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**Market Rental Valuation Report of
Land and Commercial Property
at Block OPY Parcel 108
George Town Central**

3rd June 2011

For

**Lands & Survey
P.O. Box 1089
Grand Cayman KY1-1102
CAYMAN ISLANDS**

Ref.: 13563/AH

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1.0 INTRODUCTION:**1.1 Client Details and Instructions:**

Client's Name and Address:	Lands and Survey Department P.O. Box 1089 Grand Cayman KY1-1003 CAYMAN ISLANDS
Date of Instruction:	14 th April 2011
Date of Inspection:	3 rd May 2011
Date of Valuation:	17 th May 2011
Purpose of Valuation:	Market Rent/Premium Assessment with Residual Calculation
Type and Basis of Valuation:	Commercial Property - Market Rental Value/Premium for 30-Year Lease
Approximate Age of Property:	Proposed new development
Unit Description:	Two-Storey Commercial Building

1.2 Land Register Details:

Title:	Private/Absolute
Registered In The Name Of:	CROWN
	First registered 15 th December 1972
Appurtenances and Incumbrances:	There are no appurtenances, or encumbrances noted on the Land Register

2.0 LOCATION AND PROPERTY DESCRIPTION:**2.1 Location:**

The parcel is located in the George Town Central registration section of Grand Cayman on Cardinal Avenue, close to the corner of Harbour Drive, between Breezes By The Bay and Treasure Cove. More particularly the exact location of each parcel is shown highlighted on the attached copy extracts of the Land Registry Map.

Being located right in the heart of George Town facilities within walking distance of the subject parcel are excellent and include all the usual amenities associated with an island capital. In particular, the property is within walking distance of the George Town Cruise Ship Terminal.

2.2 Property Description:

The subject parcel is irregular in shape with a registered area of 0.24 acres or 10,454 square feet. The land is presently developed with a single building, used as the Cayman Islands Craft Market. This comprises small retail kiosk-type shops, with male and female bathrooms situated at the rear of the building and a lumber framed covered seating area to one side, used as seating for a food stall.

The site has an asphalt surfaced car park to the western side, which is used by the tenants, for their parking. There is also a concrete parking area to the eastern side of the site, this area being used for parking for two cars by an adjacent jewelry store.

There are three annual licenses in place, the first permitting the licensees to site a gas tank and pipeline on site, the second permitting the licensee pedestrian access (as a fire escape from the Landmark building) and the third allowing the licensee to park cars to one side of the site. The total license fees reserved under these agreements is CI\$9,800 per annum, payable quarterly in advance.

3.0 SITE SERVICES:

Electricity:	Mains electricity is available to the parcel (Caribbean Utilities Ltd.).
Water:	Mains water assumed to be available from the main road
Drainage:	None. A septic tank would be necessary upon development
Telephones:	None. Usual telecoms systems are assumed to be available by the service providers.

4.0 SUMMARY OF INSTRUCTIONS:

Land's and Survey's letter dated 5th April 2011, tendering for a quotation from our firm, stated that the scope of our instructions was to provide:-

“valuations in respect of the market rental value for consideration of the annual amount the Crown should seek in return for granting this lease.”

Heads of terms were attached stating the terms upon which it was proposed to grant the lease. We were advised that two proposals had been tendered.

However, your instruction letter dated 14th April 2011, after our initial quotation, requested the following further advice: -

- A) “Also, can you comment on your opinion of the market rental value of this parcel if different from the rent payable on the basis of the proposals submitted?
- B) In providing your opinion of the rent payable/market rental value, please can you comment on the following items.
 - 1. Plan of proposed redevelopment having regard to the current Planning regulations.
 - 2. Rental income to be received by the Lessee from the completed scheme.
 - 3. Gross development value (Market Value of a development scheme).
 - 4. Cost of undertaking the redevelopment
 - 5. Timing of construction”

Points A, B1, B3, B4 and B5 are therefore additional to the instruction for which we provided our quotation. Some of the extra advice now being sought is outside of my professional expertise – in relation to planning matters.

We were also requested in an e-mail dated 23rd May 2011 to prepare the valuation as a residual valuation deducting development costs, from the Gross Development Value arrived at by capitalizing the rent for 30 years, which needs to be done for Scheme #1 and Scheme #2.

5.0 CONSTRUCTION SPECIFICATION – EXISTING:

5.1 Foundations and Ground Floor Slab:

Reinforced concrete foundations
Reinforced concrete floor slab

5.2 External and Internal Walls:

Reinforced concrete frame construction
Cement board, or similar wall cladding
External walls are lumber boarded in part
Lumber framed cabana

5.3 Roof:

Lumber framed pitched roof with plywood decking and asphalt shingle coverings
Plywood soffits and painted lumber fascias
Aluminium seamless gutters and downpipes

5.4 Windows and Doors:

Aluminum framed fixed pane shop windows
Aluminum framed glazed shop front and rear entry doors
Roller shutter kiosk coverings
All doors are complete with frames, trims and hardware

5.5 External and Internal Finishes:

External: Exterior grade textured colour finish to cement rendered walls
Internal walls: Painted finish on cement render or sheetrock clad walls generally
Floors: Painted concrete or ceramic floor tiles generally
Ceilings: Painted sheetrock ceilings

5.6 Appliances:

Bathroom

W.C. suites (4)
Wash hand basins (4)

5.0 OUTLINE SPECIFICATION – EXISTING: (Cont'd)**5.7 Services:**Water/Plumbing

Mains water

Electrical Installation

Average number of commercial grade lighting and power points

Exterior lighting: To building entrances and elevations

Interior lighting: Commercial quality light fittings throughout

Telephone and TV points

Air Conditioning

Central air conditioning

Drainage

Septic tank

5.8 External Works:

Asphalt paved car parking area with parking stops

Gravel parking area to eastern side of site

5.9 Condition and Finish:

The property is now dated and shows signs of wear and tear generally. However, other than this the property appears to be generally in sound structural condition.

That we have not carried out a structural or building survey and the extent of our inspection was in accordance with the RICS guidance notes for valuation purposes. This is a limited inspection and should you require a report on the condition of the property, you are recommended to commission a building, or structural survey.

5.10 Furnishings:

Not included in this Valuation.

5.11 Zoning:

General Commercial

5.12 Registered Area of Parcel:

0.24 Acres = 10,454 Square Feet

5.13 Approximate Area of Existing Structures:

1,900 Square Feet, with additional 1,000 Square Feet of covered seating area.

6.0 PROPOSED SCHEMES:

We were advised that two prospective Lessees submitted proposals for re-development and to lease the subject property. Each of these proposals is included in the appendices to this report. We have been requested to comment and advise on each.

7.0 PROPOSAL #1:

7.1 Outline description of Proposal #1:

The building proposed is a two-storey building of approximately 3,679 square feet, comprising one larger and six smaller ground floor retail units. One of the smaller units is to be a food stall, one is to be rented to Sunrise Training at a nil rent and the building will include non-rentable passageways and bathrooms. The area of the upper floor is not stated, although we estimate this, from the plans enclosed, to be 1,500 square feet. The plans were not to scale.

The building is proposed to be of steel frame construction with steel stud framed stud walls, with cement board, EFIS and trowel stucco, standing seam roof and have hurricane-rated PGT windows.

The accommodation and rental figures estimated by the proposed Lessee are as follows: -

Unit description	Unit size (sq ft)	US\$ per sq. ft.	US\$ per annum
Large unit	1,375	\$60.00	US\$82,500
Stall #1 (Food Stall)	243	\$40.00	US\$9,720
Stall #2	243	\$30.00	US\$7,290
Stall #3	350	\$25.00	US\$8,750
Stall #4	350	\$25.00	US\$8,750
Stall #5 (Sunrise Adult Learning)	243	Nil	Nil
Stall #6	105	Nil	Nil
Passageways and restrooms	770	Nil	Nil
Upper floor storage	Not stated (est.1,500 sq ft)	Nil	Nil
Total	3,679		US\$117,010
			CI\$ 95,948

The conversion above from US\$ to CI\$ has been carried out at US\$1 = CI\$0.82.

The rents stated above are those estimated by the proposed Lessee for Proposal #2. We have assessed these differently, as shown below.

7.0 PROPOSAL #1: (Cont'd)**7.2 Proposed Specification – Proposal #1:****7.2.1 Accommodation:**Ground floor

Larger shop, one food stall and five further shops stalls, passageways and restrooms

Upper floor

Storage area

7.2.2 Foundations and Ground Floor Slab:

Reinforced concrete ground floor foundations and slab

7.2.3 External and Internal Walls:

Steel framed exterior walls with cement board

Steel stud partition interior walls ½” sheetrock

R11 for interior walls

7.2.4 Roof:

Metal framed, with plywood decking

Ice and water shield underlay with aluminum standing seam roof coverings

Boarded and vented eaves, or cement board with continuous venting

Aluminium seamless guttering and downspouts

7.2.5 Windows and Doors:

Aluminum single glazed PGT Winguard windows

Main entrance doors and storefronts to be PGT Winguard hurricane rated aluminum

Rear entry doors to be PGT Winguard hurricane rated aluminum

Solid wood paneled interior doors

All doors are complete with frames, trims and hardware

7.2.6 External and Internal Finishes:

External: EFIS finish to cement rendered walls

Internal walls: Painted finish on ½” sheetrock generally

Bathrooms to have ½” moisture resistant sheetrock and ceramic tiles

Floors: 16” x 16” ceramic, or porcelain tiling, or smooth stained concrete

5” high colonial baseboards

Ceilings: 5/8” sheetrock to metal stud dropped ceiling with knockdown finish

R19 insulation to ceilings and roof areas

7.0 PROPOSAL #1: (Cont'd)

7.2 Proposed Specification – Proposal #1: (Cont'd)

7.2.7 Appliances:

Bathroom

W.C. suites (4)

Wall-mounted urinal (3)

Wash hand basins – wall mounted (4); vanity type (2)

7.2.8 Fixtures and Fittings:

Cabinets to be plywood mica faced units with mica countertops

7.2.9 Services:

Water/Plumbing

Mains water

Electrical Installation

Average number of commercial grade lighting and power points

Exterior lighting: To building entrances and elevations

Interior lighting: Commercial quality light fittings throughout

Air Conditioning

Not specifically noted – we assume that central air conditioning will be fitted

Drainage

Septic tank

7.2.10 External Works:

Landscaping is to be “in accordance with the general design, as prepared by the developer’s representative”.

