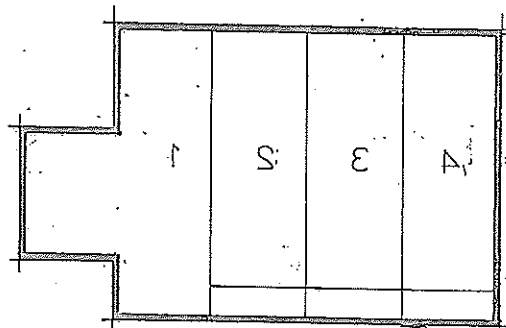
Dated 25th May 1978

Signature

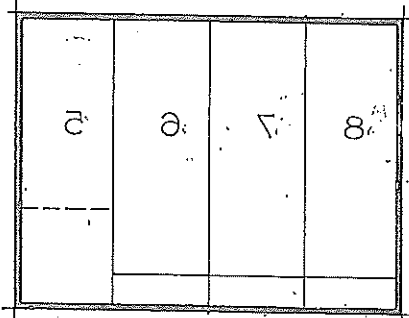
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FLOOR



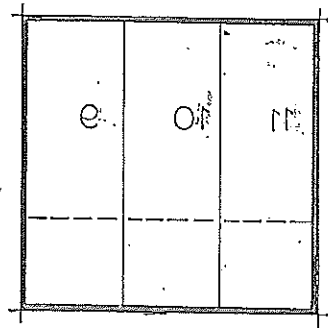
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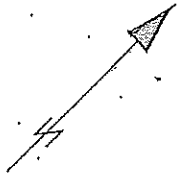
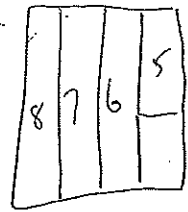
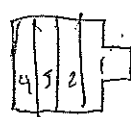
SECOND



THIRD



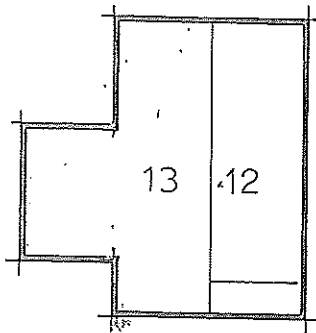
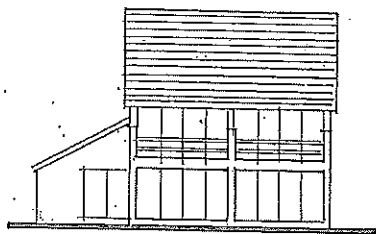
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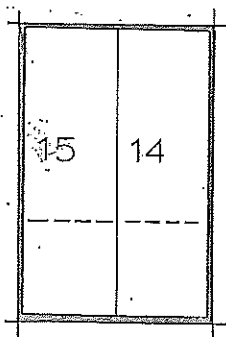
ELEVATIONS : SECTIONS : PLANS
(Section 4(1)(C) Strata Titles Registration Law 1973)

STRATA PLAN No. 12

.....FLOOR
Scale 1:20



GROUND



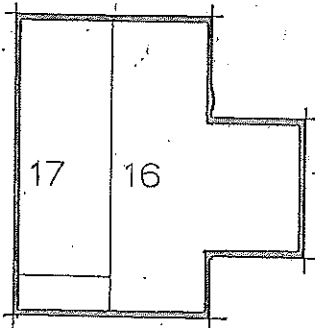
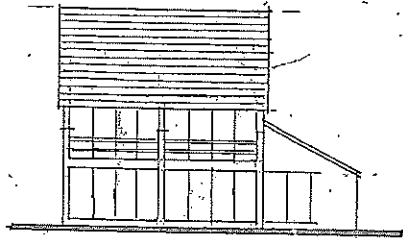
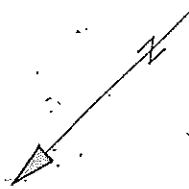
SECOND

BLOCK B

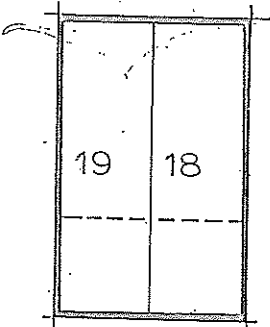
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(Section 4(1)(C) Strata Titles Registration Law 1973)

STRATA PLAN No. 12

FLOOR
Scale 1:20



GROUND



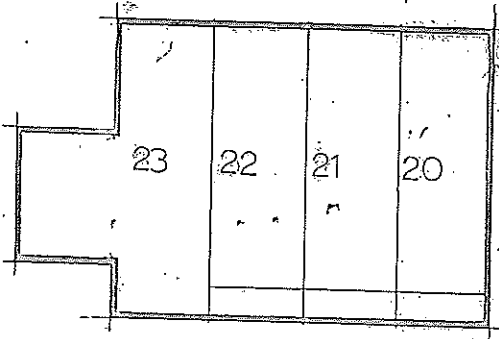
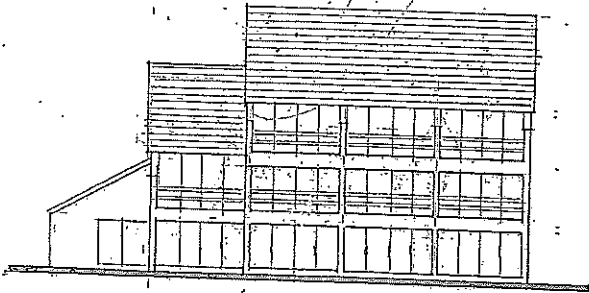
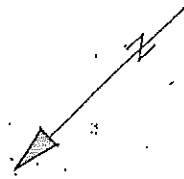
SECOND

BLOCK C

ELEVATIONS : SECTIONS : PLANS
(Section 4(1)(C) Strata Titles Registration Law 1973)

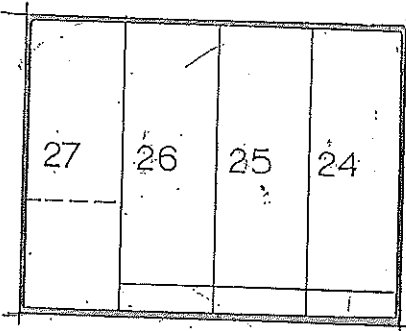
STRATA PLAN No. 12

_____ FLOOR
Scale 1:20



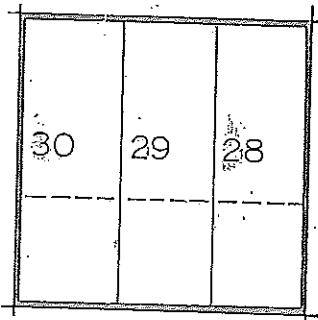
GROUND

N

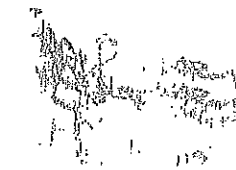


SECOND

N



THIRD

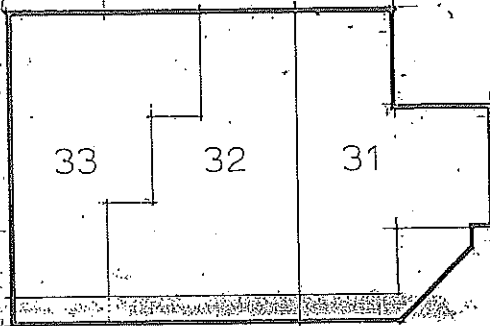
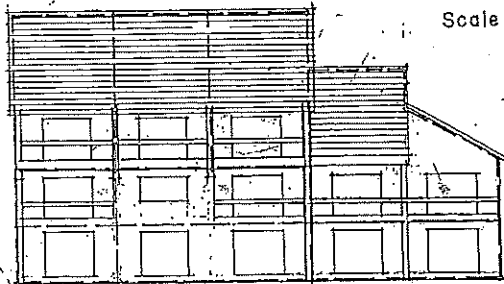


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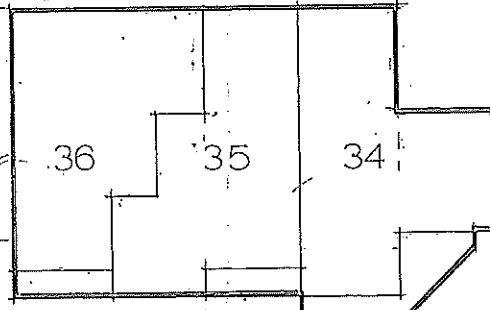
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(Section 4(I)(C) Strata Titles Registration Law 1973)

STRATA PLAN No. 12.

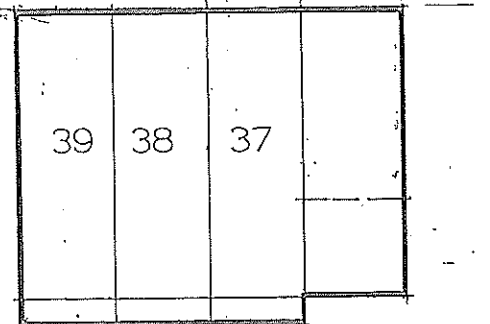
-----FLOOR
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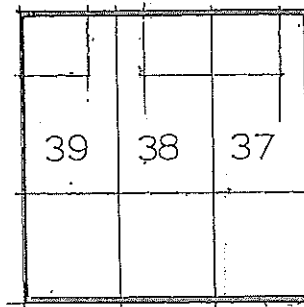
GROUND



SECOND



THIRD



FOURTH

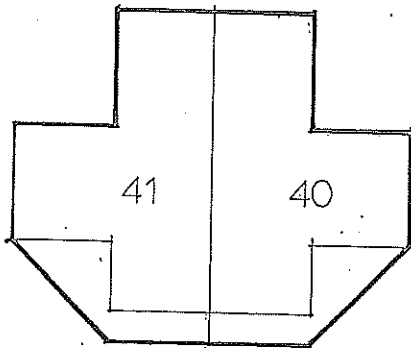
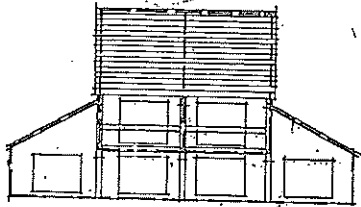
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(Section 4(I)(C) Strata Titles Registration Law 1973)

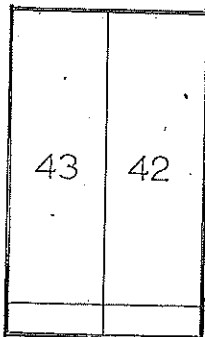
STRATA PLAN No. 12

-----FLOOR

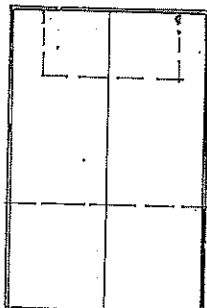
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GROUND



SECOND



THIRD

- SEE FRONT

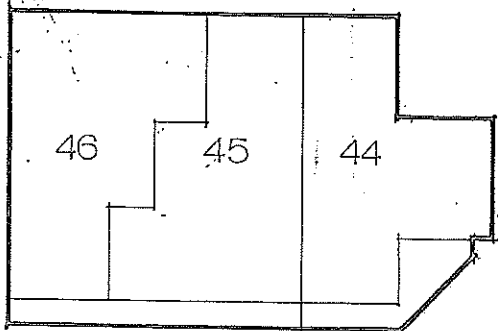
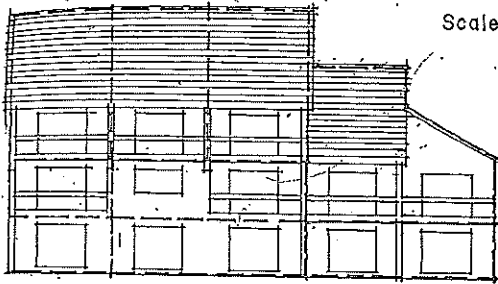
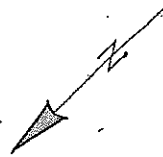
BLOCK F

ELEVATIONS : SECTIONS : PLANS
(Section 4(1)(C) Strata Titles Registration Law 1973)

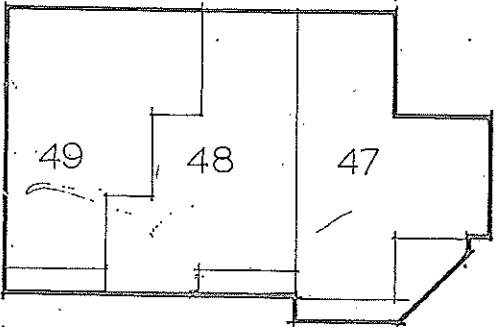
STRATA PLAN No. 12

.....FLOOR

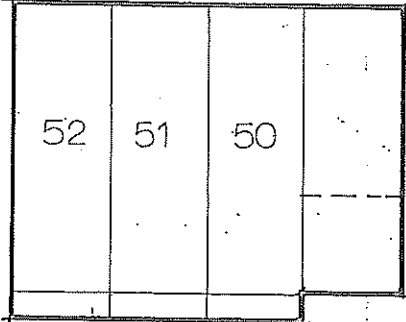
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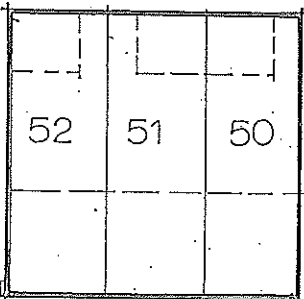
GROUND