This will include site furnishing, although this is not specified.

Asphalt car parking area, with markings and concrete type stops.

7.2.11 Condition and Finish:

The proposed building will be new and is required to be completed now more than 18 months from vacant possession being obtained.

7.2.12 Furnishings:

Not included in this Valuation.

7.0 PROPOSAL #1: (Cont'd)**7.3 Comments on Proposal #1:**

The rents stated above are those estimated by the proposed Lessee for Proposal #1. Our opinion of the gross Market Rent able to be derived from the scheme differs and is shown below.

The rents stated by the proposed Lessee are inclusive of electricity, insurance and maintenance costs. We have assessed the rental value, net of these, by comparison to the comparables listed below.

This proposal states that Stall #6 would not yield any rent, due to difficulty in it being rented. There is no Stall #6 shown on the accompanying plan and it is assumed that this is a mistake. I assume that Stall #4 is the one being referred to as being difficult to rent, as that is L-shaped on the accompanying plan. Additionally, although Stall #4 is L-shaped I do not agree that it would be un-rentable. I consider that this unit would be capable of being rented, albeit at a lower rent than units with better frontage and prominence. I would also recommend that the scheme be altered to give Stall #4 a better layout.

No allowance has been by the prospective Lessee for higher rates per square foot for the more affordable, smaller units. I am of the opinion that the smaller units would generate lower rents, which would therefore be more affordable to a greater number of prospective sub-lessees, and therefore the rent per square foot would be higher than for the larger unit.

I would recommend that the L-shaped proposed stall #4 be re-designed, making it a rectangular unit (by shrinking unit #3 and removing the passageway).

The need for a toilet in the largest unit is questionable, as there are toilets located within the development. Removal of this could increase rentable area.

In my opinion there is no need for a passageway, which is effectively wasted, non-rentable space. All units could be accessed from the exterior of the building, as could the bathrooms and the staircase to the upper floor store (as in Proposal #2). Such an arrangement would increase the rentable area and therefore rental and capital value of the property without increasing costs significantly.

7.0 PROPOSAL #1: (Cont'd)**7.4 Building costs for Proposal #1:**

We have not been supplied with a full set of plans, nor scale plans - only reduced-size plans with some dimensions shown. It is therefore impossible for us to provide an accurate build cost estimate within this report, as requested. The following are approximate estimates only, subject to change, should full plans be made available.

We note that the building proposed is to be steel framed with cement board wall cladding, EFIS and stucco render.

The proposed Lessee's opinion of the cost of the works is CI\$600,000 including external works, or CI\$549,429 excluding external works. This equates to **CI\$149.34 per square foot**, including the upper floor, but excluding external works.

However, based solely on the floor areas stated, it is our opinion that the cost to construct the scheme in Proposal #1 would be as follows:-

Ground floor	3,679 sq ft x CI\$115 / sq ft	= CI\$423,085
Upper floor	1,500 sq ft x CI\$40 / sq ft	= CI\$ 60,000
Site works	at say	= <u>CI\$ 25,000</u>
Total cost estimate		= CI\$508,085

We also note from the breakdown of costs supplied by the Lessee that the sum for substructure is CI\$165,428.57. This appears excessively high at CI\$75.92 per square foot for an engineered concrete slab and may be a mistake.

We are of the opinion that these works would take in the region of 14 months to complete. The proposed Lessee of Proposal #1 does not comment upon this.

7.0 PROPOSAL #1: (Cont'd)**7.5 Market Rent of sub-leases – Proposal #1:**

In order to establish the Market Rental Value of the scheme set out under Proposal #1 we have considered the Rental Comparison Approach. We have then determined a Market Rental Value based on this method of appraisal in conjunction with my knowledge of the local property rental market.

In order to establish the current Market Rental Value of the property we have looked at current leases in place for retail space within nearby buildings such as the Royal Watler Cruise Terminal, the Waterfront Centre, the West Wind Building, the Cayside Galleries Building and the Hard Rock Cafe. My research indicated the following current lease agreements in place:-

Royal Watler Cruise Terminal*

Block/ <u>Parcel No.</u>	<u>Tenant</u>	Area <u>Sq. Ft.</u>	Rent <u>P.A. CI\$</u>	Start <u>Date</u>	Term <u>Years</u>	CI\$ Per <u>Sq. Ft. P.A.</u>
OPY 187 #2	Tortuga	744	123,000	05/12/06	5	165.32
OPY 187 #7	Too Hot	829	116,060	05/12/06	5	140.00
OPY 187#8/10	Property RL	746	76,800	05/12/06	5	102.95
OPY 187 #6	Piscatorial	769	126,000	13/12/06	5	163.85
OPY 187 #9	Puros DCL	373	48,000	14/12/06	5	128.69
OPY 187 #1	Casanova	744	100,440	20/12/06	5	135.00
OPY 187 #3	Heritage Craft	595	96,000	12/03/07	5	161.34
OPY 187 #11	Karen McKee	373	48,000	13/11/07	5	128.69
OPY 187/8	Cayman Turtle Farm	202	30,000	26/02/08	5	148.51
OPY 187/14	Island Restaurants	3,449	157,533	29/06/09	5	45.68
OPY 187/2	Tortuga Rum	640	91,880	15/04/10	5	143.56
OPY 187/15	Puros DCL	373	45,760	27/04/10	5	114.50*
OPY 187/13	Too Hot Ltd	829	103,164	27/04/10	5	124.44*

Rates are inclusive of service charge and insurance (paid by the landlord). A reduction of 15% on the noted rental rates was in effect from 1 May 2009 through 1 November 2009.

* These units have four month rent free periods at the start of their leases. This is taken into account in calculating the effective annual average rent stated above.

7.0 PROPOSAL #1: (Cont'd)**7.5 Market Rent of sub-leases – Proposal #1: (Cont'd)****Waterfront Centre**

Block/ Parcel No.	Tenant	Area Sq. Ft.	Rent P.A. CI\$	Start Date	Term Years	CI\$ Per Sq. Ft. P.A.
OPY 17	Image Hldgs.	1,007	97,832	01/06/05	3	97.15
OPY 17	MMC Ltd.	877	92,085	01/11/07	5	105.00
OPY 17	Cptn. Marvins	80	10,248	01/06/08	3	128.10

West Wind Building

Block/ Parcel No.	Tenant	Area Sq. Ft.	Rent P.A. CI\$	Start Date	Term Years	CI\$ Per Sq. Ft. P.A.
OPY 49	Magnum Jwl.	1,347	123,623	09/01/04	5	91.78
OPY 49	Cayman F&B	537	32,398	01/06/08	5	60.33*

*This lease includes six car parking spaces, two on-site and a further four off-site.

Cayside Galleries Building: ground floor

Block/ Parcel No.	Tenant	Area Sq. Ft.	Rent P.A. CI\$	Start Date	Term Years	CI\$ Per Sq. Ft. P.A.
OPY 182	Almog Ltd.	2,539	193,620	06/11/07	3	76.26
OPY 182	Kirk Freeport	855	74,800	18/02/08	3	87.49
OPY 182	Sterling & Stn.	855	74,817	06/03/09	3	87.51
OPY 182	Havana DF	486	38,274	16/11/09	3	78.75
OPY 182	Artifacts Ltd	760	46,800	04/12/09	3	61.58
OPY 182	The Cigar Co.	640	52,528	26/01/10	3	82.08
OPY 182	Del Sol	895	74,800	30/11/10	3	83.58
OPY 182	Fortune Bird	486	31,385	14/01/11	2	64.58

Cayside Galleries Building: upper floor

Block/ Parcel No.	Tenant	Area Sq. Ft.	Rent P.A. CI\$	Start Date	Term Years	CI\$ Per Sq. Ft. P.A.
OPY 182	Penny Black	308	9,400	22/09/09	2	30.52
OPY 182	Cache Ltd	597	15,576	31/12/10	2	26.09
OPY 182	Sports Port	533	13,495	04/01/11	2	25.32

7.0 PROPOSAL #1: (Cont'd)**7.5 Market Rent of sub-leases – Proposal #1: (Cont'd)****Bayside Mall**

Block/ Parcel No.	Tenant	Area Sq. Ft.	Rent P.A. CI\$	Start Date	Term Years	CI\$ Per Sq. Ft. P.A.
14BH 158	Pot of Gold	1,082	98,784	01/03/03	5	91.30
14BH 158	Pot of Gold	1,082	147,600	01/10/08	5	136.41

Hard Rock Café Building

Block/ Parcel No.	Tenant	Area Sq. Ft.	Rent P.A. CI\$	Start Date	Term Years	CI\$ Per Sq. Ft. P.A.
14BH 75	Island Taste	8,712	243,026	03/01/08	11	27.90
14BH 75	Almog Ltd.	2,539	193,620	06/11/07	3	76.26

Guy Harvey's Building

Block/ Parcel No.	Tenant	Area Sq. Ft.	Rent P.A. CI\$	Start Date	Term Years	CI\$ Per Sq. Ft. P.A.
14BH 77	Guy Harvey	3,950	311,022	09/01/07	5	78.74

Tortuga Duty Free Building

Block/ Parcel No.	Tenant	Area Sq. Ft.	Rent P.A. CI\$	Start Date	Term Years	CI\$ Per Sq. Ft. P.A.
14BH 91	Tortuga Rum	895	68,926	30/10/00	10	77.01

Of the listed comparables we consider the units at Royal Watler Cruise Terminal rental units to be in a superior location and consider the rates to be high, albeit they include buildings insurance, which the Landlord pays. It is also notable that a 15% rental reduction was in place between 1 May 2009 and 1 November 2009. The range of rental rates for smaller units within this development is from CI\$114.50 (after the 15% reduction) to CI\$148.51.

The Waterfront Centre, the West Wind Building, the Cayside Galleries Building and the Hard Rock Cafe are reasonably good comparables, however adjustments need to be made for the dates that the leases were entered into and also the sizes of the rental spaces. The Cayside Galleries Building is most similar to the proposed subject property, in particular it's location. It is noted that the larger unit let for approximately 13% less than the next smaller unit to be let, possibly reflecting a quantum discount.