SECOND



THIRD



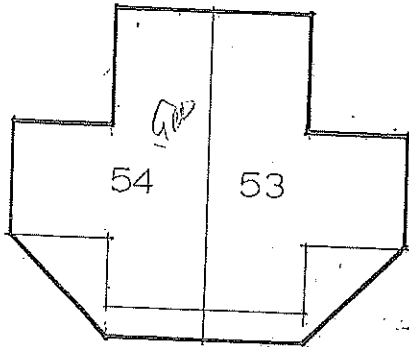
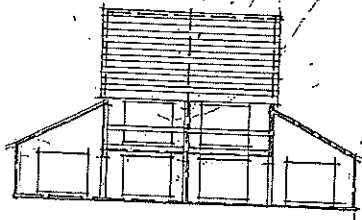
FOURTH

BLOCK G

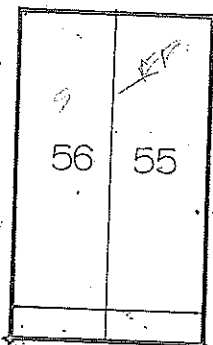
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(Section 4(1)(c) Strata Titles Registration Law 1973)

STRATA PLAN No. 12

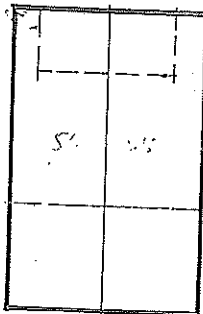
_____ FLOOR
Scale 1:20



GROUND



SECOND



THIRD

BLOCK H

STRATA PLAN No. 12

Schedule of Unit Entitlement

Lot No.	Unit Entitlement	OFFICE USE ONLY	
		Block & Parcel No.	
3	2 bed	1332 sq ft.	IID 1/II H 58
59	2 "	1314 "	IID 1/II H 59
60	2 "	1250 "	IID 1/II H 60
61	3 "	1627 "	IID 1/II H 61
62	2 "	1156 "	IID 1/II H 62
63	2 "	1120 "	IID 1/II H 63
64	2 "	1173 "	IID 1/II H 64
65	2 "	1173 "	IID 1/II H 65
66	2 "	1173 "	IID 1/II H 66
67	3 "	1722 "	IID 1/II H 67
68	3 "	1496 "	IID 1/II H 68
69	2 "	1173 "	IID 1/II H 69
70	2 "	1173 "	IID 1/II H 70
71	1 "	853 "	IID 1/II H 71
72	2 "	1332 "	IID 1/II H 72
73	1 "	748 "	IID 1/II H 73
74	3 "	1627 "	IID 1/II H 74
75	2 "	1173 "	IID 1/II H 75
AGGREGATE		25279 sq ft.	

Christopher Evans
P.O. BOX 1072, G. CAYMAN.

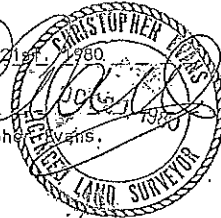
a surveyor licensed under the Land Surveyor's Law 1971
hereby certify that

(1) the building erected on Block and Parcel No IID 1/11(b) is within the external boundaries of the parcel.

(2) the building erected on Block and Parcel No IID 1/11(b) is within the external boundaries of the parcel.

Dated 11 October 1980

Signature Christopher Evans.



Sheet Nos 12-14

approved by the Central Planning Authority for the purposes of the Strata Titles Registration Law 1973 That

(1) the development conforms with the requirements of the Development and Planning Regulations 1977

(2) a certificate of fitness for occupancy has been issued in respect of Strata Lot Nos. 63-75

Dated 31/10/80

Signature [Signature] H. S. P. C. P. A.

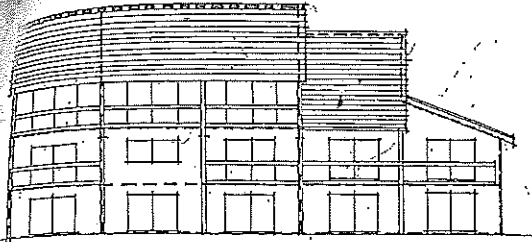
ELEVATIONS : SECTIONS : PLANS.
 Section 4(1)(C) Strata Titles Registration Law 1973

STRATA PLAN No. 12

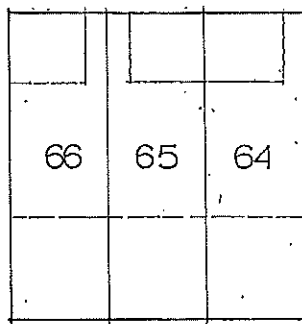
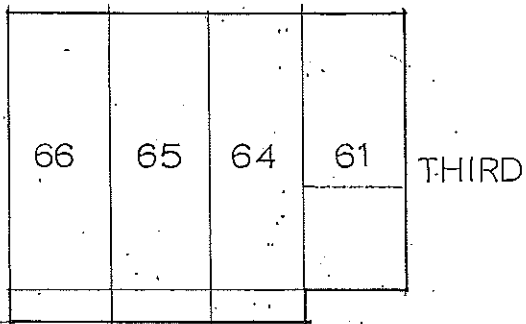
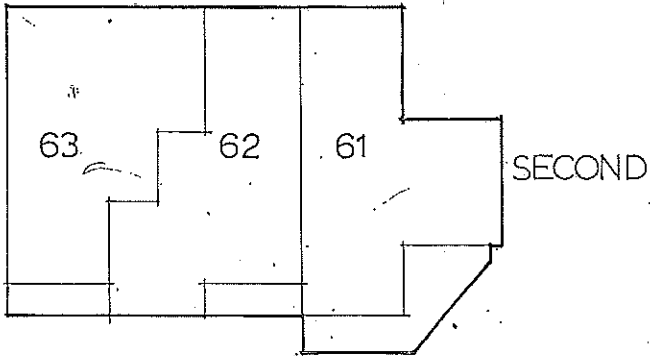
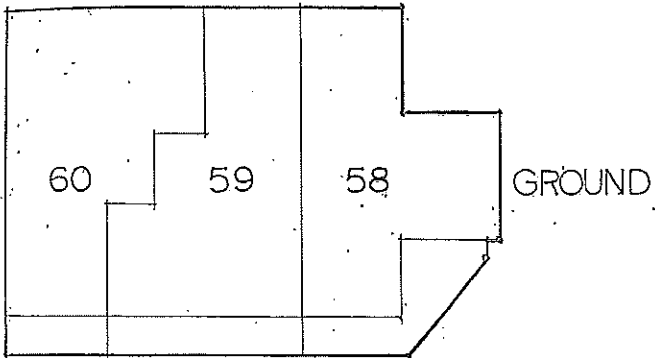
FLOOR

Scale 1:20

BLOCK I.



Block I - 120m

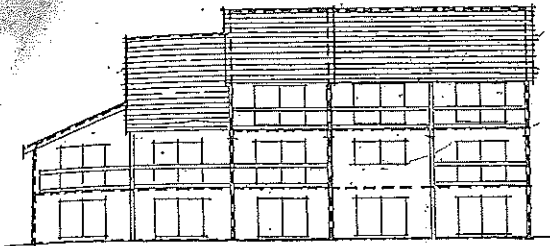


FOURTH

ELEVATIONS : SECTIONS : PLANS
 Section 4(1)(c) Strata Titles Registration Law 1973

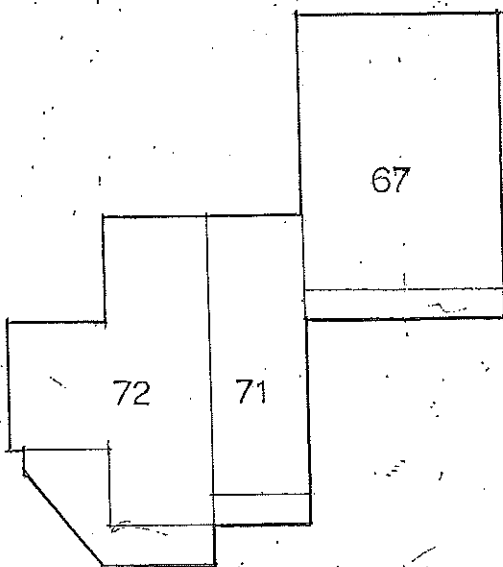
STRATA PLAN No. 12

FLOOR
 Scale 1:20

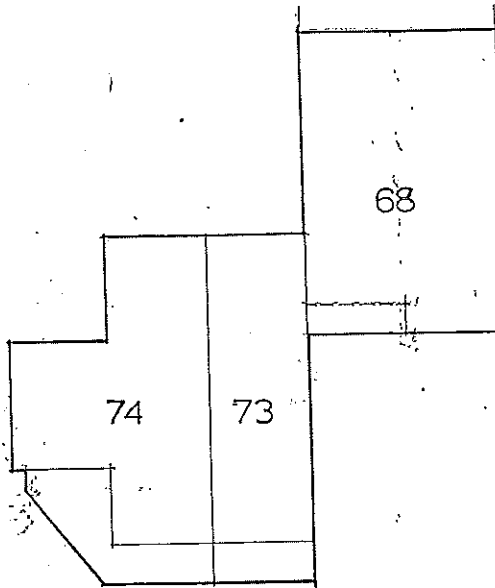


BLOCK J.

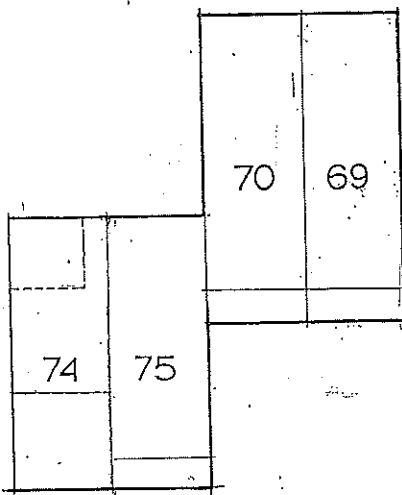
*See plan
 of site*



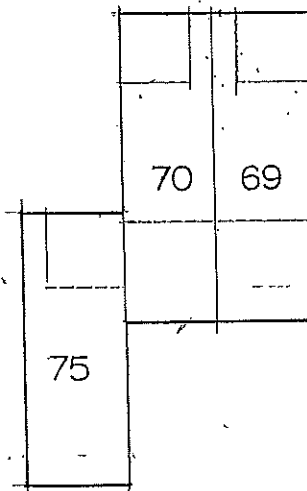
GROUND



SECOND



THIRD



FOURTH



APPENDIX IV

Photographs



Front View of southern section of the property with the Ritz Hotel in the background



Front View of western northern section of the property with the Westin Hotel in the background



View of the beach





THE VALUATION OFFICE
LANDS AND SURVEY DEPARTMENT



Block A



Block B



Block C



Block D



Block E



Block F



THE VALUATION OFFICE
LANDS AND SURVEY DEPARTMENT



Block G



Block H



Block I



Block J



Office



APPENDIX V

2008 Aerial photograph

Cayman Land Info



Parcels



s_Roads

Primary

Secondary

Unpaved

Reefs

Airport Runway

Airport Perimeter

Ponds

Quarries

Built Up Areas

Island

Drop Off



Cardiff & Co.

CHARTERED SURVEYORS

VALUATION REPORT OF:

The Villas of the Galleon – Leasehold Interest
Block/Parcel 11D/1
West Bay Beach North

CLIENT:

Mr. Nigel Bates
Dept. of Lands and Survey
P.O. Box 1089 GT
Grand Cayman, BWI

DATE OF VALUE:

April 11, 2006

VALUATION BY:

Cardiff & Co. Ltd.
James V. Andrews, MAI, MRICS
Chartered Valuation Surveyor

Ref.: J/0665



Cardiff & Co. Ltd.
P.O. Box 30082 SMB, Grand Cayman, Cayman Islands
Suite 12 Alexander Place, George Town
Tel: (345) 945-3531 Fax: (345) 949-7499 Email: cardiff@candw.ky

PREPARATION OF VALUATION REPORT

Date of Report: May 30, 2006

Effective Date of Value: April 11, 2006

To The Client and Intended User:

Re: Leasehold Interest Valuation - Block/Parcel 11D/1, West Bay Beach North

The valuation and report of the referenced property has been prepared in conformance with the Standards of Professional Practice and Code of Ethics of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice (USPAP), and the Practice Statements of the RICS Appraisal and Valuation Standards Manual. This is a Complete Appraisal as defined by USPAP, described in a Summary Report format. I certify that I am competent to perform this assignment based on qualifications and experience in the valuation of properties of this nature and in this local market.

I direct the reader's attention to the signed certification, limiting conditions and assumptions (including hypothetical conditions) stated in this report, on which the value conclusion(s) are contingent. ***The valuation requested in this case is essentially the premium to be paid by the ground leaseholder (as of the valuation date) in order to extend the ground lease term from its current expiration of April 2049 for 56 additional years to expire in April 2105 (with no ground rent).*** Based on the data, analyses and conclusions described on the following pages, the estimated premium to be paid to extend the lease as described herein (specific value stated above), as of April 11, 2006, was:

US \$5,300,000

FIVE MILLION THREE HUNDRED THOUSAND UNITED STATES DOLLARS

Signed,



James V. Andrews, MAI, MRICS

Chartered Valuation Surveyor

Designated Member of the Appraisal Institute

CARDIFF & CO.

P.O. Box 30082 SMB, Grand Cayman

Cayman Islands, British West Indies

Tel: 945-3531 Fax: 949-7499

Summary of Salient Information

Subject Property:	The Villas of the Galleon Land
Location:	West Bay Road at Safehaven, Seven Mile Beach, Grand Cayman, Cayman Islands
Legal Description (Block/Parcel):	11D/1
Registration Section:	West Bay Beach North
Client:	Mr. Nigel Bates Dept. of Lands and Survey P.O. Box 1089 GT, Grand Cayman, BWI
Purpose and Intended Use of Valuation:	Estimate Market Value of the Leasehold Interest (<i>specifically the premium to be paid by the leaseholder in order to extend the lease term from its current expiration of April 2049 for 56 additional years to expire in April 2105</i>)
Intended User:	Cayman Islands Government
Type of Valuation and Report:	Complete Appraisal, Summary Report
Title (Interest) Valued:	Leasehold (see above)
Site Area:	4.264 acres or 185,740 square feet according to Land Register
Improvements:	74 Unit Villas of The Galleon Condominium Property
Date of Inspection:	May 29, 2006
Date of Value:	April 11, 2006
Date of Report:	May 30, 2006
Estimated Value (see above):	US \$5,300,000

Hypothetical Conditions and Extraordinary Assumptions:

The estimated value is the Market Value (Leasehold Interest) of a proposed extension of the existing ground lease; specifically a term from April 2049 to April 2104.

Purpose and Intended Use of Appraisal:

The purpose of the assignment is to estimate the Market Value of the Leasehold Interest in the subject property (*specifically the premium to be paid by the leaseholder in order to extend the lease term from its current expiration of April 2049 for 56 additional years to expire in April 2105*).

"MARKET VALUE" is defined as:- "The estimated amount {in terms of cash or cash equivalent} 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: RICS Appraisal and Valuation Standards Manual; {USPAP 2005}

Scope of Work

As defined by the Uniform Standards of Professional Appraisal Practice (USPAP), this is a Complete Appraisal. According to the Uniform Standards of Professional Appraisal Practice (USPAP), a Complete Appraisal is one that is not limited in scope and does not invoke the Departure Provision of USPAP.

The data analyzed, methodology and conclusions are written in a Summary Report format. The purpose of a Summary Report is to provide a written summary of the methodology, data analyzed, analysis, and conclusions implemented into the valuation.

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

1. I have inspected the subject site and surrounding area.
2. I have analyzed the local market for similar properties including development trends, sales prices and inventory in order to estimate value of the Freehold interest
3. I have estimated the highest and best use of the property based on physical, legal and financial factors, in order to estimate the value of the freehold interest in the land.
4. The Freehold (Fee Simple) Value of the underlying land is first estimated by the Sales Comparison Approach. This is a method of valuation based on sales prices of similar properties which have sold, and with adjustments for dissimilarities. Neither the Cost Approach or Income Approach (as traditionally used) were applicable in this case. The aggregate value of the condominium units was estimated by Sales Comparison only to compare with the estimated land value.
5. The present and proposed interests of both landlord and tenant were estimated. The result of the analysis is the current value of the leasehold interest for that specific lease extension (the value requested). There are several methods of calculating the premium to be paid for this position, which are explained and carried out in this report.

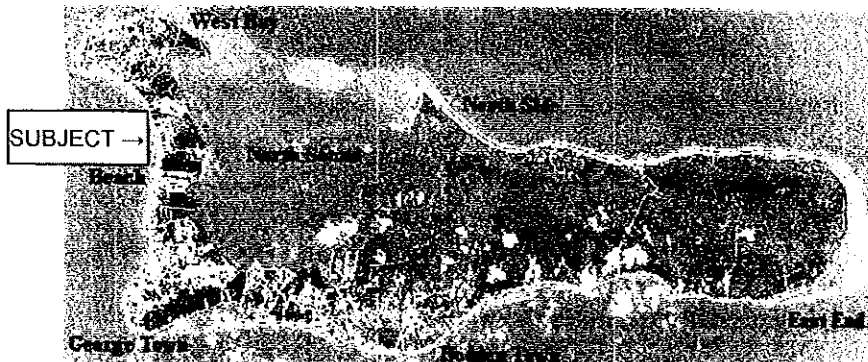
Location

The property is located on the west side of West Bay Road at Safehaven Drive, Seven Mile Beach, Grand Cayman. The subject is specifically located between the Westin Hotel to the north and the Ritz Carlton hotel/condominium development to the south. Generally the subject is located in the central Seven Mile Beach. The general location is about three miles north of the center of George Town, the Capital and business centre of the Cayman Islands.

The primary land uses in the area are hotels and condominiums on the beach side and commercial/retail uses on the land side of the road as well as office buildings (Safehaven, Grand Pavillion), fast food restaurants, and hotels (Westin, Marriott, Hyatt, Comfort Suites, and Sunshine Suites). There are also shopping centres of various sizes such as West Shore Centre, Galleria Plaza, the Marquee, Regency Court and The Falls. Supply for vacant land is considered fair, and demand is considered high for properties of this type in the area as Seven Mile Beach is a well-sought after location due to convenience and natural beauty and dense population of both locals and tourists.

Currently there is a planned extension of the bypass road running north-south to alleviate traffic on West Bay Road. The traffic levels at the subject property should lessen as a result.

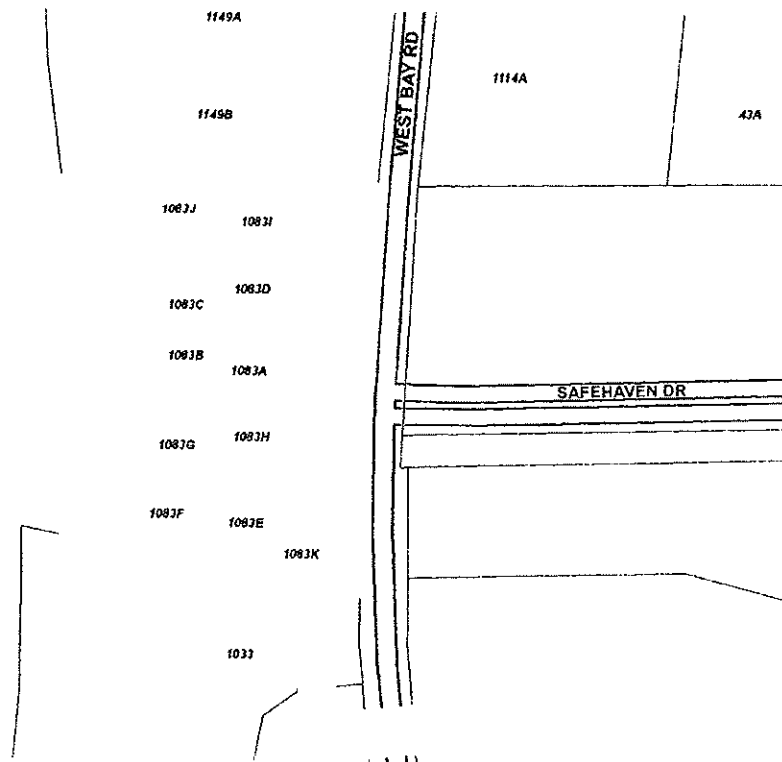
Location Map



Identification of the Property:

The subject is located on the west side of West Bay Road at Safehaven Drive, Seven Mile Beach, Grand Cayman. The subject is specifically located between the Westin Hotel to the north and the Ritz Carlton hotel/condominium development to the south. The subject can legally be described as Block/Parcel 11D/1 in the West Bay Beach North Registration Section.

Registry Map Extract



Registry Details and Property History

Block/Parcel:	11D/1
Registration Section:	West Bay Beach North
Ownership:	Crown Land; Leaseholders are the Proprietors of Strata Plan No. 12
Title:	Leasehold
Sales History:	N/A
Charges/Encumbrances:	None
Charge Proprietor(s):	N/A
Easements, Etc.:	None noted on Land Register
Appurtenances:	None noted on Land Register

Summary of Site Characteristics

Land Area:	4.264 acres or 185,740 square feet according to Land Register
Shape/Frontage	The subject is a non-corner parcel, mostly rectangular in shape with 515 feet of road frontage, 450 feet of average width and approximately 395 feet of average depth.
Type of Frontage/View	Ocean Front
Access/Visibility	Primary access from West Bay Road, a 60 foot wide, asphalt paved, public road. Visibility is average.
Topography/Soil Conditions	The site is sloping, filled above road height. The soil conditions are a mixture of sandy loam, crushed rock fill, grass and landscaping.
Elevation	6.5 feet at High Water Mark, 8.5 feet at center, sloping down to the road at about 5.0 feet according to spot elevations taken by C.I. Government
Functional Utility	The site is suitable for all types of development.
Services	
Mains Electricity	Yes (Caribbean Utilities Co.)
Mains Water	Yes (Consolidated Water Company)
Telephone	Yes
Public Sewer	Yes (Water Authority Cayman)
Encroachments	None noted
Zoning	Hotel/Tourism
Comments:	The site is appropriate for condominium or hotel development of up to seven stories.

The Building Improvements

The subject property is improved with a 74-unit condominium development known as Villas of The Galleon. In general the complex contains ten, two-storey blocks of apartments plus the common area / office building, built in the 1980s. There are 53 two-bedroom units (ranging from 1,115 to 1,173 square feet), 16 one-bedroom units of 748 square feet, and 5 three-bedroom units (1,627 square feet). A detailed analysis of the buildings is not considered necessary as a part of this assignment or within the scope of work, however the general construction is reinforced masonry and mono-pitched roofs with raised seam aluminium cover.

The complex was damaged during hurricane Ivan in 2004, however, all repairs have been made and the complex is in general considered in good condition for its age.

THE SUBJECT PROPERTY

View from Street



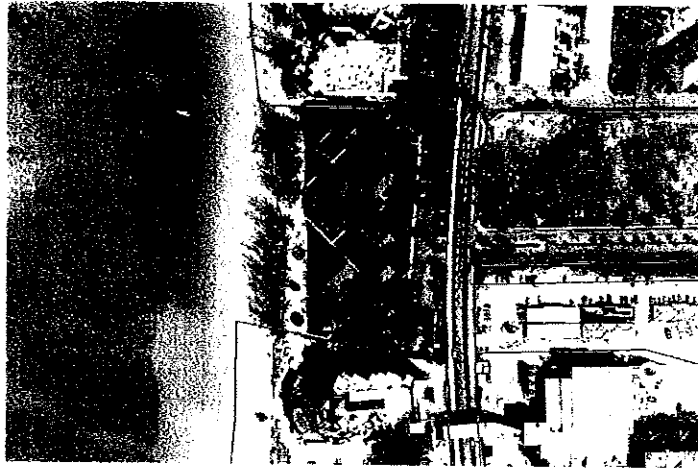
View From Beach



View of Beach Frontage



Aerial Photo (2004 Photography)



Highest and Best Use

The highest and best use of the site as though vacant is usually the one which brings the highest value to the land. There are four criteria in estimating highest and best use. The use must be legally permissive, physically possible, financially feasible, and maximally productive.

The site is zoned Hotel/Tourism according to The Development Plan 1997 (2004 Revision). The existing use is conforming to the zoning. There are no other legal issues with regard to the development other than approval from the Central Planning Authority.

The total land area is 4.264 acres or 185,740 square feet according to plot plan provided by client. In general the physical aspects of the site do not limit the utility of the site. Physically, the site is suitable for all types of development.

Financially speaking the state of the resort condominium market is healthy with continued demand for luxury condominiums on Seven Mile Beach. There is basically no available land left for development along the beach. The change in zoning regulations to allow seven stories has had a positive effect on the utility and profit potential for development along the beach. The highest and best use as though vacant is considered to be a resort condominium development up to seven stories. The estimated aggregate value of the combined condominiums is considered to exceed the value of the parcel as though vacant and ready for development. Also the building more or less encompass the area of the site with no appreciable excess land. Therefore it is not considered prudent to re-develop at this time, and the highest and best use is for continued use of the current condominium development.