7.0 PROPOSAL #1: (Cont'd)**7.5 Market Rent of sub-leases – Proposal #1: (Cont'd)**

Accordingly using the listed comparables for guidance and after considering the proposed lease arrangement in place I have calculated the current Market Rent of Proposal #1 is as follows: -

Market Rent received by the Head Lessee (Headline Rent) for - Proposal #1:

This is effectively the gross aggregate of the income received from each of the sub-leases, plus the income from each of the licenses.

<u>Income from proposed building</u>	<u>Use</u>	<u>Sq. ft.</u>	<u>Rent CI\$</u>	<u>Rent CI\$</u>
Ground floor - unit #1	Food	243	\$80.00	\$19,440
Ground floor - unit #2	Stall	243	\$70.00	\$17,010
Ground floor - unit #3	Stall	350	\$70.00	\$24,500
Ground floor - unit #4	Stall	350	\$70.00	\$24,500
Ground floor - unit #5	Sunrise training	243	\$0.00	\$0
Ground floor - unit #6	Stall	105	\$70.00	\$7,350
Ground floor - unit #7	Retail	1,375	\$50.00	\$68,750
Ground floor - ancillary	Passages & WCs	770	\$0.00	\$0
Upper floor	Storage/retail	1,500	\$0.00	\$0
Total building rental income		5,179		\$161,550

<u>Income from annual licenses</u>	<u>Use</u>	<u>Sq. ft.</u>	<u>Rent CI\$ pa</u>
We Five Ltd.	Gas tank	n/a	\$3,500
We Five Ltd.	Pedestrian access	n/a	\$1,500
Tropical Trader Ltd.	One car space	n/a	\$4,800
Total license fee income			\$9,800

We therefore consider that the current aggregate gross Market Rent that can be received from sub-leases and licensees of the subject property, based on the proposed development scheme set out in Proposal #1, to be **CI\$171,350 per annum** assuming each sub-lease is granted for a one year period.

7.0 PROPOSAL #1: (Cont'd)**7.6 Rent to be charged for the Head-Lease – Proposal #1:**

We understand that the proposal being considered by the Cayman Islands Government, is to grant a 10-year lease (with the right of two further 10-year lease renewals) to a lessee (the Head-Lessee) of the parcel, subject to the income presently received from the licensees, but requiring the head-lessee to develop the property with a two-storey building, as their own cost.

The Head-Lessee will therefore be acting as an investor, developer and the head-landlord. As such, a prospective Head-Lessee will be looking to receive a profit from the property, in addition to covering all of his/her operating costs and expenses. Any prospective Head-Lessees will therefore be concerned with the following: -

- 1) The level annual of rent likely to be received from the sub-lessees and licensees based on their development proposal for the site. This is set out above in section 7.5.
- 2) The level of income to be received from the licensees for their various rights over the property.
- 3) The costs of their initial investment, including the cost to re-develop the site.
- 4) Their level of “profit”, being the difference between the Head-Rent they pay to the government and the Market Rent they receive from the sub-lessees and licensees.
- 5) The level of profit will be determined by numerous factors, including: -
 - a) Rental inflation (the Head Rent) over the term of the lease (which is implied in all risks yield in the capitalization calculation)
 - b) Void periods, either because the property cannot be rented, or between sub-tenants.

7.0 PROPOSAL #1: (Cont'd)**7.6 Rent to be charged for the Head-Lease – Proposal #1: (Cont'd)**

- c) A profit also needs deducting, as otherwise there is no incentive for a Lessee to take on such an undertaking. Simply ensuring that he re-coups his costs (voids, management, repairs (via CAM), mortgage interest/opportunity cost and initial investment would put the Head-Lessee in a break-even position, but does not enable him to make any profit for his time, energy and risk involved in the undertaking. We have chosen 7.5% of the gross aggregate rent from the sub-leases and licenses.
- d) Repairs and maintenance to the property (although we expect that these should be fully recouped from the Sub-Lessees via a Common Area Management charge).
- e) The need to re-coup the initial investment due to having to develop the site. This is dealt with by capitalizing using the leasehold dual rate method, which allows for a sinking fund to accumulate over the duration of the investment, to replace the initial investment.
- f) The correct level of rent with reference to comparables and the complexity and size of the property. The Head-Lease rent must be reasonable having regard to the fact that the Head-Lessee is taking on liability under a 10-year lease (30-years when the renewals are taken into consideration). The rents for each sub-lease, used to deduce a Head-Lease rent are rents for smaller properties (smaller properties usually being let at higher rates per square foot) and on an annual, or short term basis. The motivation of the parties involved and the rent for the entirety, not just the accumulation of the rents for each small unit, needs to be considered. In our opinion that means that a 'quantum' should be deducted from the aggregate of the income. We have chosen 5% for this purpose.

7.0 PROPOSAL #1: (Cont'd)**7.6 Net present value (capital value) of rental income for 30 years – Proposal #1:**

<u>Income from proposed building</u>	<u>Use</u>	<u>Sq. ft.</u>	<u>Rent CI\$</u>	<u>Rent CI\$</u>
Ground floor - unit #1	Food	243	\$80.00	\$19,440
Ground floor - unit #2	Stall	243	\$70.00	\$17,010
Ground floor - unit #3	Stall	350	\$70.00	\$24,500
Ground floor - unit #4	Stall	350	\$70.00	\$24,500
Ground floor - unit #5	Sunrise training	243	\$0.00	\$0
Ground floor - unit #6	Stall	105	\$70.00	\$7,350
Ground floor - unit #7	Retail	1,375	\$50.00	\$68,750
Ground floor - ancillary	Passages & WCs	770	\$0.00	\$0
Upper floor	Storage/retail	1,500	\$0.00	\$0
Total building rental income		5,179		\$161,550
Less costs on retail rents				
Voids (1 month every two years)	4.17%			-\$6,731
Less costs on retail total rent				
Head Lessee's "Profit"	7.50%			-\$12,116
Quantum for aggregate	5.00%			-\$8,078
Total deductions				-\$26,925
Total rental income				\$134,625
<u>Income from annual licenses</u>	<u>Use</u>	<u>Sq. ft.</u>	<u>Rent CI\$ pa</u>	
We Five Ltd.	Gas tank	n/a	\$3,500	
We Five Ltd.	Pedestrian access	n/a	\$1,500	
Tropical Trader Ltd.	One car space	n/a	\$4,800	
Total license fee income			\$9,800	

The Head-Lessee therefore effective receives CI\$134,625 per annum net from the proposed building and CI\$9,800 per annum from the licenses, or CI\$144,425 per annum in total, net of all “outgoings” and expenses.

7.0 PROPOSAL #1: (Cont'd)**7.7 Net present value (capital value) of rental income for 30 years – Proposal #1: (Cont'd)**

This needs to be capitalized, using the dual rate Year's Purchase formula, for 30-years (the total length of the lease, including permitted renewals).

<u>Term</u>	<u>Rent passing</u>	<u>Yrs to RR</u>	<u>YP</u>
Net rent from above	\$134,625		
YP dual rate, 30-ys, 10%, 0.5% ASF		7.63482	\$1,027,837

	<u>Deferred</u>	<u>PV rate</u>	<u>No. years</u>	<u>PV \$1</u>
Defer by construction period	14 months	7.50%	1.1667	0.919087356
				\$944,672

Income from licenses

<u>Term</u>	<u>Rent passing</u>	<u>Yrs to RR</u>	<u>YP</u>
Net rent from above	\$9,800		
YP dual rate, 30-ys, 10%, 0.5% ASF		7.63482	\$74,821

NPV based on 30-year head-lease for scheme #1 **\$1,019,493**

7.0 PROPOSAL #1: (Cont'd)**7.8 Residual Value**

The development costs need to be deducted from the net present value of the Head-Lessees investment, which calculation is as follows: -

Gross Lettable Area	2,909	sq.ft.	Build p'd	14
Value of Property psf	\$350.46	/ sq. ft.	Devel't P'd	14

AGENTS' FEES

Letting @ 10% Initial Rent	10.00%	\$16,155	
Sale @ % of GDV	2.00%	\$0	
Sub-total agents fees			\$16,155

DEVELOPMENT COSTS**BUILDING COSTS**

	Rate psf CI\$	Total GEA	Overall CI\$
Ground floor	\$115	3,679	\$423,085
Upper floor	\$40	1,500	\$60,000
Site works			<u>\$25,000</u>
		5,179	\$508,085

Planning Permission	\$0.50	per sq. ft.	\$2,590
Building Permit fees (Area A)	\$3.00	per sq. ft.	\$15,537
Cont'y @ % on building costs	2.50%		\$12,702
Professional Fees	7.50%		<u>\$38,106</u>
Sub-total build costs			\$577,020

Sub-total remaining build cost, etc

FINANCE COSTS

Finance on 1/2 build, fees & cont'y	5.25%		\$17,483
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DEVELOPERS PROFIT	10.00%		\$57,702
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TOTAL DEVELOPMENT COST			\$668,360
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RESIDUAL VALUE			\$351,134
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Land Value	100.00%
Stamp duty on transfer	7.50%
Legal costs	1.00%
Valuation	<u>0.10%</u>
Residual value	108.60%

Residual Market Value	\$323,328
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7.0 PROPOSAL #1: (Cont'd)**7.9 Head-Rent calculation (devaluation from a capital sum) – Proposal #1: (Cont'd)**

The residual net present value of the proposed Head-Lessee's investment, is therefore CI\$323,328. However, we have been requested to advise on the annual rental to charge under each scheme. This capital figures therefore needs to be apportioned, or de-valued, to provide an annual rental.

This is done by dividing the capital figure by the Year's Purchase multiplier, to reflect the effect of interest, or opportunity cost on money. In other words, this calculation takes account of the fact the money received today is worth more than money received in the future.

To calculate the "ground rent"

Yearly, divide by YP dual rate 30-years, 10%, 0.5% sinking fund: 7.63482 CI\$42,349

It is therefore out opinion that the ground rent to be charged the Head-Lessee of proposed scheme #1, based on him having the right to renew the lease twice to create in effect a 30-year term, without rent review, is CI\$42,350 per annum.

8.0 PROPOSAL #2:**8.1 Outline description of Proposal #2:**

The building proposed is a two-storey building, with a ground floor of approximately 1,763 square feet, comprising seven units and male and female bathrooms and an upper floor of approximately 1,620 square feet comprising six retail units, with the possibility of converting these to use as six offices or converting the area to a smaller number of offices. The lettable area is therefore proposed to be 3,383 square feet.

One of the ground floor units, to be located to the south eastern corner is to be rented to Sunrise Training at a nil rent. All of the ground floor units will be accessed from a single entry door from the periphery of the building. There is therefore only one corridor/lobby to the ground floor – leading to the ladies bathroom. The upper floor will have one central corridor.

8.0 PROPOSAL #2: (Cont'd)**8.1 Outline description of Proposal #2: (Cont'd)**

The accommodation and rental figures estimated by the proposed Lessee are as follows: -

Unit description	Unit size (sq ft)	CI\$ per sq. ft.	CI\$ per annum
Ground floor			
Unit #1	180	CI\$120.00	CI\$21,600
Unit #2	264	CI\$ 81.82	CI\$21,600
Unit #3	181	CI\$119.34	CI\$21,600
Unit #4	180	CI\$120.00	CI\$21,600
Unit #5	181	CI\$119.34	CI\$21,600
Unit #6	181	CI\$119.34	CI\$21,600
Unit #7	188	CI\$114.89	CI\$21,600
Restrooms, lobby & non-rentable	409	Nil	Nil
Total ground floor	1,764		CI\$151,200
Upper floor			
Office #1	226	CI\$63.72	CI\$14,400
Office #2	226	CI\$63.72	CI\$14,400
Office #3	226	CI\$63.72	CI\$14,400
Office #4	226	CI\$63.72	CI\$14,400
Office #5	226	CI\$63.72	CI\$14,400
Office #6 (Sunrise Learning)	226	Nil	Nil
Corridor & non-rentable	264	Nil	Nil
Total upper floor	1,620		CI\$72,000
Licenses for “gas & tank & pedestrian access & car park”			CI\$7,000
License for car park use			CI\$6,000
Total both floors	3,384		CI\$236,200

The rents stated above are those estimated by the proposed Lessee for Proposal #2. We have assessed these differently, as shown below.

8.0 PROPOSAL #2: (Cont'd)**8.2 Proposed Specification – Proposal #2:**

No construction details are given in the proposal. For the purposes of this valuation it is therefore assumed that the building will be of reinforced concrete construction, including external walls, concrete reinforced ground floor, upper floor and roof structure (to allow further expansion with a third floor).

8.3 Comments on Proposal #2:

Proposal #2 also seeks to reserve the right with the Government/Lessor to extend the building with an additional (third) floor at some later point and the design of this proposal accommodates this potential.

Proposal #2 therefore has, built into it, an element of hope value (the chance of an increase in value at some future date, which proposal #1, by the nature of its design, does not.

This hope value (the chance of a future increase in Market Rent and/or Market Value and/or Developer's Profit, which could be realized by the Lessee (as additional profit rent, or compensation for these works, to be paid by the Lessor/Government), or by the Lessor, through a one-off fee to be charged for Lessor's Consent to Alterations and/or through an increased rent upon rent review, or lease renewal and through the increased Market Value of the reversion. To secure such rental increases upon rent review, lease renewal, or after the works are complete, or as a fee upon the granting of consent, or indeed compensation for the Lessee for the cost of the works, a suitable clause, or clauses would need to be included in the lease at the outset.

8.0 PROPOSAL #2: (Cont'd)**8.4 Building costs for Proposal #2:**

We have not been supplied with a full set of plans, nor scale plans - only reduced size plans with some dimensions shown. It is therefore impossible for us to provide an accurate build cost estimate within this report, as requested.

We note that the building proposed is to be of reinforced concrete construction, with concrete ground and upper floor slabs and concrete roof.

The proposed Lessee's opinion of the cost of the works is CI\$425,000. No external works are mentioned. This equates to CI\$130 per square foot for the ground floor and CI\$121 per square foot for the upper floor, or **CI\$125.63 per square foot** overall for both floors, with no external works.

However, based solely on the floor areas stated it is our opinion that the cost to construct the scheme in Proposal #1 would be as follows:-

Ground floor	1,764 sq ft x CI\$115 / sq ft	= CI\$202,860
Upper floor	1,620 sq ft x CI\$75 / sq ft	= CI\$121,500
Site works	at say	= <u>CI\$ 5,000</u>
Total cost estimate		= CI\$349,360

We also note from the breakdown of costs supplied by the Lessee that no sums are included for site works. We would expect that some site works would be necessary and have included a provisional sum.

We are of the opinion that these works would take in the region of 14 months to complete, which is the timescale stated within Proposal #2.

8.0 PROPOSAL #2: (Cont'd)**8.5 Market Rent of sub-leases – Proposal #2:**

We have used the same comparables as listed above in relation to Proposal #2. Accordingly using the listed comparables for guidance and after considering the proposed lease arrangement I have calculated the current Market Rent of Proposal #1 is as follows:

Market Rent received by the Head Lessee (Headline Rent) for - Proposal #2:

This is effectively the gross aggregate of the income received from each of the sub-leases, plus the income from each of the licenses.

<u>Income from proposed building</u>	<u>Use</u>	<u>Sq. ft.</u>	<u>Rent CI\$</u>	<u>Rent CI\$</u>
Ground floor - unit #1	Stall	180	\$70.00	\$12,600
Ground floor - unit #2	Stall	264	\$70.00	\$18,480
Ground floor - unit #3	Stall	181	\$70.00	\$12,670
Ground floor - unit #4	Stall	180	\$70.00	\$12,600
Ground floor - unit #5	Stall	181	\$70.00	\$12,670
Ground floor - unit #6	Stall	181	\$70.00	\$12,670
Ground floor - unit #7	Stall	188	\$70.00	\$13,160
Ground floor - ancillary	Restrooms/non-rentable	409	\$0.00	\$0
Total ground floor		1,764		\$94,850
Second floor - unit #1	Retail/office	226	\$30.00	\$6,780
Second floor - unit #2	Retail/office	226	\$30.00	\$6,780
Second floor - unit #3	Retail/office	226	\$30.00	\$6,780
Second floor - unit #4	Retail/office	226	\$30.00	\$6,780
Second floor - unit #5	Retail/office	226	\$30.00	\$6,780
Second floor - unit #6	Sunrise training	226	\$0.00	\$0
Upper floor - ancillary	Corridor	264	\$0.00	\$0
Total upper floor		1,620		\$33,900
Total building rental income		3,384		\$128,750
<u>Income from annual licenses</u>	<u>Use</u>	<u>Sq. ft.</u>	<u>Rent CI\$ pa</u>	
We Five Ltd.	Gas tank	n/a	\$3,500	
We Five Ltd.	Pedestrian access	n/a	\$1,500	
Tropical Trader Ltd.	One car space	n/a	\$4,800	
Total license fee income			\$9,800	

We therefore consider that the current aggregate gross Market Rent that can be received from sub-leases and licensees of the subject property, based on the proposed development scheme set out in Proposal #2, to be **CI\$138,550 per annum** assuming each sub-lease is granted for a one year period.

8.0 PROPOSAL #2: (Cont'd)**8.6 Rent to be charged for the Head-Lease – Proposal #2:**

The factors to be taken into account in determining the rent to be charged as Head Rent are the same as are set out above for Proposal #1.

8.7 Net present value (capital value) of rental income for 30 years – Proposal #2:

<u>Income from proposed building</u>	<u>Use</u>	<u>Sq. ft.</u>	<u>Rent C/\$</u>	<u>Rent C/\$</u>
Ground floor - unit #1	Stall	180	\$70.00	\$12,600
Ground floor - unit #2	Stall	264	\$70.00	\$18,480
Ground floor - unit #3	Stall	181	\$70.00	\$12,670
Ground floor - unit #4	Stall	180	\$70.00	\$12,600
Ground floor - unit #5	Stall	181	\$70.00	\$12,670
Ground floor - unit #6	Stall	181	\$70.00	\$12,670
Ground floor - unit #7	Stall	188	\$70.00	\$13,160
Ground floor - ancillary	Non-rentable	409	\$0.00	\$0
Total ground floor		1,764		\$94,850
Second floor - unit #1	Retail/office	226	\$30.00	\$6,780
Second floor - unit #2	Retail/office	226	\$30.00	\$6,780
Second floor - unit #3	Retail/office	226	\$30.00	\$6,780
Second floor - unit #4	Retail/office	226	\$30.00	\$6,780
Second floor - unit #5	Retail/office	226	\$30.00	\$6,780
Second floor - unit #6	Sunrise training	226	\$0.00	\$0
Upper floor - ancillary	Corridor	264	\$0.00	\$0
Total upper floor		1,620		\$33,900
Total building rental income		3,384		\$128,750
Less costs on retail rents				
Voids (1 month every 2 years)	4.17%			-\$5,365
Less costs on retail total rent				
Head Lessee's "Profit"	7.50%			-\$9,656
Quantum for aggregate	5.00%			-\$6,438
Total deductions				-\$21,458
Total rental income				\$107,292
<u>Income from annual licenses</u>	<u>Use</u>	<u>Sq. ft.</u>	<u>Rent C/\$ pa</u>	
We Five Ltd.	Gas tank	n/a	\$3,500	
We Five Ltd.	Pedestrian access	n/a	\$1,500	
Tropical Trader Ltd.	One car space	n/a	\$4,800	
Total license fee income			\$9,800	

8.0 PROPOSAL #2: (Cont'd)**8.7 Net present value (capital value) of rental income for 30 years – Proposal #2:**

The Head-Lessee therefore effective receives CI\$107,292 per annum net from the proposed building and CI\$9,800 per annum from the licenses, or CI\$117,092 per annum in total, net of all “outgoings” and expenses.

This needs to be capitalized, using the dual rate Year's Purchase formula, for 30-years (the total length of the lease, including permitted renewals).