Valuation of The Villas of the Galleon Land at Block/Parcel 11D/1, West Bay Beach North

Land Valuation (Freehold Value)

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 beach front land in the area. Comparable sales were few and far between, however the best and most comparable were used in the valuation. The comparable sales used are shown on the following chart, and are compared on a US\$ price per square foot of land area, and on a price per linear foot of beach frontage.

	<u>Subject</u>	<u>Sale 1</u>	<u>Sale 2</u>	<u>Sale 3</u>	<u>Sale 4</u>	<u>Sale 5</u>
Location	West Bary Road at Safehaven	WB Road at Yacht Dr	Lower SMB	Next to WB Cemetary	WB Road at Marsh Rd	SMB North
Block/Parcel #	11D 1	10E 53	13B 202	5C 123	10E 1, 2	10E 3
Date of Sale	N/A	Contract Mar 06	Jan 05	Jul 04	Apr 06	Mar 00
Sale Price US\$	N/A	\$10,000,000	\$3,192,000	\$5,500,000	\$21,840,000	\$4,852,375
Land Size Acres	4.264	0.8800	1.2300	0.9200	1.5700	0.6500
Land Size, Sq. Ft.	185,740	38,333	53,579	40,075	68,389	28,314
Sea Frontage (LF)	450	205	100	100	350	100
Shape	Rectangular	Rectangular	Rectangular	Rectangular	Rectangular	Rectangular
Use	Villas Galleon	Frmr Crown Jewell	Montclair	Sea Breeze	Victoria House	Mandalay
\$/Square Foot US\$	N/A	\$260.87	\$59.58	\$137.24	\$319.35	\$171.38
\$/L.F. Frontage US\$	N/A	\$48,780	\$31,920	\$55,000	\$62,400	\$48,524
<u>Financial Adjustments</u>						
Conditions of Sale		0.0%	0.0%	0.0%	0.0%	0.0%
Market Conditions (Date of Sale)		0.00%	10.00%	20.00%	0.00%	30.00%
Adj. \$/Sq. Ft.		\$260.87	\$65.53	\$184.69	\$319.35	\$222.79
Adj. \$/LF		\$48,780	\$35,112	\$66,000	\$62,400	\$63,081
<u>Location and Physical Adjustments</u>						
- Location		10.0%	50.0%	20.0%	10.0%	10.0%
- Elevation/Fill		0.0%	0.0%	0.0%	0.0%	0.0%
- Access/Other		0.0%	0.0%	0.0%	0.0%	0.0%
Adj. \$/Sq. Ft.		\$286.96	\$98.30	\$197.63	\$351.28	\$245.07
Adj. \$/LF		\$53,659	\$52,668	\$79,200	\$68,640	\$69,389
<u>Price Per Sq. Ft. Adjustments</u>						
- Size		-30.0%	-20.0%	0.0%	-20.0%	-35.0%
- Shape (Frontage vs Depth)		-30.0%	20.0%	0.0%	-30.0%	-20.0%
Adj. Price/Sq. Ft. US\$		\$140.61	\$94.37	\$197.63	\$196.72	\$127.44
<u>Price Per L.F. Adjustments</u>						
- Size		0.0%	0.0%	0.0%	0.0%	0.0%
- Shape (Depth)		20.0%	20.0%	0.0%	20.0%	15.0%
Adjusted Price/FF US\$		64,390	63,202	79,200	82,368	79,797

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. All sale transfers are Absolute Title.

Land (Freehold) Valuation (Continued):

Land values have been increasing in recent years at a rate many believe to be in the range of 3% to 5% per year with more appreciation noted in the last twelve months in certain areas. Land on Seven Mile Beach, however has increased in value far in excess of the normal rate of appreciation due to the rapidly diminishing availability of land for development. The sales are adjusted to reflect this trend. The sales are adjusted for location and physical characteristics. The subject is in the heart of Seven Mile Beach with excellent sandy beach quality. Sales 1, 3, 4, and 5 are at the northern end of the beach toward West Bay. Sale 2 is at the southern end of the beach but with a beach frontage that has many rocks and ironshore. All sales were adjusted upward for location.

Size adjustments are based on the principle of "Economies of Scale" with smaller sites being adjusted downward on a unit price basis. On a "per square foot" basis the sales are adjusted for size and shape (frontage versus depth). On a "per front foot" basis the sales are also adjusted for frontage versus depth but on a reciprocal basis (each front foot being worth more for a deeper site). The previous chart illustrates the adjustments and the adjusted unit prices for the comparables.

Price Per Square Foot

The adjusted unit prices of the sale comparables average US\$151.35 per square foot. Sales 1 and 4 are most comparable due to date of sale and location. Based on these considerations the subject site has an estimated value on a price per square foot basis as follows:

Concluded Value/Sq. Ft.		
Sq. Ft.		185,740
\$/Sq. Ft.	US\$	\$150.00
Total	US\$	\$27,860,976
Rounded	US\$	\$27,900,000

Freehold Land Valuation (Continued):

Price Per Front Foot

The adjusted unit prices average US \$73,791.43 per linear foot of sea frontage. Based on these considerations, the subject site as though vacant has an estimated value on a per front foot basis as follows:

Concluded Value/Front Foot		
Front Feet		450
\$/FF	US\$	\$75,000.00
Total	US\$	\$33,750,000
Rounded	US\$	\$33,750,000

Both analyses are given consideration. Most emphasis is given to the price per front foot analysis, which is a more common analysis in this market and indicates a tighter value range.

Land (Freehold) Valuation (Conclusion)

Based on these conclusions, the estimated Freehold value of the subject site by the Sales Comparison Approach is US\$32,000,000.

Contributory Value of the Building and Site Improvements

The following is an analysis to determine if the aggregate value of the condominiums at least exceeds the land value as though vacant. The most recent sale found in the MLS system is of a two-bedroom ocean-front unit for US\$695,000 (November 2005). Two-bedroom (partial) beach view units sold for US\$399,000 and US\$475,000 in 2002. An Oceanfront unit also sold in 2002 for US\$535,000, indicating appreciation of about 10% per year if all else is equal. The most recent one-bedroom sold in 2000 for US\$290,000 in 2000. There are currently three active listings, all for two-bedroom (partial) beach view units. These are listed for US\$645,000, US\$649,000, and US\$650,000 respectively. Based on these and other area comparables, the lower end of the range for aggregate values of the units in the complex can be roughly estimated as follows:

Note: The following is not an appraisal of the condominium units, only an exercise to demonstrate that the aggregate value of the condominium units exceeds the estimated land value. These values are considered to be conservative and perhaps toward the lower end of the range.

List of Units			
Unit #	Configuration	Est. Value	Total Value
25	2-BR Oceanfront	\$700,000	\$17,500,000
28	2-BR Partial View	\$550,000	\$15,400,000
16	1-BR Partial View	\$400,000	\$6,400,000
5	3-BR Ocean View	\$800,000	\$4,000,000
Totals	-		\$43,300,000

It appears that the units are still selling for typical Freehold values, and continuing to show appreciation with only 43 years left on the ground lease. Also of note is that the strata was 36% self-insured, and spent all reserve funds as well as insurance claims in restoring the development after the hurricane. This alone suggests that the proprietors have no intentions of demolishing the complex in favour of re-development.

In the valuer's opinion, the only scenario that would enable feasibility of re-development would be for a developer to take over the property and grant each owner a condominium unit that would well exceed the value of each respective existing unit. It would be more difficult in this case to bring profit to the developer than other recent cases such as Caribbean Club where the buildings were clearly an under-improvement of the land (certainly more so than in this case).

The point of note is that unless the property is re-developed, the lessees' (proprietors') proposed interest does not improve by purchasing an extension of the ground lease.

Leasehold Valuation

The proposed extension is valued in several different ways considering the different objectives of the parties. These methods are explained following.

Surrender and Renewal – Sales Comparison Approach

This method takes the perspective that the lessee will surrender his current lease in favour of a new 99 year lease, and values these positions. In theory the value of the extension would be the value of a new 99 year lease less the value of the current remaining term. Again, it is considered that a new 99 year term is tantamount to Freehold.

There is one comparable sale of the purchase of an unexpired term, and subsequent purchase of a lease extension.

This comparable is Block 11D Parcel 4 – a proposed shopping centre site on West Bay Road. The current owner of the leasehold position (with 44 years remaining) recently purchased this interest for US\$2,000,000, or CI\$1,666,600. They since have agreed to a price of CI\$1,050,000 to extend the lease for 55 years resulting in a new 99 year term. It is the valuer's opinion that a new 99 year lease should equate to a value at or close to the Freehold Value. This indicates that the total amount paid (invested) for the 99 year term is CI\$3,050,000 (CI\$8.32 per square foot). Therefore, if the sum of the parts equal the whole, this comparable suggests that 55% was paid for the unexpired term of 44 years and 45% was paid for the lease extension of 55 years.

The sum of the parts may not, however equal the whole in this case. As a matter of opinion, the freehold value of the land may be higher based on comparable sales. I have performed a valuation of the leasehold interest of this parcel for the C.I. Government as well. Comparable sales suggest a Freehold value of CI\$15.00 per square foot is applicable or roughly CI\$5,500,000. This suggests that the amount paid for the remaining 44 year term was about 30% of Freehold, and the amount paid for the lease extension was about 19%. This comparable would suggest, that using 19% of the freehold land value, the value of the proposed lease extension would equate to **US\$6,080,000**.

Leasehold Valuation (Continued):

Guidelines Based on UK Leasehold Reform

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

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

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

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

Present Interest Vs. Proposed Interest

This method follows the logical assumptions that each party to the transaction will use its respective bargaining power to negotiate the deal so as best to make their present interest equal their proposed interest. In this case each position should be valued.

Landlord's Position

The Lessor's present position is the reversion of value at the end of the 43 year term, and his proposed interest is the reversion in 99 years. Note that there is a nominal annual rental of £35, however the present worth of this annuity is negligible and therefore not included for simplicity. In addition it is considered that the buildings will be beyond their economic life prior to the current lease expiration.

The traditional UK models uses present value as future reversion rather than predicting any inflation or deflation in value (although it could be argued that there has never been deflation in values in these islands). The discount (Yield) rate to be used should reflect the lack of inflation predicted and the resulting (lower) yield to the lessor. In long term ground leases with ground rent, the lessor's position can be compared to a lender as he is essentially providing use of land without the necessity of 100% equity available. The cost of capital for real estate locally is currently considered to be about 8%. Deducting the normal inflation (of recent years) of about 4% indicates a "base savings rate" of 4%. This low rate reflects the low risk of simply holding land until reversion without rent, and the low risk of not predicting inflation in value.

Landlord's Present and Proposed Interest = Reversion in 43 and 99 Years

Present Value of US\$32,000,000 in 43 years @ 4% =	US\$5,925,382
Present Value of US\$32,000,000 in 99 years @ 4% =	US\$ <u>658,945</u>
Indicated Loss to the Landlord =	US\$5,266,437
Rounded to:	US\$5,270,000

Leasehold Valuation (Continued):

Lessee's Position

Based on the conclusions in earlier sections of this report, the Lessee's have no current financial gain by extending the lease since re-development appears unfeasible at this time. In other words, if money were spent to extend the lease, re-development would need to occur in the very near future in order to profit from the investment. This is because the time value of money will negate the cost (value increase) of the lease extension. In addition, the current values of the condos would not, in the valuer's opinion, increase if the lease were extended to 99 years from the present. This is partly due to the fact that the economic life of the condos would not change. Additionally, the fact that the aggregate value of the condos exceeds the Land Value lends credence to this idea, as the 99 year lease should be equal to land value in freehold.

It could be argued that the proposed interest in the lessees position would increase if they were given a proposed higher value condominium by a developer, however, these predictions of feasibility are speculative and I understand there to be no proposed plan in place.

The present and proposed interests of the lessees would therefore be the same whether or not they extend the lease.

Lessee's Present and Proposed Interest

Present Interest = Approx. Aggregate Value of Condos	US\$43,000,000
Proposed Interest = value of 99 yr lease or freehold =	<u>US\$43,000,000</u>
Profit to the Lessee =	US\$ - Nil-

In this case the Landlord has no argument or claim to any share of profit to the lessee, and no marriage value would exist. Therefore the indicated value by this method is the loss in value to the landlord, or US\$5,270,000

Capitalisation and Present Value of Ground Rent

This method of valuation would be considered more typical by U.S.A. educated appraisers such as members of the Appraisal Institute. This is a valuation of the proposed lease extension, which is a 56 year term, 43 years from now. The valuation would typically be based on the value of ground rent, or in lieu of ground rent the present value of what the ground rent would be.

The USA based investor survey *RealtyRates.com* states that capitalisation and yield rates for long term ground leases average about 10% for hotel sites. It is generally accepted in the USA that long term land leases are generally based at about 10% of value for annual rent payments. Assuming no inflation the appropriate ground rent would therefore be US\$3,200,000 per year ($32,000,000 \times 0.10$). The rent is to be paid in one lump sum, however, so the annual rental is discounted back to present value (a point in time that is 43 years from now) at a rate equal to the cost of capital for land (the lessor would acting like a lender receiving equal instalments in lieu of equity up front). The present value of the rental payments at 8% for 55 years is US\$39,419,565. This would theoretically be the amount paid for the lease extension 43 years from now.