<u>Term</u>	<u>Rent passing</u>	<u>Yrs to RR</u>	<u>YP</u>	
Net rent from above	\$107,292			
YP dual rate, 30-ys, 10%, 0.5% ASF			7.63482	\$819,152

	<u>Deferred</u>	<u>PV rate</u>	<u>No. years</u>	<u>PV \$1</u>	
Defer by construction period	14 months	7.50%	1.1667	0.91908736	\$752,872

Income from licenses

<u>Term</u>	<u>Rent passing</u>	<u>Yrs to RR</u>	<u>YP</u>	
Net rent from above	\$9,800			
YP dual rate, 30-ys, 10%, 0.5% ASF			7.63482	\$74,821

NPV based on 30-year head-lease for scheme #1 **\$827,694**

8.0 PROPOSAL #2: (Cont'd)**8.8 Residual Value**

The development costs need to be deducted from the net present value of the Head-Lessees investment, which calculation is as follows: -

Gross Lettable Area	2,711	sq.ft.	Build p'd	14
Value of Property psf	\$305.31	/ sq. ft.	Devel't P'd	14

AGENTS' FEES

Letting @ 10% Initial Rent	10.00%	\$12,875	
Sale @ % of GDV	2.00%	\$0	
Sub-total agents fees			\$12,875

DEVELOPMENT COSTS

BUILDING COSTS	<u>Rate psf C/\$</u>	<u>Total GEA</u>	<u>Overall C/\$</u>	
Ground floor	\$115	1,764	\$202,860	
Upper floor	\$75	1,620	\$121,500	
Site works			<u>\$25,000</u>	
		3,384	\$349,360	
Planning Permission	\$0.50	per sq. ft.	\$1,692	
Building Permit fees (Area A)	\$3.00	per sq. ft.	\$10,152	
Cont'y @ % on building costs	2.50%		\$8,734	
Professional Fees	7.50%		<u>\$26,202</u>	
Sub-total build costs				\$396,140

FINANCE COSTS

Finance on 1/2 build, fees etc	5.25%		\$12,002
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DEVELOPERS PROFIT	10.00%		\$39,614
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TOTAL DEVELOPMENT COST			\$460,631
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RESIDUAL VALUE			\$367,062
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Land Value	100.00%
Stamp duty on transfer	7.50%
Legal costs	1.00%
Valuation	<u>0.10%</u>
Residual value	108.60%

Residual Market Value	\$337,995
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8.0 PROPOSAL #2: (Cont'd)**8.7 Head-Rent calculation (devaluation from a capital sum) – Proposal #2: (Cont'd)**

The residual net present value of the proposed Head-Lessee's investment, is therefore CI\$362,177. However, we have been requested to advise on the annual rental to charge under each scheme. This capital figures therefore needs to be apportioned, or de-valued, to provide an annual rental.

This is done by dividing the capital figure by the Year's Purchase multiplier, to reflect the effect of interest, or opportunity cost on money. In other words, this calculation takes account of the fact the money received today is worth more than money received in the future.

To calculate the "ground rent"

Yearly, divide by YP dual rate 30-years, 10%, 0.5% sinking fund: 7.63482 CI\$44,270

It is therefore out opinion that the ground rent to be charged the Head-Lessee of proposed scheme #1, based on him having the right to renew the lease twice to create in effect a 30-year term, without rent review, is CI\$44,270 per annum.

9.0 VALUATION CONCLUSIONS: (Cont'd)**9.1 Opinion of Value:**

As noted within Sections 7.0 and 8.0 of this report it is our opinion that the level of rent to be charged as a Head Rent, to the proposed Lessee in each case, based on the scheme proposed be each Lessee is as follows: –

1) Annual Head Rent for 30-years under Scheme #1:-

CI\$42,349

(Forty Two Thousand Three Hundred and Fifty Cayman Island Dollars)

Per Annum

2) Annual Head Rent for 30-years under Scheme #2:-

CI\$44,270

(Forty Four Thousand Two Hundred and Seventy Cayman Island Dollars)

Per Annum

Validity:

This Valuation may not be considered valid after 12 months from the date hereof, nor if the circumstances alter. If necessary, please refer back to the valuer for a periodic review.

10.0 ASSUMPTIONS AND LIMITING CONDITIONS:

10.1 Unless it has been made apparent by an express statement within this report the Valuer has made the following assumptions:

10.1.1 That vacant possession is provided.

10.1.2 That all required, valid planning permissions and statutory approvals for the buildings and their use, including any extensions or alterations, have been obtained and compiled with;

10.1.3 That no deleterious or hazardous materials or techniques have been used, and that there is no contamination in or from the ground.

10.1.4 That the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown

10.1.5 That the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries, or by statutory notice and that neither the property, nor its condition, its use, or its intended use, is or will be unlawful. 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 entirely upon their legal accuracy.

10.1.6 \That we have not carried out a structural or building survey and the extent of our inspection was in accordance with the RICS guidance notes for valuation purposes. This is a limited inspection and should you require a report on the condition of the property, you are recommended to commission a building, or structural survey.

10.1.7 We have not tested services, or specialist installation. Should you wish to obtain full advice upon these, you are recommended to engage the services of suitably qualified specialists, who can report specifically upon these aspects of the property.

10.1.8 That an inspection of those parts which have not been inspected, or a survey inspection, would not reveal material defects or cause the Valuer to alter the valuation materially.

10.1.9 That in the case of a new property, the construction of which has not been completed, the construction will be satisfactorily completed.

10.0 ASSUMPTIONS AND LIMITING CONDITIONS: (Cont'd)

- 10.2 Employment in and compensation for making this report are in no way contingent upon the value. We further certify that we have no interest, present or contemplated, in the property valued. The valuation assumes marketable title.
- 10.3 In order to arrive at a supportable opinion of value, it was necessary to utilise both documented and hearsay evidence of market transactions. A concerned effort has been made to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct and has been gathered according to procedures which are laid down by the R.I.C.S. Comparable sales prices have been obtained from the documents at the Land Registry, or as reported to us by the Realty Companies active in the subject area or by published reports.
- 10.4 Possession of this Valuation Report, or a copy thereof, does not carry with it the right of publication. Neither the whole nor any part of this valuation report or any reference thereto may be included in any published document, circular or statement, nor published in any way without the express permission of DDL Quantity Surveyor's.

11.0 VALUATION CERTIFICATE:**11.1 Valuation:**

As noted within Sections 7.0 and 8.0 of this report it is our opinion that the level of rent to be charged as a Head Rent, to the proposed Lessee in each case, based on the scheme proposed be each Lessee is as follows: –

1) Annual Head Rent for 30-years under Scheme #1:-

CIS42,349

**(Forty Two Thousand Three Hundred and Fifty Cayman Island Dollars)
Per Annum**

2) Annual Head Rent for 30-years under Scheme #2:-

CIS44,270

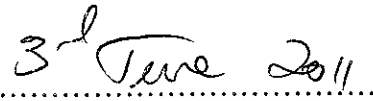
**(Forty Four Thousand Two Hundred and Seventy Cayman Island Dollars)
Per Annum**

11.2 Certification:

I Certify that the property detailed within this report has been inspected by me, that I have valued the property and prepared this report, and that I am not disqualified from reporting on the property



.....
ALEX G. HARLING B.Sc., MRICS
CHARTERED VALUATION SURVEYOR



.....
DATE

DDL Quantity Surveyors
P.O. Box 31318, Grand Cayman KY1-1206,
Cayman Islands, British West Indies
Tel: 943-3622 Fax: 945-3623

**12.0 LETTER REQUESTING QUOTATION, REPLY AND
INSTRUCTION LETTER**

Telephone: 244 3420
Fax.: 949 2187
Direct Line: 244 3558
E-mail: Uche.obi@gov.ky



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

IN ANY REPLY,
PLEASE QUOTE
REF NO.: VAL/OPY108

5th April 2011

DDL
P.O. Box 31318 GT
Grand Cayman
KY1-1206

By Fax 945 3623

Dear Sir/Madam,

RE: CRAFT MARKET - BLOCK OPY PARCEL 108

The Governor-in Council is considering granting a lease on the above mentioned property for its proposed redevelopment.

The proposed lease is to be granted on the terms stated on the attached sheet.

In accordance with the Governor (Vesting of Lands) Law 1998 Revision, I am required to obtain valuations in respect of the market rental value for consideration of the annual amount the Crown should seek in return for granting this lease.

Hence I write you to provide a fee quote for the provision of this valuation, which must be produced in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual and our valuation instruction agreement.

Your fee quote should reach this office by 5 pm on Wednesday 6th April, 2011 in order to be considered

Please note that if appointed, the valuation report must be completed within two weeks from the date of your appointment.

If you have any questions regarding this letter please contact me.

Yours faithfully,

Uche Obi
Senior Valuation Officer
For Director of Lands & Survey



Heads of Terms

It is proposed that the lease will be granted on the following terms and conditions:-

Term: - Ten (10) years

Commencement Date: To be agreed subject to the approval by the Governor-in-Cabinet and the Members of the Legislative Assembly.

Rent:: Rental bids invited (payable annually in advance)

Option to Renew: 2 (two) x 10 years

Possession: Three months notice to quit has been served on the Tenants. The Notice was effective from Friday 30th April 2010 and expired on Thursday 29th July 2010. Therefore, Tenants are holding over subject to one calendar month's notice.

Alienation/Assignment: Landlord's consent required to grant a sub-lease or assign the lease. Consent not to be unreasonably withheld.

Other Conditions

1. The redevelopment of the property must be in accordance with current planning regulations.
2. Proposed redevelopment must be completed within 18 months from the date vacant possession of all the units is obtained by the Successful bidder.
3. Male, female and disabled restrooms for use by members of the public must be included in the proposed redevelopment
4. Existing tenants will be given the right of first refusal to lease units when the redevelopment is completed. The rent will be at the prevailing market rent.
5. Ensure good non-competitive tenant mix with One (1) unit to be reserved for the Sunrise Adult Centre at a nil rent.

Licenses: The lease will be granted subject to the existing annual licenses.

Cost: Successful bidder will be responsible for CIG's Surveying and Valuation fees including cost of obtaining independent valuation as is required for vesting.

Legal fees: - Each party responsible for its own costs.