This payment is to be made at the present time, however, so this amount is discounted back to present value (43 years) at the base savings rate as there is virtually no risk and no predicted inflation in value or income. Again, the base savings rate is considered to be 4%. Therefore the future value of the lease is discounted 43 years to present value at 4% which equates to US\$7,299,250 (rounded to **US\$7,300,000**).

Reconciliation

The following Value Conclusions have been estimated for the premium for the lease extension:

Sales Comparison (% of Value):	CI\$6,080,000
UK Leasehold Reform Guidelines:	CI\$5,270,000
Capitalisation of Ground Rent:	CI\$7,300,000

Two of the three methods imply there is value to the lessee by extending the lease. The UK Leasehold Reform Guideline method only considers the value loss to the landlord. As it is the valuer's opinion that there is no value to the tenant at this time, the UK reform guidelines method is given most consideration. Based on the data, analyses and conclusions described on the following pages, the estimated premium to be paid to extend the lease as described herein, as of April 11, 2006, was:

US \$5,300,000

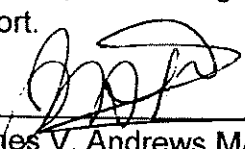
FIVE MILLION THREE HUNDRED THOUSAND UNITED STATES DOLLARS

It should be noted that this is not a Market Value Estimate since there is no estimated benefit to one of the parties.

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 I have no personal interest or bias with respect to the parties involved.
- ♦ Neither my engagement to make this appraisal (or any future appraisals for this client), nor any compensation therefore, are contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- ♦ My 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 (including 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 and the RICS relating to review by their duly authorised representatives.
- ♦ As of the date of this report I have completed the requirements of 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 professional assistance to the person(s) signing this report.


James V. Andrews MAI, MRICS

Chartered Surveyor

Designated Member of the Appraisal Institute

LIMITING CONDITIONS

CONDITION NO. 1

Unless otherwise stated, the value appearing in this appraisal represents our opinion of the Open 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 appraisal report is gross, without consideration given to any encumbrance, restriction, or question of title, unless specifically defined.

CONDITION NO. 3

This 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 appraisal expresses our opinion, and employment to make this appraisal was in no way contingent upon the reporting of a predetermined value or conclusion. The appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan. This Valuation 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 appraiser accepts no responsibility whatsoever to any other person. Photographs, sketches, etc. presented in this Valuation 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 on the Land Register. 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, 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, 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 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 our 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 appraisal.

CONDITION NO. 10

The legal description and title of the subject property have been obtained from the Cayman Islands Land Registry and 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 Report relies upon their legal accuracy.

Date: 23 June 2006

Mr. N. Bates MA MRICS
Chief Valuation Officer
Lands & Survey Department
PO Box 1089 GT
Grand Cayman
Cayman Islands

PROPERTY APPRAISAL: Ocean front Seven Mile Beach land
PHYSICAL ADDRESS: Land occupied by Villas of the Galleon
BLOCK: 11D
PARCEL: 1/11 (Leasehold)

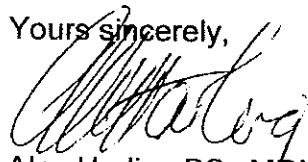
Dear Mr. Bates,

Further to your instructions, we confirm that we have inspected the above property and now attach our report and opinion of the premium to be paid to extend the existing long leasehold interest to create a new term of 99 years from 1 June 2006, therefore to expire 1 June 2105 at a peppercorn rent.

We also include our opinions of Market Value for the existing leasehold interest and Market Value of the absolute title, as each of these is required as part of the valuation calculations.

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

Yours sincerely,



Alex Harling BSc MRICS
Chartered Surveyor
Bould Paterson Limited

VALUATION DETAILS

CLIENT	The Ministry of District Administration, Planning, Agriculture & Housing.
PURPOSE OF VALUATION	Market appraisal of premium to be charged for a lease extension.
BASIS OF VALUATION	Market Value
DATE OF VALUATION	1 June 2006
DATE OF INSPECTION	1 June 2006
PROPERTY INSPECTION BY	Alex Harling
REPORT BY	Martyn Bould/Alex Harling

TITLE REGISTRATION DETAILS

DETAILS AS OF	17 May 2006
SECTION	West Bay Beach North
BLOCK	11D
PARCEL	1/11
REGISTERED TO	The Proprietors, Strata Plan No. 12
DATE REGISTERED	8 th December 1980
INSTRUMENT NUMBER	M 1754
TITLE OF LAND	Leasehold. The lease terms are set out below.
APPURTENANCES	None. Please see the lease summary in this report for further appurtenances.
INCUMBRANCES	Registers in respect of Strata Lots have been opened.
LANDS AND SURVEY REGISTERED AREA	4.264 acre (185,740 sq. ft.) approx.
ZONING OF LAND	Hotel / Tourism

PROPERTY LOCATION

The subject property comprises a parcel of land bounded by the Caribbean sea to the west, The Westin Casuarina Resort to the north, West Bay Road to the east and the Ritz Carlton to the south.

It is located approximately 2.67 miles to the north of George Town, on the west side of West Bay Road.

Main road access to the property is therefore from West Bay Road, which presently experiences significant congestion in mornings and evenings in particular. The new West Bay Road bypass is under construction to the east.

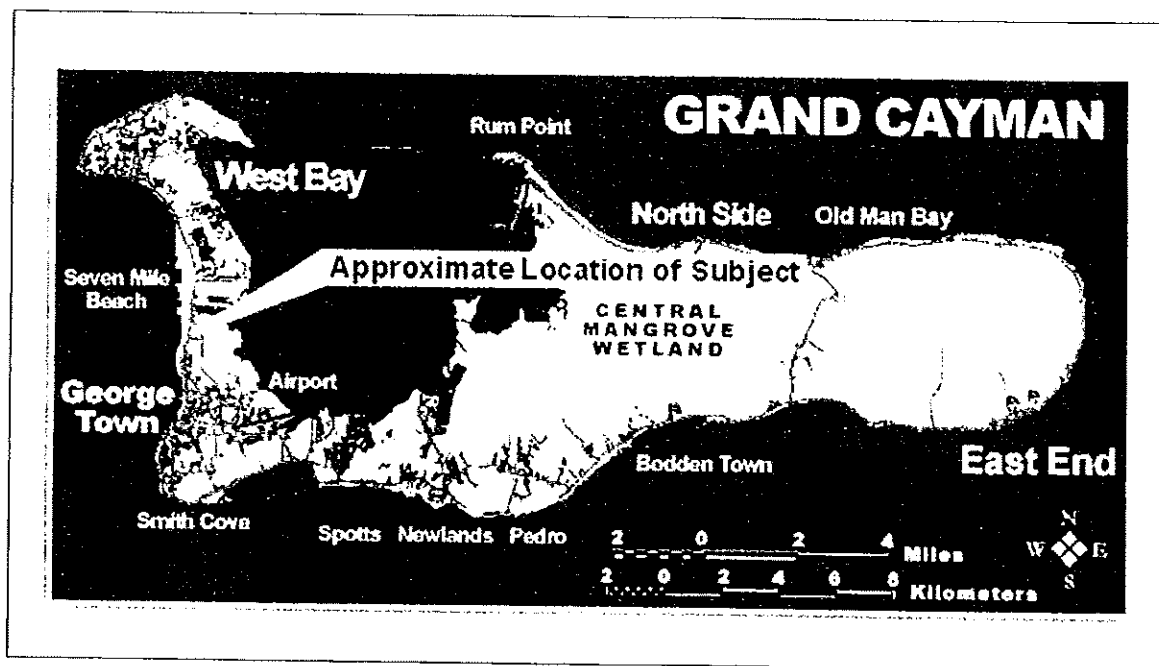
The majority of properties fronting Seven Mile Beach are upscale condominiums, hotels and leisure users. The property is between The Ritz Carlton and Westin Casuarina Resort hotels.

Opposite, on the eastern side of West Bay Road are the Sunshine Suites hotel (zoned hotel/leisure), Cayman Falls shopping centre, which has a combination of small retail outlets on the ground floor, commercial office space and apartments on the upper floor (zoned hotel/leisure) and Regatta Office Park (zoned neighbourhood commercial), a large multi office building property with associated parking.

The recently opened Ritz Carlton resort and residences is on a 136 acre plot of land extending from Seven Mile Beach, to which it has ocean frontage of approximately 568 feet, through to the east of West Bay Road and is directly adjacent to the south of the subject property.

The Strand commercial centre, which includes a Fosters Food Fair supermarket, is approximately 0.28 miles to the south.

LOCATION MAP



SITE DESCRIPTION

SITE AREA	4.264 acre (185,740 sq. ft.) approx.
BOUNDARIES	The parcel has the following boundary lengths:- North boundary: 394 feet Eastern boundary: 521 feet Southern boundary: 378 feet Western boundary: 452 feet
GROUND CONDITIONS	Cleared and built over.
ELEVATION	Estimated to be between approximately 3.6 and 9.8 feet above mean sea level
ELECTRICITY	Mains electricity from Caribbean Utilities Company.
WATER	Underground mains water.
DRAINAGE	Mains drainage.
TELEPHONE	Assumed to have various telephone service provider connections available.

DESCRIPTION OF PROPERTY AND IMPROVEMENTS

This is the description for the purposes of valuation.

PROPERTY TYPE	An open site (as the buildings are excluded from the valuation)
GROSS SITE AREA	Approximately 4.264 acre (185,740 sq ft)
ACCOMODATION:	For valuation purpose there are assumed to be no buildings or accommodation on site.
SITE IMPROVEMENT	The valuation assumes that the site is undeveloped.
AGE OF IMPROVEMENTS	Not applicable
SERVICES	As set out above we assume that all necessary service connections are available to the site.
BUILDING SPECIFICATION	For valuation purposes there are assumed to be no buildings on site.
CONDITION	For valuation purposes there are assumed to be no buildings on site.

LEASES

We have not been provided with a copy of the lease, although have previously been supplied with a similar lease of a nearby property. We are therefore assuming for valuation purposes that the subject property lease is in broadly similar terms, which are as follows: -

General terms

Demise	4.264 acre (185,740 sq. ft.) approx.
Lease date	14 th April 1950
Term commencement	11 th April 1950
Term expiry	10 th April 2049
Landlord	Governor of the Cayman Islands
Tenant	Not known
Term duration	99 years from 11 th April 1950
Rent	£35 per annum.
Other rights	None pertinent to the valuation.

Tenant's liabilities

Outgoings	To pay for all electricity, water and telephone, other utilities costs and taxes assessed against the property.
Insurance	To keep insured, to certain stipulations, any structures constructed on the land.
Waste and nuisance	The tenant is not to commit or permit waste or nuisance.
Repair	At their own cost to keep the property in good repair.
Alterations	The tenant is permitted to build on the demised premises and to obtain development finance pursuant to this.

Alienation	The tenant may assign, underlet, or part with possession of the premises without the consent of the Governor.
User	Not to use the demised premises or any use prohibited under the head lease (as we have not been provided with a copy of the head lease the user clause is not known to us. We therefore assume for valuation purposes that the property may lawfully be used for all neighbourhood commercial uses.

Landlord's liabilities

Quiet enjoyment	To allow the tenant to peaceably hold and enjoy the demised premises.
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General

Forfeiture	A forfeiture clause allowing the lease to be forfeited under certain circumstances, such as none payment of rent, taxes or insurance.
Renewal	We are assuming that there is no automatic or statutory right for the tenant to renew their lease at its end.

We are assuming for the purposes of this valuation that there are no other documents or agreements relating to the lease which affect its terms, such as assignments, deeds of variation, side letters, or deeds of surrender.

Our valuation is carried out on the assumed basis that there have been and are no ongoing breaches of any lease terms or covenants, that each party has fully complied with all obligations under the lease and that there is no current or pending litigation in respect of the landlord tenant relationship in connection to this property.

Should there be any material differences between our understanding of the lease terms as set out above and the actual lease terms and covenants then please advise us, as such differences may affect our valuation, adversely or otherwise.

BASIS OF VALUATION

We are instructed that the valuation is required in order to assess the premium to be

paid by the Leaseholder to extend the Head Lease back to a term of 99 years with effect from the date of our valuation being 1st June 2006 and to expire 99 years later on 31st May 2105.

The existing head leasehold interest was for a term 99 years from 11th April 1950. At the valuation date the existing head leasehold interest had 42 years 10 months and five days outstanding.

You have instructed us that despite the tenant having no automatic right to renew the lease at its expiry that we are to have regard to the Leasehold Reform, Housing and Urban Development Act 1993 (the Act) in assessing the premium that the tenant should pay to extend their lease. Our valuation is therefore carried out on the assumption that the principles of the Act apply and that the tenant is a qualifying tenant for the purposes of the Act.

You have advised us that there are no subleases.