Stamp duty, registration fees and any land tax, if applicable: Purchaser responsible.

Your ref: VAL/OPY108

6th April 2011

Mr. Uche Obi
Land and Survey Department
P.O. Box 1089
Grand Cayman KY1-1102
CAYMAN ISLANDS

architecture . project management



quantity surveying . interior design

DDL Studio Ltd.

P.O. Box 31318
Grand Cayman KY1-1206
GRAND CAYMAN
Tel: 345 945 3622
Fax: 345 945 3623

By fax: 949-2187 & e-mail

Dear Uche,

**Craft Market – Block OPY Parcel 108
Valuation in respect of proposed grant of lease**

Thank you for considering this firm to undertake the valuation advice described in your letter of the 5th April 2011.

I assume, given that it is envisaged that the property will be re-developed, that advice will need to cover calculation of a Market Rent to be paid annually for a term of ten years (with two options to renew), plus the calculation of the cost of the re-development considered, which will need to be taken into account in the rent payable.

I am assuming that the cost of the development will need to be balanced against the rental figure (to be amortised over a ten year period).

Assuming that I have understood the extent and nature of the instruction, my quotation to undertake this instruction is CI\$1,500.

I trust that the enclosed is in order however should you require any further information please do not hesitate to contact me to discuss this matter.

Yours sincerely

Alex G. Harling, B.Sc., MRICS
Chartered Valuation Surveyor
For DDL Studio Limited

Telephone: 244 3420
Fax.: 949 2187
Direct Line: 244 3558
E-mail: Uche.obi@gov.ky



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

IN ANY REPLY,
PLEASE QUOTE
REF NO.: VAL/OPY108

14th April 2011

Mr. Alex Harling, MRICS
DDL
P.O. Box 31318 GT
Grand Cayman
KY1-1206

By Fax 945 3623

Dear Sir/Madam,

RE: CRAFT MARKET - BLOCK OPY PARCEL 108

I write to inform you that your bid to undertake the valuation of the above mentioned property for CI\$1,500 has been accepted.

As you are aware, the Governor-in Council is considering granting a lease on the above mentioned property for its proposed redevelopment. The terms of the proposed lease are attached to this letter.

At the end of the tender period, 2 proposals were received and I attach copies of these proposals for your consideration.

Can you please review each proposal and provide me with your opinion of the rent payable to the Cayman Islands Government on the terms stated. Also, can you comment on your opinion of the market rental value of the parcel if different from the rent payable on the basis of the proposals submitted?

In providing your opinion of the rent payable/market rental value, please can you comment on the following items.

1. Plan of proposed redevelopment having regard to the current Planning regulations
2. Rental income to be received by Lessee from completed scheme
3. Gross development value
4. Cost of undertaking the redevelopment
5. Timing of construction

Please note that this valuation report should be produced in accordance with the RICS Red book and be completed by Friday 6th May 2011.

If you have any questions regarding this letter please contact me.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read "Uche Obi", with a stylized flourish extending to the right.

Uche Obi
Senior Valuation Officer
For Director of Lands & Survey

13.0 LAND REGISTRY MAP EXTRACT & LAND REGISTER:



Lands & Survey Department
P.O. Box 1089, Grand Cayman KY1-1102, CI

CAYMAN LAND INFO

Tel: (345) 244 3420 Fax: (34) 949 2187
www.caymanlandinfo.ky

Lands and Survey Department © Cayman Islands Government.

1:1,190





CAYMAN ISLANDS
LAND REGISTER

Edition 2
Opened 26 JAN 1998

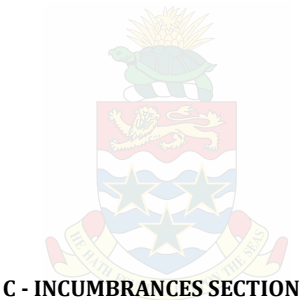
A - PROPERTY SECTION

Ownership Type	Crown / Private	APPURTENANCES 	Block and Parcel No. OPY 108	
Nature of Title	Absolute / Provisional		Registration Section	GEORGE TOWN COMMERCIAL
Origin of Title			Name of Parcel	
First Registration	15-Dec-1972		Approximate Area	0.24 Acre
Mutation No.				

B - PROPRIETORSHIP SECTION

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

Block and Parcel No. OPY 108
Edition 2



Entry No.	Date	Instrument No.	Nature of Incumbrance	Further Particulars	Signature of Registrar

14.0 AERIAL AND SITE PHOTOGRAPHS:



Lands & Survey Department
P.O. Box 1089, Grand Cayman KY1-1102, CI

CAYMAN LAND INFO

Tel: (345) 244 3420 Fax: (34) 949 2187
www.caymanlandinfo.ky

Lands and Survey Department © Cayman Islands Government.

1:348







15.0 DEVELOPMENT PROPOSALS SUBMITTED:

Proposal 1

Craft Market

Building General Specifications

Overview

The redeveloped Craft Market will be a structural engineered steel building with steel stud curtain walls clad with cement board, EFIS and trowel stucco. The building will be erected on an engineered concrete slab constructed on compacted fill. A metal standing seam roof will be installed over plywood which is attached to metal bar joist. All fixture and fitting will be of a commercial grade and consideration will be given to both the proximity to the waterfront and the potential impact of hurricane in the construction.

Landscaping

The landscaping will be accordance with the general design as prepared be the by the developers representative but will include locally available and endemic species of plant material.

Site Furnishing

These items will be tamper proof, corrosion resistant and thematically appropriate.

Parking Areas

All parking and drive ways to be asphalt as per the plan. All car parking spaces are to be marked and have concrete bumpers.

Soil Treatment

Soil treatment for termite control will be applied at the interior and exterior of the foundation perimeter.

Concrete Slab

The concrete slab will be constructed as floating slab on a base of compacted material with the relevant reinforcing steel. As applicable, the required bolts to accept the structural steel will also be cast into the base slab.

Structural Engineered Steel Building

The main frame of the building a structure engineer steel building with steel stud curtain wall clad with concrete board with a EIFS system finish.

Roof

Roof to be pre-engineered bar joist, pressure treated plywood deck as specified by architectural/structural drawings. The roof finish is standing seem .040 specs with over Ice and Water Shield™. Flashing and eaves drip where required.

Guttering

6" white aluminum, seamless down spouts to be surface mounted.

Soffits and Soffit Vents

½" Dense glass gold board with plastic 4 x 8 vents placed on 10 foot centers or cement board with continuous venting with smooth synthetic finish in a color to be agreed. Vents to be fastened in place with stainless steel hardware.

Windows

Single hung, single glaze, aluminum plain, no muntions, color white manufacture PGT Winguard Series

Main entry door

Main entrance doors and storefront to be white aluminum hurricane rated to the same standard of PGT Winguard Series. This is to be installed as per manufacturers specifications.

Rear entry doors to be the same standard and specifications as front entry doors. All exterior doors are to be steel security doors with steel frames and installed to manufacturers specs. All exterior doors require commercial grade door closures.

Interior Doors

Doors are to be 6' – 8", 6 panel solid wood doors.

Door Hardware

All hinges to be stainless steel and door lock to be commercial grade brushed nickel. All downstairs doors require commercial grade closures.

Cabinetry

To be constructed of plywood, with white counter top. Bathroom cabinets and portions are to be commercial grade

Insulation

- R-19 insulation for ceiling and roof areas or Icylene foam.
- R-11 insulation for indicated interior walls

Door Trims

To be 2 ½" colonial castings, color will be gloss white.

Baseboards

To be 5" high profile colonial. (contractor to provide samples for developers approval. Paint color to be chosen by developer.)

Floor Finishes

16" x 16" ceramic or porcelain tile or smooth concrete with a stain are to be chosen by the developer

Wall Finishes - Main areas

To be ½ sheetrock to metal stud partitions. Smooth finish. Minimum two coats latex flat wall paint – color to be white.

Ceilings

Ground floor: 5/8" fire rated drywall to metal stud dropped ceiling. Knock down finish. Minimum two coats latex flat wall paint - color flat latex

Bathroom Walls

To be ½" moisture resistant sheetrock with light texture finish to select areas. Minimum two coats flat latex paint- color to be specified by developer

Note: All sheetrock to be primed with a minimum of one coat primer prior to finish paint

Bathroom walls to be tiled with 8" x 8" white ceramic tile to height of four feet outside of tub area and to ceiling around tub.

Craft Market Redevelopment

Preliminary Budget Estimate

<u>ID</u>	<u>Elements</u>		<u>Budget</u>	<u>CI\$</u>
1	Preliminaries	\$	11,428.57	
2	Substructure	\$	165,428.57	
3	Walling and Frame	\$	18,571.43	
4	Roof	\$	71,428.57	
5	Staircase	\$	12,857.14	
6	Windows and Doors	\$	32,857.14	
7	Fittings and Fixures	\$	22,000.00	
8	Wall Finishes	\$	21,428.57	
9	Floor Finishes	\$	25,714.29	
10	Ceiling Finishes	\$	20,000.00	
11	Plumbing Installation	\$	50,571.43	
12	Electrical Installation	\$	51,428.57	
13	Air Conditioning Installation	\$	45,714.29	
14	External Works	\$	50,571.43	
		Total Development Cost		CI\$ \$ 600,000.00

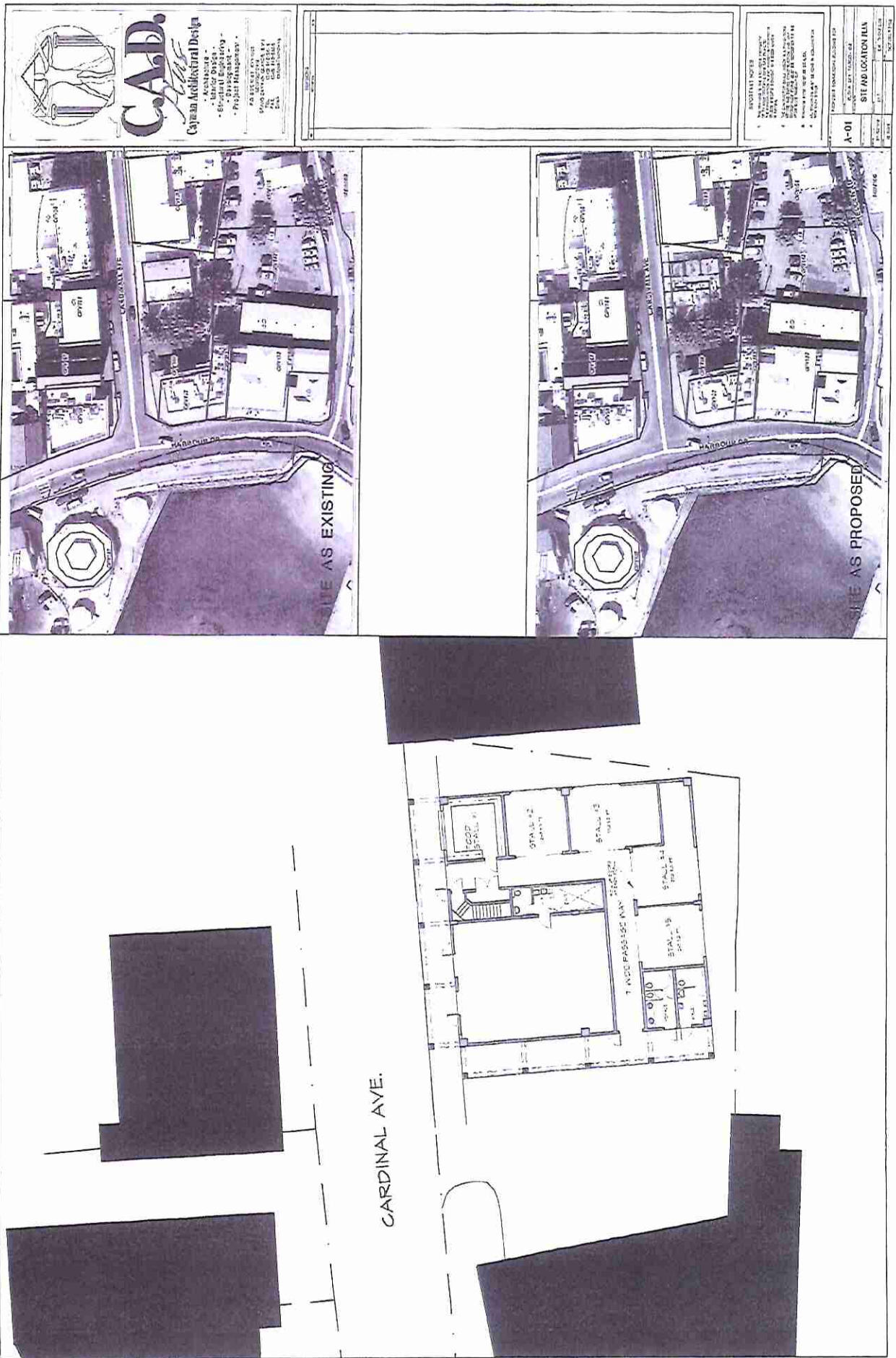
Craft Market Redevelopment 2011

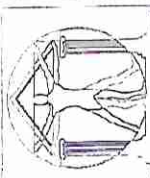
Income To Be Received

Unit #	Unit Size (Square Feet)	(Inclusive of Electricity, Insurance, and Maintenance Costs)		
		Income US\$ Per Sq Foot	Annual Total US\$	Monthly Rent US\$
Stall #1 Food Stall	243	\$ 40.00	\$ 9,720.00	\$ 810.00
Stall #2	243	\$ 30.00	\$ 7,290.00	\$ 607.50
Stall #3	350	\$ 25.00	\$ 8,750.00	\$ 729.17
Stall #4	350	\$ 25.00	\$ 8,750.00	\$ 729.17
Stall #5 SunRise Training-Nil	243	\$ -	\$ -	\$ -
Stall #6 Difficult to Rent-Nil	105	\$ -	\$ -	\$ -
			\$ 34,510.00	\$ 2,875.83

Unit #	Unit Size (Square Feet)			
		Maintenance US\$ Per Sq Foot	Annual Total US\$	Monthly Cost US\$
Stall #1 Food Stall	243	\$ 5.00	\$ 1,215.00	\$ 101.25
Stall #2	243	\$ 5.00	\$ 1,215.00	\$ 101.25
Stall #3	350	\$ 5.00	\$ 1,750.00	\$ 145.83
Stall #4	350	\$ 5.00	\$ 1,750.00	\$ 145.83
Stall #5 SunRise Training-Nil	243	\$ 5.00	\$ 1,215.00	\$ 101.25
Stall #6 Difficult to Rent-Nil	105	\$ 5.00	\$ 525.00	\$ 43.75
Passage Ways, and Restrooms	770	\$ 5.00	\$ 3,850.00	\$ 320.83
			\$ 7,670.00	\$ 639.17

ESTIMATED RENT FOR LARGEST UNIT IS US\$60 per
Size — 1375 SF





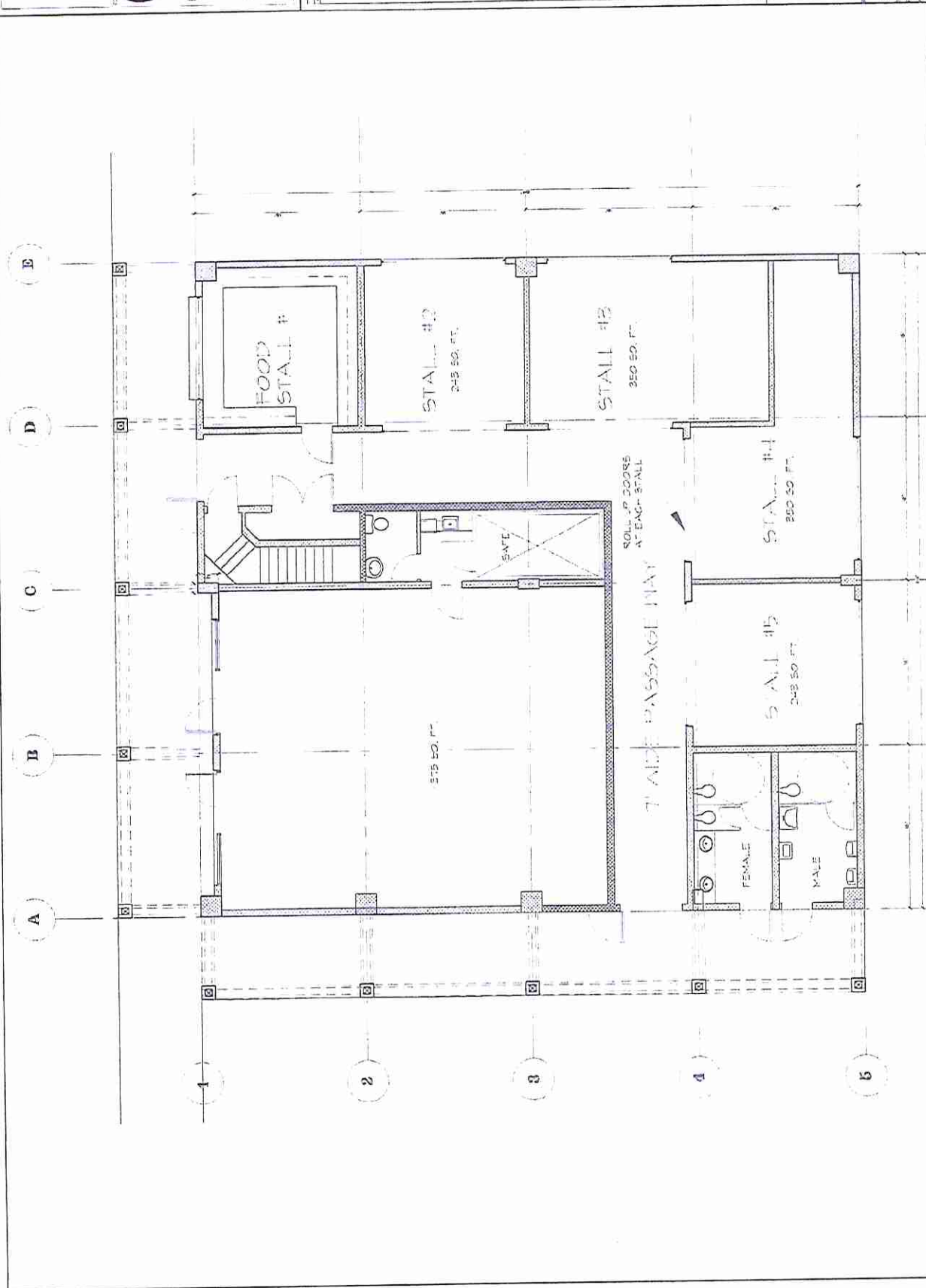
C.A.D. Inc.
Cayan Architectural Design

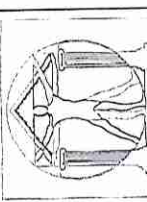
• Architectural Design
• Interior Design
• Kitchen Design
• Bath Design
• Floor Plans
• Site Plans
• 3D Renderings
• Construction Documents

1000 S. GARDEN AVENUE
SUITE 100
GARDEN CITY, CA 94015
TEL: 650.334.1100
FAX: 650.334.1101
WWW.CAD-INC.COM

REVISIONS
1. 10/15/11
2. 10/15/11
3. 10/15/11
4. 10/15/11
5. 10/15/11
6. 10/15/11
7. 10/15/11
8. 10/15/11
9. 10/15/11
10. 10/15/11

A-02
BROOD HOG PLAN
1/16/11
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CAD.
The
Cayan Architectural Design