Our valuation assesses the value of the landlord's and tenant's interests both before and after the proposed lease extension. The Market Value of the tenant's leasehold interest increases, by virtue of the unexpired leasehold term being longer. This makes the tenants interest significantly more marketable. Conversely the Market Value of the landlord's interest is diminished by virtue of the reversion being more distant in time. As there is not intended to be any increase in the ground rent, this means the present benefit to the freeholder of the right to receive the vacant freehold reversion is less valuable.

In carrying out this valuation we have had regard to the fact that there will be a Marriage Value to the tenant, as a result of the lease extension. In apportioning Marriage Value we have had regard to the Leasehold Reform, Housing and Urban Development Act 1993. On this basis we have apportioned the Marriage Value at 50% for each of the landlord and tenant.

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 as the valuer feels necessary in order to reflect the differences in locations, design, condition, valuation dates, etc. Land sales of particular relevance include the following;

COMPARABLES

LAND SALES - NORTH TO SOUTH ON SEVEN MILE BEACH

Date	Block	CI\$ Transfer	Parcel (sq ft)	Linear feet ocean	CI/ sq ft	CI\$/linear foot	Notes
Apr-06	10E 1 & 2	\$21,840,000	95,832	350	\$227.90	\$62,400	Victoria House, 1955 West Bay Road. Also sold by share transfer 6th January 2005 CI\$8,133,700.
Feb-01	10E 53	\$2,100,000	38,333	202	\$54.78	\$10,396	Crown Jewel 1777 West Bay Road.
Feb-03	10E 36, 54 & 11B17	\$3,269,280	1,950,181	209	\$1.68	\$15,642	10E 36, 10E 54 & 11B 17 sold jointly. 10E 54 & 11B 17 have 209 & 805 lin ft frontage respectively.
Sep-03	10E14, 47 & 48	\$6,795,000	709,061	222	\$9.58	\$30,608	1745 West Bay Road. Domestic. 3 parcels sold jointly, only 2 having ocean front total 222 feet.
Dec-05	11B 61	\$22,293,600	163,350	400	\$136.48	\$55,734	The Beach House Condos. Sold by share transfer. Parcel extends ocean & inland sides of WBR.
Sep-03	11B 70	\$1,260,000	120,661	115	\$10.44	\$10,957	Narrow strip of land extending on both sides of West Bay Road
Mar-03	12C 394	\$2,688,000	5,924,160	573	\$0.45	\$4,691	The site of The Ritz Carlton. Price includes chattels of CI\$268,800. Total site area 136 acres.
May-02	12C 13	\$1,764,000	75,794	202	\$23.27	\$8,733	The land sold on 8 May 2002 and on 25th July 2001 for CI\$1,121,400.
Nov-03	12C27, 12E88, 89, 94 12D 26, 79REM1	\$27,372,703	2,453,434	220	\$11.16	\$124,421	6 parcels, only 12C 27 with SMB frontage (220 lin ft), so the rate /sq ft is low and rate /lin ft high.

Feb-06	12E 37	\$2,478,000	14,810	77	\$167.31	\$32,182	42 Lizard Run, a beach front home. The price shown excludes chattels of CI\$42,000.
Dec-05	12E44, 12D 93-97	\$89,460,000	9,778,784	311	\$9.15	\$287,653	The Coral Caymanian, incl. 12E 44, 12D93,94,95,96 & 97. Only 12E 44 has SMB front of 311 lin ft.
May-98	13B 7	\$2,856,000	114127.2	197	\$25.02	\$14,497	Crescent Point a parcel with narrow entrance off West Bay Road and ocean frontage of 197 feet.
Jan-05	13B 202	\$3,192,000	53,579	101	\$59.58	\$31,604	75 Snooze Lane and the site for Treasure Island Divers.
Dec-04	13E 14	\$2,310,000	57,935	288	\$39.87	\$8,021	309B North Church Street (listed as The Tree House).
Average					\$55.48	\$49,824	

However, although this shows the Seven Mile Beach transaction is the order from north to south, it does not take account of the passage of time. This can be seen from re-arranging the above comparables in chronological order as follows: -

LAND SALES - CHRONOLOGICAL ORDER

Date	Block	CI\$ Transfer	Parcel (sq ft)	Linear feet ocean	CI/ sq ft	CI\$/linear foot	Notes
Apr-06	10E 1 & 2	\$21,840,000	95,832	350	\$227.90	\$62,400	Victoria House, 1955 West Bay Road. Also sold by share transfer 6th January 2005 CI\$8,133,700.
Feb-06	12E 37	\$2,478,000	14,810	77	\$167.31	\$32,182	42 Lizard Run, a beach front home. The price shown excludes chattels of CI\$42,000.
Dec-05	11B 61	\$22,293,600	163,350	400	\$136.48	\$55,734	The Beach House Condominiums. Sold by share transfer. The parcel extends both ocean and inland sides of West Bay Road.
Dec-05	12E44, 12D 93-97	\$89,460,000	9,778,784	311	\$9.15	\$287,653	The Coral Caymanian, incl. 12E 44, 12D 93, 94, 95, 96 & 97. Only 12E 44 has ocean front of 311 lin ft. Through to North Sound.

Jan-05	13B 202	\$3,192,000	53,579	101	\$59.58	\$31,604	75 Snooze Lane and the site for Treasure Island Divers.
Dec-04	13E 14	\$2,310,000	57,935	288	\$39.87	\$8,021	309B North Church Street (listed as The Tree House).
Nov-03	12C27, 12E88,89,94 12D 26, 79REM1	\$27,372,703	2,453,434	220	\$11.16	\$124,421	Six parcels, only one, 12C 27 having ocean frontage (of 220 linear feet). Therefore the rate /sq ft is low and rate /linear foot high.
Sep-03	11B 70	\$1,260,000	120,661	115	\$10.44	\$10,957	Narrow strip of land extending on both sides of West Bay Road
Sep-03	10E14, 47 & 48	\$6,795,000	709,061	222	\$9.58	\$30,608	1745 West Bay Road, a domestic property, sold jointly with two other parcels. Only 2 parcels have ocean front total 222 feet.
Mar-03	12C 394	\$2,688,000	5,924,160	573	\$0.45	\$4,691	The site of The Ritz Carlton. Price includes chattels of CI\$268,800. Total site area 136 acres.
Feb-03	10E 36, 54 & 11B17	\$3,269,280	1,950,181	209	\$1.68	\$15,642	10E 36, 10E 54 & 11B 17 sold jointly. 10E 54 & 11B 17 have 209 & 805 lin ft frontage respectively.
May-02	12C 13	\$1,764,000	75,794	202	\$23.27	\$8,733	The land sold on 8 May 2002 and on 25th July 2001 for CI\$1,121,400.
Feb-01	10E 53	\$2,100,000	38,333	202	\$54.78	\$10,396	Crown Jewel 1777 West Bay Road.
May-98	13B 7	\$2,856,000	114127.2	197	\$25.02	\$14,497	Crescent Point a parcel with narrow entrance off West Bay Road and ocean frontage of 197 feet.
Average					\$55.48	\$49,824	

Although it provides a wide picture some of the comparables in the chronological table above are unsuitable for being too far from Villas of the Galleon. We have therefore excluded those which are in too different an area to the subject property, which is as follows: -

LAND SALES – CHRONOLOGICAL EXCLUDING UNSUITABLE COMPARABLES

Date	Block	CI\$ Transfer	Parcel (sq ft)	Linear feet ocean	CI/ sq ft	CI\$/linear foot	Notes
Apr-06	10E 1 & 2	\$21,840,000	95,832	350	\$227.90	\$62,400	Victoria House, 1955 West Bay Road. Also sold by share transfer 6th January 2005 CI\$8,133,700.
Feb-06	12E 37	\$2,478,000	14,810	77	\$167.31	\$32,182	42 Lizard Run a beach front home. Chattels of CI\$42,000 excluded. This is both narrow and smaller than the subject property.
Dec-05	11B 61	\$22,293,600	163,350	400	\$136.48	\$55,734	The Beach House Condos. Both sides of WBR, which lowers the rate per sq ft & linear foot compared to the subject property.
Jan-05	13B 202	\$3,192,000	53,579	101	\$59.58	\$31,604	75 Snooze Lane. This is a narrow site and quite far south from the subject property & is considerably smaller and less expensive.
Sep-03	10E14, 47 & 48	\$6,795,000	709,061	222	\$9.58	\$30,608	1745 West Bay Road. Only 2 plots have ocean fronts. The large none ocean plot reduces the rate per sq ft & per linear foot.
Average					\$120.17	\$42,506	

From these it is our opinion that the following are the most suitable: -

LAND SALES - CHRONOLOGICAL ORDER - MOST SUITABLE COMPARABLES

Date	Block	CIS Transfer	Parcel (sq ft)	Linear feet ocean	CI/ sq ft	CIS/linear foot	Notes
Apr-06	10E 1 & 2	\$21,840,000	95,832	350	\$227.90	\$62,400	Victoria House, 1955 West Bay Road. Also sold by share transfer 6th January 2005 CI\$8,133,700.
Dec-05	11B 61	\$22,293,600	163,350	400	\$136.48	\$55,734	The Beach House Condos. Both sides of WBR, which lowers the rate per sq ft & linear foot compared to the subject property.
Average					\$182.19	\$59,067	

In arriving at this conclusion, we have assessed each of the comparables and found, for example that some have been distorted due to unusual factors, such as the Ritz Carlton land, where we understand that the purchaser was required build a bridge and contribute towards part of the new road. Some have been distorted, or are unsuitable, as unlike the subject property, they are in a significantly different price bracket, or have large tracts of none Seven Mile Beach front land.

Although we have set out below the calculation based on the rate per linear foot and per square foot, we consider that the linear foot method is more suitable, as it is unit of comparison more commonly used in Cayman. This is the valuation figure we have therefore used.

Therefore, having regard to the differences in size, age and design between the subject property and comparables and taking into account that the subject property comprises 4.264 acres (185,740 sq. ft.) of ultra prime Hotel / Tourism zoned Seven Mile Beach land directly adjacent to the Ritz Carlton, with 452 feet of Seven Mile Beach frontage, we are of the opinion that the property should be valued as follows:-

COMPARABLE METHOD

MV OF FREEHOLDERS EXISTING INTEREST

Based on area

Total site (sq ft)	185,740	
At rate psf CI\$ of	\$150.00	
MV freehold interest		<u>\$27,861,000</u>

Or: -

Based on linear feet

Ocean frontage (linear feet)	452	
At rate plf CI\$ of	\$65,000	
MV freehold interest		<u>\$29,380,000</u>

MV 99 YEAR LEASE

Ratio of 99 year lease to FH 98%

Based on area

Total site (sq ft)	185,740	
At rate psf CI\$ of	\$147.00	
Balance		\$27,303,780
Less annual ground rent	\$23.33	
Capitalise at	6%	
No. of years	99	
Years purchase	16.6146	
Capitalised GR =		(\$388)
MV 99 year lease		<u>\$27,303,392</u>

Or: -

Based on linear feet

Ocean frontage (linear feet)	452	
At rate plf CI\$ of	\$63,700	
Balance		\$28,792,400
Less annual ground rent	\$23.33	
Capitalise at	6%	
No. of years	99	
Years purchase	16.6146	
Capitalised GR =		(\$388)
MV 99 year lease		<u>\$28,792,012</u>

**MV EXISTING LEASEHOLD
INTEREST**

17

COMMENTS ON THE COMPARABLE METHOD

General comments

- 1) The site has excellent location adjacent to the Ritz Carlton and The Westin Casuarina Resort to the north. It has sandy beach front.
- 2) Purchase costs have not been deducted in this instance as there is not to be any marketing and no open market transaction. The comparables have also been assessed on the same basis, disregarding any effect purchase costs may have on the rate per square foot.
- 3) The applicable valuation date for each of the above figures is the 1st June 2006, the date of our inspection. If notice has been served already or is served at a materially later date then this may affect the valuation. Under such circumstances please inform us and we will amend the valuation.
- 4) The ground rent is understood to be £35 Sterling. We have therefore converted this to Cayman Island Dollars at a current exchange rate of CI\$=£0.67

Comments on the freehold valuation (subject to existing lease)

- 5) The comparables seem to differ from developers, owners and realtors opinions on the Market Value per linear foot on Seven Mile Beach. Some that we spoke to considered that a rate of up to CI\$125,000 per linear foot was suitable for absolute / freehold Seven Mile Beach front land and around CI\$75,000 per linear foot was suitable for leasehold 40-50 year Seven Mile Beach front land.
- 6) In assessing the value of the freehold subject to the current lease it is necessary to assess the value of the unencumbered freehold interest. We have based the comparable valuation on a rate for the freehold interest on CI\$ 150 per square foot, or CI\$65,000 per linear foot. The latter method, using the rate per linear foot is considered to be more reliable and is the rate more commonly used by realtors, vendors and purchasers.
- 7) The rates for the various comparables fluctuate widely. This is the reason we have effectively filtered the comparables to try and arrive at the most suitable. This resulted in the sales of Victoria House for CI\$21,840,000 in April 2006 being considered suitable. This transaction was recent and at a similarly high figure, of over CI\$20 million. It is however, further north. Although the location of Victoria House is still good, some people may view the subject property as being more valuable, given that it is on an excellent stretch of Seven Mile Beach and sandwiched between The Ritz and The Westin Casuarina Resort. This was a sale in April 2006 and is therefore the most recent sale₁₈ comparable.

8) The Beach House Condos is another suitable comparable, although extends to both sides of West Bay Road, which lowers the rate per square foot & linear foot compared to the subject property. This property is further north in an area which is rapidly being developed on the eastern side of West Bay Road. This was a sale in December 2005 and is therefore recent enough to be relevant.

9) Many of the comparables have factors which make them less reliable and considerably more open to interpretation, such as having land on the east side of West Bay Road, being sales of multiple parcels, or being sales by share transfer, which may include other none land and property related items.

10) Other than the group sale of 12C27, 12E88, 89, 94 12D 26 and 79REM1 in November 2003 at CI\$124,421 per linear foot, therefore there are no sales at higher than CI\$65,000 per linear foot. That sale can be seen to be an anomaly as the rate per square foot was only CI\$11.16. This is because of the six parcels, only one, 12C 27 has ocean frontage (of 220 linear feet). Therefore the rate per square foot is low and rate per linear foot high.

11) It is for these reasons that we consider that an appropriate rate to value the subject property at is CI\$ 65,000 per linear foot. There is an absence of comparable evidence at higher rates, despite the views of realtors.

Comments on the valuation of the 42 year 10 month 5 day leasehold interest

9) There is an absence of short leasehold Seven Mile Beach front transactions for us to use. Additionally we do not hold, nor could obtain, any information relating to premiums paid for this type of lease extension, which would have been direct evidence. We have therefore had regard to the relative values of Leasehold compared to Freehold values in Lease extensions and freehold enfranchisement matters as analysed in the UK by the Leasehold Valuation Tribunal and on appeals to the Lands Tribunal, a study carried out by the government Leasehold Advisory Service and a further very comprehensive study carried out by the College of Estate Management, based at Reading University. These lead us to assess that the uplift in value for extending the subject lease back to 99 years would be as follows: -

Leasehold Advisory Service	-	22.50%
LVT curve	-	27.25%
London study	-	20.00%

10) I also carried out my own comparison of transactions of absolute / freehold compared to leasehold land in Cayman. I narrowed this down to more recent transactions relatively close to the subject property (near Lime Tree Bay Avenue) and the result was an uplift of 26.53%

The average of all four of these methods is therefore 24.07% and I proposed to use 24% for the purposes of this valuation.

Comments on the valuation of the extended 99-year leasehold interest

11) Just as for the short leasehold interest, there are no recent and appropriate longer leasehold residential beach front transactions of which we are aware.

12) We have therefore adopted a minimal reduction in value between an absolute title / freehold parcel and 99-year leasehold one. This would be very difficult to prove.

13) The valuation calculations for the premium to be paid for the extension are set out below.

PREMIUM CALCULATION

Leasehold Reform, Housing and Urban Development Act 1993

Long extended LH excl improvements	\$28,792,012	Capitalisation Rate	6.00%
Existing LH value excl impr'ts	\$22,328,443	FH Deferment Rate	6.00%
% value unimpr. exist'g LH to unimp long LH	77.55%		
Lease from	1950.277		
Lease to	2049.277		
Current Ground Rent	\$23.3		
Term in Years (remaining)	42.86		
G. Rent YP	42.86 years	15.2950	
G. Rent YP	99.00 years	16.6146	
Freehold PV	42.86 years	0.0823	
Freehold PV	99 years	0.0031	

Valuation of Freeholder's Existing Interest

Capitalisation of GR for the existing term	\$23	15.2950	\$357
Rev. to FH CV excl impr'ts (there are none)	\$29,380,000	x 0.0823	<u>\$2,417,916</u>
FREEHOLDERS INTEREST			\$2,418,273

Valuation of Freeholder's Proposed Interest

Capitalisation of GR for the existing term	\$0	16.6146	\$0
Rev. to FH CV excl impr'ts (there are none)	\$29,380,000	x 0.0031	<u>\$91,785</u>
FREEHOLDERS INTEREST			\$91,785

Diminution in Freeholders Interest

\$2,326,488

Marriage Value Calculation

Long LH value excl improvements	\$28,792,012		
Less Freeholder's Existing Interest	(\$2,418,273)		
Less Tenant's interest excl impr'ts	<u>(\$22,328,443)</u>		
Marriage Value	\$4,045,296		
	@ 50%	=	\$2,022,648

Extension Premium

Marriage Value at 50%		\$2,022,648
Plus diminution in Freeholders interest		<u>\$2,326,488</u>
Total premium to be paid		\$4,349,136
US @ 0.82		\$5,303,825

Premium to be paid say CI\$ 4,349,000 (say US\$ 5,304,000)

COMMENTS ON THE PREMIUM CALCULATION

- 1) All conversions from US\$ to CI\$ have been carried out at a rate of US\$1 = 0.82 CI\$. Unless otherwise stated in this report all amounts are in Cayman Island Dollars where the \$ symbol is used.
- 2) For valuation purposes we have assumed that the buildings on site were constructed by the tenants and therefore are to be disregarded as tenants' improvements. Hypothetically therefore for the purposes of this valuation there are no buildings on site.
- 3) The location is prime Seven Mile Beach and given that the ground rent is a peppercorn there is little no risk of head tenant default, particularly as such default would cause a disproportional loss to the head tenant and would in practice be likely to cause the courts to grant relief. This means that the investment is extremely secure.
- 4) The present value discount rate and capitalization rates have therefore been selected to reflect the type and location of the property, its future rental growth expectations, the security of the income generated by the property and very low costs of management and holding the property for the landlord.
- 4) These factors and the potential for the tenant to redevelop the site, apparently with the landlord not being liable to pay any compensation for tenant's improvements at the expiry of the lease, lead us to place a low yield on the property.
- 5) We are therefore of the opinion that an appropriate discount rate and capitalization rate is 6%. This would be lower, but for the fact that base lending rates are currently 7.25%. We have however had regard to net yields being achieved for other Grand Cayman property investments.
- 6) We have disregarded any potential bid by the existing head lessee and freeholder, for any of the valuations of the 42 year ten month and five day and 99-year leasehold interests and the freehold interest. We consider that the existing head lessee and freeholder are special purchasers, as each would obtain a marriage value by purchasing the remaining interest.

SUMMARY

We have only used the comparable valuation method and the lease extension premium calculation as set out by The Act and subsequent case law. We do not consider that the investment, or depreciated replacement cost valuations are applicable in this instance. This is because there are comparable sale transactions of absolute title / freehold land and ample studies and Tribunal decisions relating to the methodology.

We are assuming that the Freeholder has does not have to compensate the Lessee for improvements, namely the building of the Villas of the Galleon condominium apartments. If this is not the case please advise us as this could well have a large effect on the valuation. Under our methodology therefore there are no buildings to which to apply depreciation.

We are of the opinion that the Market Value of the head leasehold interest, assuming that this is extended to have 99 years un-expired with effect from 1st June 2006 and with vacant possession is **CI\$ 28,792,000 (twenty eight million seven hundred and ninety two thousand Cayman Island dollars).**

We are also of the opinion that the Market Value of the existing head leasehold interest with 42 years 10 months and 5 days un-expired and with vacant possession is **CI\$ 22,328,000 (twenty two million three hundred and twenty eight thousand Cayman Island dollars).**

We are therefore of the opinion that the Market Value of the freehold title subject to the existing head lease is **CI\$ 2,418,000 (two million four hundred and eighteen thousand Cayman Island dollars).**

Based on these valuation figures it is our opinion that the premium payable in accordance with the Leasehold Reform, Housing and Urban Development Act 1993, as amended is **CI\$ 4,349,000 (four million three hundred and forty nine thousand Cayman Island dollars).**

The applicable date of valuation for each of the valuation figures above is 1st June 2006.

All figures have been rounded to the nearest thousand.

In carrying out this valuation we have relied upon the information and representations made by third parties and as set out on the Lands and Survey website and Land Registry records. Additionally we have assumed that the lease is in effectively the same terms, other than as to commencement date and ground rent, as a previous long lease we have valued on your behalf in the vicinity. We have used our best endeavors to verify such₂₃ information, although should any

information prove incorrect, then we recommend that we be informed, as in such case our valuation figures and advice may require amendment.

Given the high valuation figures and prime nature of this site, it could be affected to a large extent should either any leasehold Seven Mile Beach front transactions be discovered or transacted, or should any such absolute title transactions be discovered or transacted in the near future in the vicinity. We state this, although it is not limited to, two main reasons. The first is that we are relying on analysis of other settlements and cases rather than direct beach front leasehold transactions. Secondly there appears to be a general market perception that values per linear foot for Seven Mile Beach front land is in excess of the rates we have used herein. We are mindful of the situation of having to substantiate these figures in the event of negotiations, or valuation tribunal hearing, which we are assuming would be heard by the Leasehold Valuation Tribunal.

We would also recommend that you take advice from your legal adviser and ensure that the methodology is correct based on the approach taken in the Cayman Islands, as the principles followed as those established in case law and legislation in the UK.

VALUATIONS IN RESPECT OF

Land forming the site of Villas of Galleon, West Bay Road, Grand Cayman, Cayman Islands

West Bay Beach North

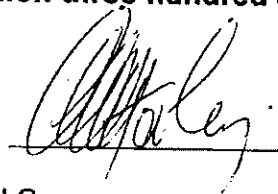
BLOCK 11D, PARCEL 1/11

AS AT THE VALUATION DATE OF

1st June 2006

- 1) In our opinion the Market Value of the head leasehold interest, assuming that this is extended to have 99 years un-expired with effect from 1st June 2006 and with vacant possession is **CI\$ 28,792,000 (twenty eight million seven hundred and ninety two thousand Cayman Island dollars).**
- 2) In our opinion the Market Value of the existing head leasehold interest with 42 years 10 months and 5 days un-expired and with vacant possession is **CI\$ 22,328,000 (twenty two million three hundred and twenty eight thousand Cayman Island dollars).**
- 3) In our opinion the Market Value of the freehold title subject to the existing head lease is **CI\$ 2,418,000 (two million four hundred and eighteen thousand Cayman Island dollars).**
- 4) In our opinion that the premium payable in accordance with the Leasehold Reform, Housing and Urban Development Act 1993, as amended is **CI\$ 4,349,000 (four million three hundred and forty nine thousand Cayman Island dollars).**

SIGNED: _____



DATED: _____

26th June 2006.

Chartered Surveyor

NB: Please note that neither the whole nor any part of this Valuation Report or any reference here to may be included in any published document, circular or statement, or published in any way, without the Valuer's prior written approval.

GENERAL NOTES: MARKET VALUE

1. "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 knowledgeably, prudently and without compulsion."
2. The opinion of market value is based on information obtained from the Government Land Registry and local Realtors and as a result is based both on documented evidence and hearsay. No guarantees are offered on the correctness of information received from the Land Registry and all facts are subject to substantiation.
3. We have not carried out a survey to establish boundaries or accuracy of land area and the opinion of value are subject to verification of boundaries and land areas.
4. 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.
5. 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.
6. It is assumed that no in cumbrances, appurtenances or charges are registered which could affect the sale of the property on the open market.
7. The valuation assumes that all Land Registry and local Planning Department Laws and regulations have been complied with.
8. The market value appraisal should not be used as a reinstatement figure for insurance purposes.
9. The appraiser states that he has no interest in the subject property, either present or prospective, direct or indirect, financial or otherwise and is not associated with the party with whom the Bank is dealing or any agent.

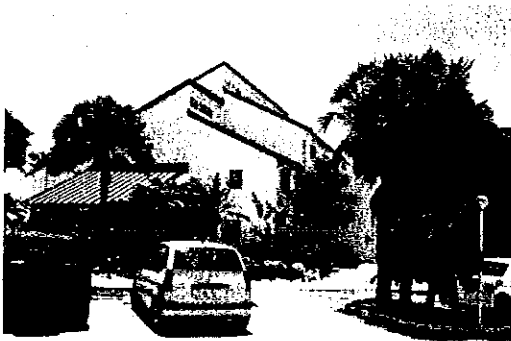
GENERAL NOTES: MARKET VALUE (Cont'd)

10. 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.
11. 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.
12. This is not a Structural Survey or Building Survey. We have therefore inspected the property to the extent necessary for us to take account of apparent defects and disrepair in the valuation. However, this type of inspection is not exhaustive, nor is it intended to cover all aspects of the condition. Additionally we did not test services, nor have we inspected those areas not readily accessible, or those covered. Should you wish to have further advice on the construction and condition of the property you are advised to commission a Structural Survey or Building Survey. Any defects set out within such a report and not covered here may affect our valuation and we would be pleased to discuss with you at such time how such matters may affect this valuation.
13. No access was possible into any part of the buildings during our inspection. We are therefore unable to confirm the construction, condition and use of the properties where this was not apparent from the outside.

APPENDICES

- A. Photographs
- B. Lands and Survey title extracts
- C. Site location map

APPENDIX A – PHOTOGRAPHS







APPENDIX B - Lands and Survey title extract

CAYMAN ISLANDS
LAND REGISTER

A - PROPERTY SECTION

NATURE OF TITLE		SUMMARY OF LEASE		No. 11D 1/11	
LEASEHOLD		Lessor: CROWN Lessee: See Proprietorship Section Rent: STR\$ 35 Per Annum Terms: 99 Years W.E.F.: 11 APRIL 1950		Registration Section WEST BAY BEACH NORTH Block and Parcel No. 11D 1/11 Name of Parcel Unit entitlement Approx. area 4.264 Acre	
VARIATIONS		Notes: Subject to Strata Plan No. 12 the land comprised on this (For Appurtenances see filed lease)			

(See Survey Plan FR 01/409)

Appurtenance :

[illegible]

[illegible]

APPENDIX C – Location map



0 650 1,300 2,600 3,900 5,200 Feet

duced by the Lands & Survey Department, Copyright - Cayman Islands Govern

Lands & Survey Department,
P.O. Box 10865, Grand Cayman, Cayman Islands

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APPENDIX D – Site map

RESOLUTION

**UNDER SECTION 10 (2) (e)
THE GOVERNOR (VESTING OF LANDS) LAW, (1998 REVISION)**

**PROPERTY ON WEST BAY ROAD, GRAND CAYMAN
(BLOCK 11D, PARCEL 1/11)**

Whereas:

- 1) Villas of the Galleon (Strata Plan No. 12) has applied for a lease extension (42.81 years to 99 years), of Crown land Block 11D, Parcel 1/11.
- 2) The requested lease area comprises approximately 4.264 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 extend the lease to Villas of the Galleon for a term of ninety nine (99) years at a price of CI\$4,500,000.00 plus Stamp Duty, Registration and other (survey, valuation fees).

AND IT IS FURTHER RESOLVED that full details of Parcel 1/11 and of the disposition proposed shall forthwith be published in an extraordinary Gazette and in an 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 23rd day of JANUARY, 2007.



CLERK OF THE CABINET

CAYMAN ISLANDS

GAZETTE

Monday, 22nd December 2008

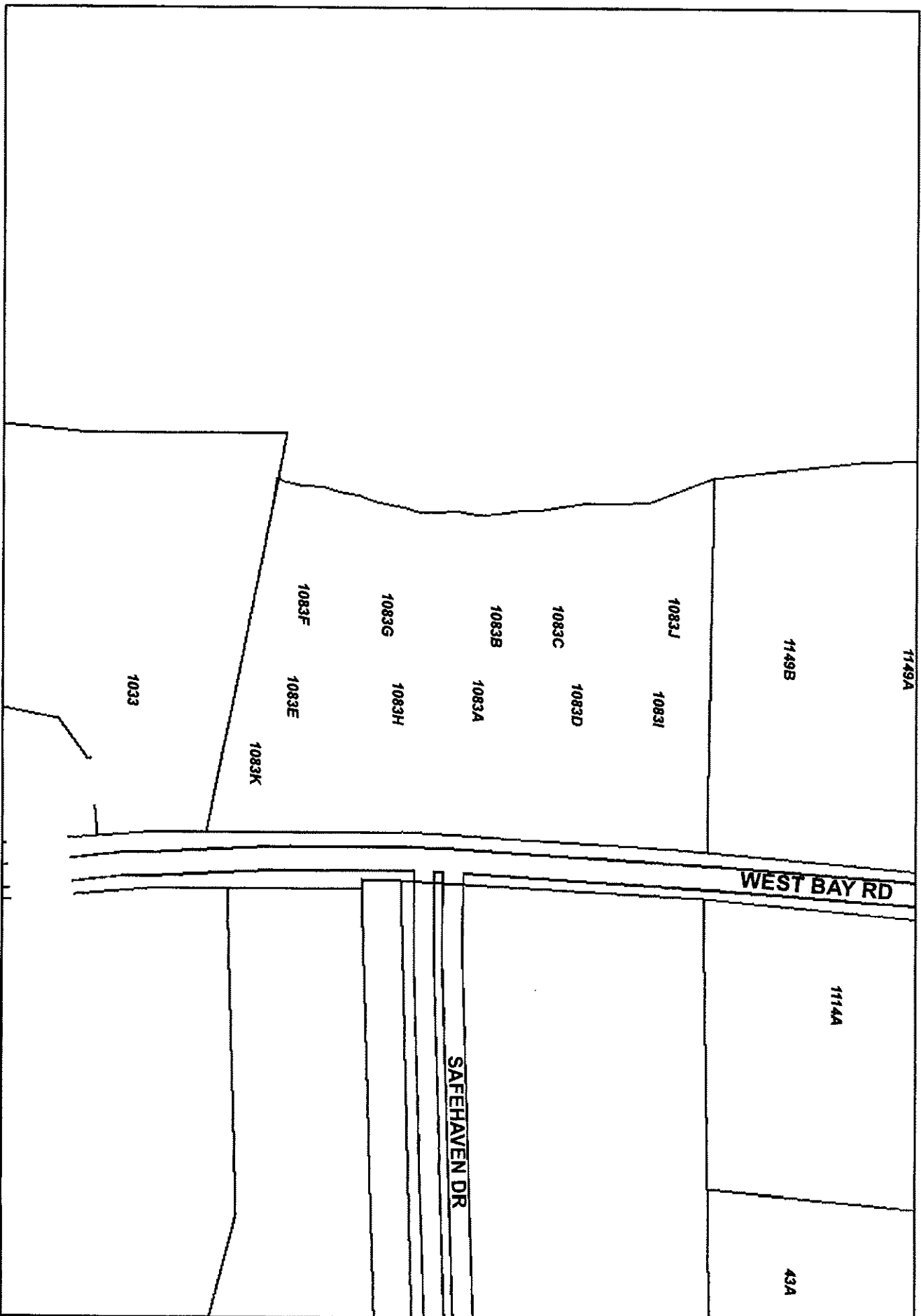
Issue No. 26/2008

CONTENTS

SUPPLEMENTS		
Laws, Bills, Regulations.....	Pg.1913	
COMMERCIAL		
Liquidation Notices		
Notices of Winding Up,		
Appointment of Liquidators		
and Notices to Creditors.....	Pg.1914	
Notices of Final Meeting		
of Shareholders.....	Pg.2007	
Partnership Notices.....	None	
Receivership Notices.....	None	
Struck-off List.....	Pg.2091	
Transfer of Companies.....	Pg.2091	
Reduction of Capital.....	None	
Grand Court Notices.....	Pg.2093	
Regulatory Agency Notices.....	Pg.2091	
Demand Notices.....	Pg.2096	
General Commercial Notices.....	Pg.2102	
Patent and Trademarks.....	Pg.2103	
GOVERNMENT		
Exclusion Order.....	None	
Appointments.....	Pg.2111	
Personnel Occurrences.....	None	
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.2114	
Road Notices.....	None	
Proclamations.....	None	
Probate and Administration.....	Pg.2115	
Errata.....	Pg.2116	
Gazette Publishing and Advertising		
Information.....	Pg.2117	
Gazette Dates and Deadlines.....	Pg.2118	
INDEX	Pg.2119	

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 Monday. The next issue (01/09) will be published on 5th January 2009. Closing time for lodgment of commercial notices will be 12 noon, Wednesday, 24th December 2008. **Government notices must be lodged at the Gazette Office by 12 noon on the previous Wednesday (24th December).** This timeframe will be followed for all Gazettes. Notices are accepted for publication in the next issue, unless otherwise specified.



Lands & Survey Department

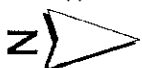
Plot Code 1083A-1083K and 1083J-1083L

CAYMAN LAND INFO

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Islands laws, especially those governing the financial industry, and have had to make a number of court appearances with regard to the application of these laws.

Throughout my career, I have successfully worked with elected governments representing various groups and parties. I have never been a member of a political party or otherwise involved in partisan politics. I believe I would not only bring the required level of impartiality to this position, but I would continue to enjoy the confidence of political actors on all sides as well as the public at large.

As is well known, participation in the international financial industry requires adherence to strict statutory and legal requirements. As the senior financial services regulator for the Cayman Islands, I was required to operate within such parameters, both with respect to developing best practices and policies, and to advise the private sector in this regard.

My current responsibilities representing the Cayman Islands in the United Kingdom and the European Union also call for me to advise the Cayman Government on international legislation and initiatives covering a wide spectrum.

I have had the honour of representing the Cayman Islands in the UK for the past eight years, and of working as a civil servant for over 25 years. I would be privileged to continue to serve my country as Information Commissioner.

Dated this 16th day of September 2008.

JENNIFER P DILBERT

Land Notices

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

NOTICE UNDER SECTION 10(1)(a) PROPERTY AT REGISTRATION SECTION LITTLE CAYMAN WEST

Notice is hereby given that, in accordance with the Second Schedule of The Airports Authority Law (2005 Revision), the Governor in Cabinet ("Cabinet") is proposing to vest the property specified below, presently held as Crown land, to the Cayman Islands Airports Authority for a consideration of one peppercorn, with Stamp Duty and Registration Fees waived.

THE SCHEDULE

The land at Little Cayman West, Little Cayman, more particularly described as:

SECTION	BLOCK	PARCEL	AREA
Little Cayman West	80A	175	} undemarcated;
Little Cayman West	80A	177	} est. 203.8 acres.
Little Cayman West	82A	81	11.2 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, George Town, Grand Cayman, and at the Lands Office, District Administration Building, Cayman Brac.

Made this 3rd day of December 2008.

ALAN R JONES
Director of Lands & Survey

**PROPERTY KNOWN AS 'VILLAS OF THE GALLEON CONDOMINIUMS',
WEST BAY ROAD, WEST BAY BEACH NORTH, GRAND CAYMAN**

Notice is hereby given that the Governor in Cabinet ("Cabinet") is proposing to vest the property specified below, presently held as Crown land, to The Proprietors, Strata No.12 by way of a leasehold extension to 99 years expiring 30 June 2105 for a consideration of C\$4,500,000 plus Stamp Duty, Registration Fees and all costs.

THE SCHEDULE

The Parcel of land off West Bay Road known as the Villas of the Galleon condominiums, Grand Cayman, more particularly described as:

SECTION	BLOCK	PARCEL	AREA
West Bay Beach North	11D	1/1	4,264 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, George Town, Grand Cayman, and at the Lands Office, District Administration Building, Cayman Brac.

Made this 10th day of December 2008.

ALAN R JONES
Director of Lands & Survey

Probate and Administration

Pursuant to rule 4, subrule (2), of the Probate and Administration Rules, there are published the following applications for grants of personal representation in respect of persons who died domiciled in the Cayman Islands:

Name of Deceased	Date of Application	Name of Applicant	Date of Death	Estimated Value of Estate
FALCONER, Iris E	19.11.2008	RICHARDS, Weeda Jean DILBERT, Sylvia Lowe	12.01.2008	C\$920,866.98
MYLES, James Edgar aka MYLES, James	26.11.2008	MYLES, Susan	27.11.1946	C\$2,500,000.00
UPTON-KEELEY, Claudette aka REED- UPTON, Claudette	28.11.2008	KEELEY, Martin Andrew	11.10.2008	Unknown
RAMOON, John Nelson	02.12.2008	TRUMAN, Theda Christina	15.08.2000	\$101,000.00

E. SMITH, LLB. AS, JP
For Clerk of the Courts

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**Forbes General
Maintenance &
Construction Ltd**

Requires:- **Masons,
Carpenters, Steel Men,
Labourers.** Wages com-
mensurate with
experience

Fax resumes to: **945-7332** or
Email to spa2go@candw.ky
230012

**QUALIFIED
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after-school centre.

Please send a copy
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and teaching certificate
to

info@caymanlearning.com

No phone calls please

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Nanny/Helper Wanted**

Housekeeping, cooking
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Candidates must have driver's
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Five days per week.

For Interview, please call Annisa
@ 949-8000 ext 529

or write to "Nanny/Helper" at
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See AL

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Carpenters
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sufficient knowledge in the
respective fields.
Contact # 949-2323

Azzurro is presently
accepting applications for
the position of
Kitchen Helper
Please contact John at
926-3505 for further info.

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Services in need of a
Tiler with 5 yrs. exp.
\$10.00 per hour.
Write to P.O. Box 30518 SMB
229964

Notices

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

NOTICE UNDER SECTION 10(1)(a)

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Made this 10rd day of December 2008

ALAN R JONES
Director of Lands & Survey
230669

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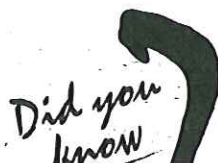
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Made this 3rd day of December 2008

ALAN R JONES
Director of Lands & Survey
230666



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