Architects •
Interior Design •
Exterior Design •
Project Management •

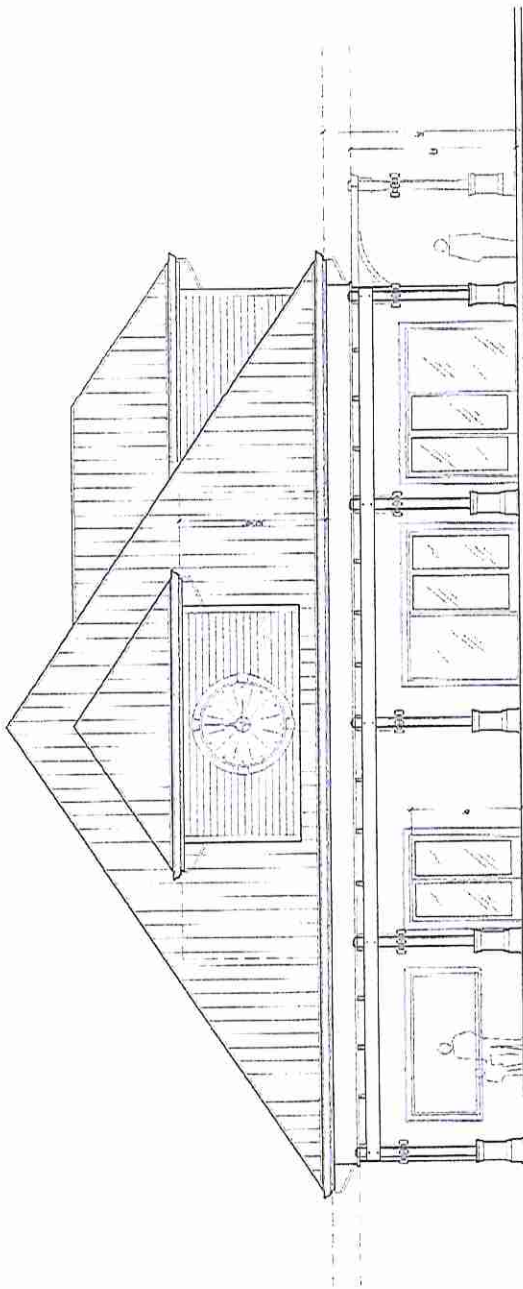
10000 10th Avenue NE
Suite 100
Seattle, WA 98108
Phone: 206.325.1234
Fax: 206.325.1235
www.cadarchitect.com

NO. 1	10000 10th Avenue NE
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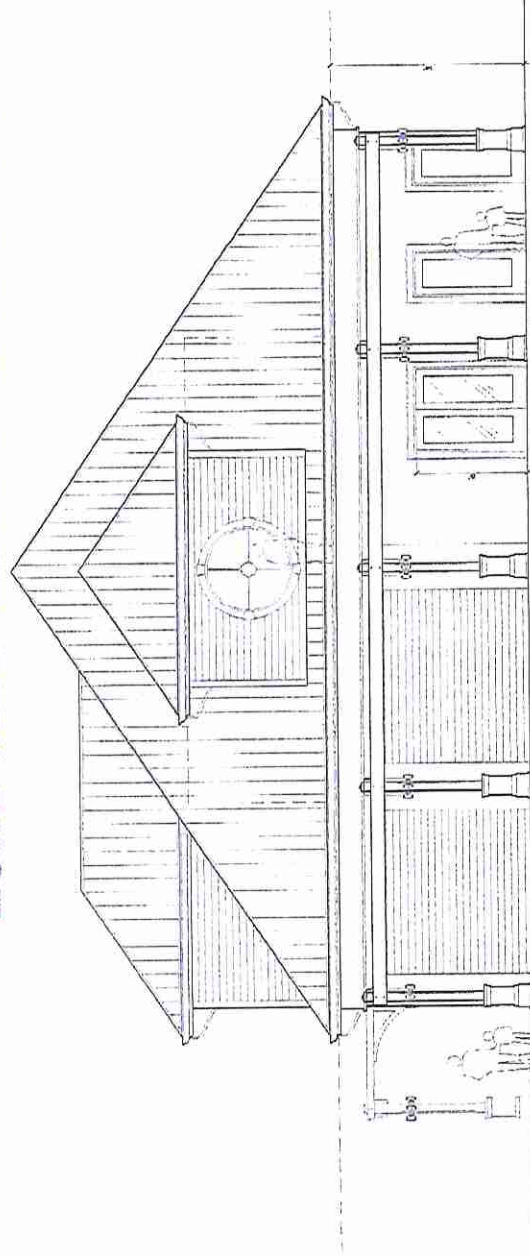
SECTION NOTES

1. MATERIALS AND FINISHES TO BE SHOWN IN THE NOTES.
2. ALL DIMENSIONS ARE TO FACE UNLESS NOTED OTHERWISE.
3. FINISHES TO BE SHOWN IN THE NOTES.
4. FINISHES TO BE SHOWN IN THE NOTES.
5. FINISHES TO BE SHOWN IN THE NOTES.

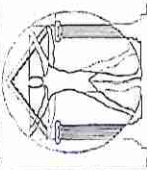
ELEVATIONS	
NO. 1	10000 10th Avenue NE
NO. 2	Suite 100
NO. 3	Seattle, WA 98108
NO. 4	Phone: 206.325.1234
NO. 5	Fax: 206.325.1235
NO. 6	www.cadarchitect.com



ROAD SIDE (NORTH) ELEVATION

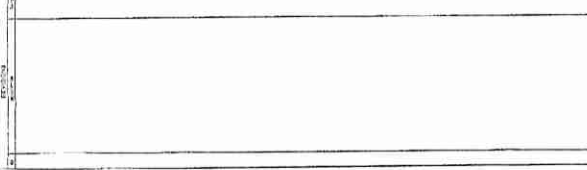


PARKING SIDE (WEST) ELEVATION



CAD
Cyrus Architectural Design

1000 N. 10th St.
 Suite 100
 Phoenix, AZ 85006
 Phone: (602) 441-1111
 Fax: (602) 441-1112
 Email: info@cadphx.com
 Website: www.cadphx.com



- NOTES:**
1. SEE ARCHITECT'S SPECIFICATIONS FOR MATERIALS AND FINISHES.
 2. ALL DIMENSIONS ARE IN FEET AND INCHES.
 3. SEE ARCHITECT'S SPECIFICATIONS FOR MATERIALS AND FINISHES.
 4. SEE ARCHITECT'S SPECIFICATIONS FOR MATERIALS AND FINISHES.
 5. SEE ARCHITECT'S SPECIFICATIONS FOR MATERIALS AND FINISHES.
 6. SEE ARCHITECT'S SPECIFICATIONS FOR MATERIALS AND FINISHES.
 7. SEE ARCHITECT'S SPECIFICATIONS FOR MATERIALS AND FINISHES.
 8. SEE ARCHITECT'S SPECIFICATIONS FOR MATERIALS AND FINISHES.
 9. SEE ARCHITECT'S SPECIFICATIONS FOR MATERIALS AND FINISHES.
 10. SEE ARCHITECT'S SPECIFICATIONS FOR MATERIALS AND FINISHES.

PROJECT: 1000 N. 10th St.	
DATE: 10/1/11	
DRAWN BY: J. D. DAVIS	
CHECKED BY: J. D. DAVIS	
APPROVED BY: J. D. DAVIS	
A-03	
UPPER FLOOR PLAN	
1/8" = 1'-0"	
1/4" = 1'-0"	
1/2" = 1'-0"	
3/4" = 1'-0"	
1" = 1'-0"	



Proposal 2

Plan of Proposed Redevelopment:

Attached are plans regarding the proposed re-development (Exhibits 1, 2 & 3). These plans provided indicate the new design of the property. The new development will consist of the following works:

1. Submission of details plans to the planning department
2. Upon receiving approved plans, begin break-down and removal of the current wooden structure
3. Site preparation and foundation works
4. Roughing in of electrical and plumbing works
5. Capping of floor
6. Construction of first level and supporting walls and columns
7. Rough-in of electrical and plumbing works for floor on upper level
8. Pour upper level floor
9. Walls and supporting structure on upper level
10. Construction of roof
11. Installation of all windows and doors
12. Complete all finishing works including rendering of walls, paint, flooring
13. Installation of air conditioning units
14. Final inspections and occupancy certificate

The overall redesign would be constructed in such a manner to fit with the current esthetic design of the neighboring buildings and would include a covered walk way or corridor around the building for easy access. The current building length and width would also be extended to accommodate the covered sidewalks, which would be wheel chair accessible. The male and female public restrooms would be located on the ground floor and would be wheelchair accessible.

The upper level would be by way of stair access at gradient levels in accordance with planning requirements for commercial properties to allow for easy access. It is anticipated that this level will be divided into a further six units, however, depending upon the longer

term demand for this space the possibility of dividing this area into larger units or to accommodate office space is a calculated possibility. However, for the purposes of the assumptions of rental income, the initial proposal would be for this space to be divided into a further 6 units. The roof of the upper level would consist of concrete providing the possibility of a covered area that may be utilized by the developer at a later date.

We would be happy to provide additional details of the plans should the committee so desire.

Timescale

The above detailed construction works would be completed well within the 18 months proposed from the date of vacant possession. We would estimate that all works would be completed within 14 months.

Development Costs

The re-development costs are estimated to be in the region of CI\$425,000.

This estimate is based on my personal experience of projects constructed in the past while taking into consideration the square footage of the redeveloped property and works detailed above.

Income

The following income projections are estimated market rates:

1. Lower level units estimated to yield total annual rents of CI\$151,200 (7 units yielding CI\$21,600 each per annum).
2. Upper level rents estimated to yield total annual rents of CI\$72,000 (5 units yielding CI\$14,400 each per annum). The 6th unit is rent free and reserved for Sunrise Adult Centre.
3. Licenses for gas and tank and pedestrian access and car park estimated to yield total annual rents of CI\$7,000.
4. License for car park usage estimated to yield CI\$6,000.

Therefore, it is projected that the total annual rents is estimated to be in the region of CI\$236,200. This projection is of course subject to the prevailing market rates at the time of completion; however, we feel the above projections are within these rates.

I also understand and agree to the additional conditions that existing tenants are to be given the first right of refusal to lease the units when redevelopment is complete with the rent being determined at the prevailing market rates. I further agree to ensure that a good non-competitive tenant mix with one unit reserved for the Sunrise Adult Centre.



Re: Lease of the Craft Market Site – CTC/10-11/LSU/038

As requested, below please find the additional details of the costs as follows:

Development Costs

The re-development costs are estimated to be in the region of C\$425,000.

This estimate is based on my personal experience of projects constructed in the past while taking into consideration the square footage of the redeveloped property and works as detailed below:

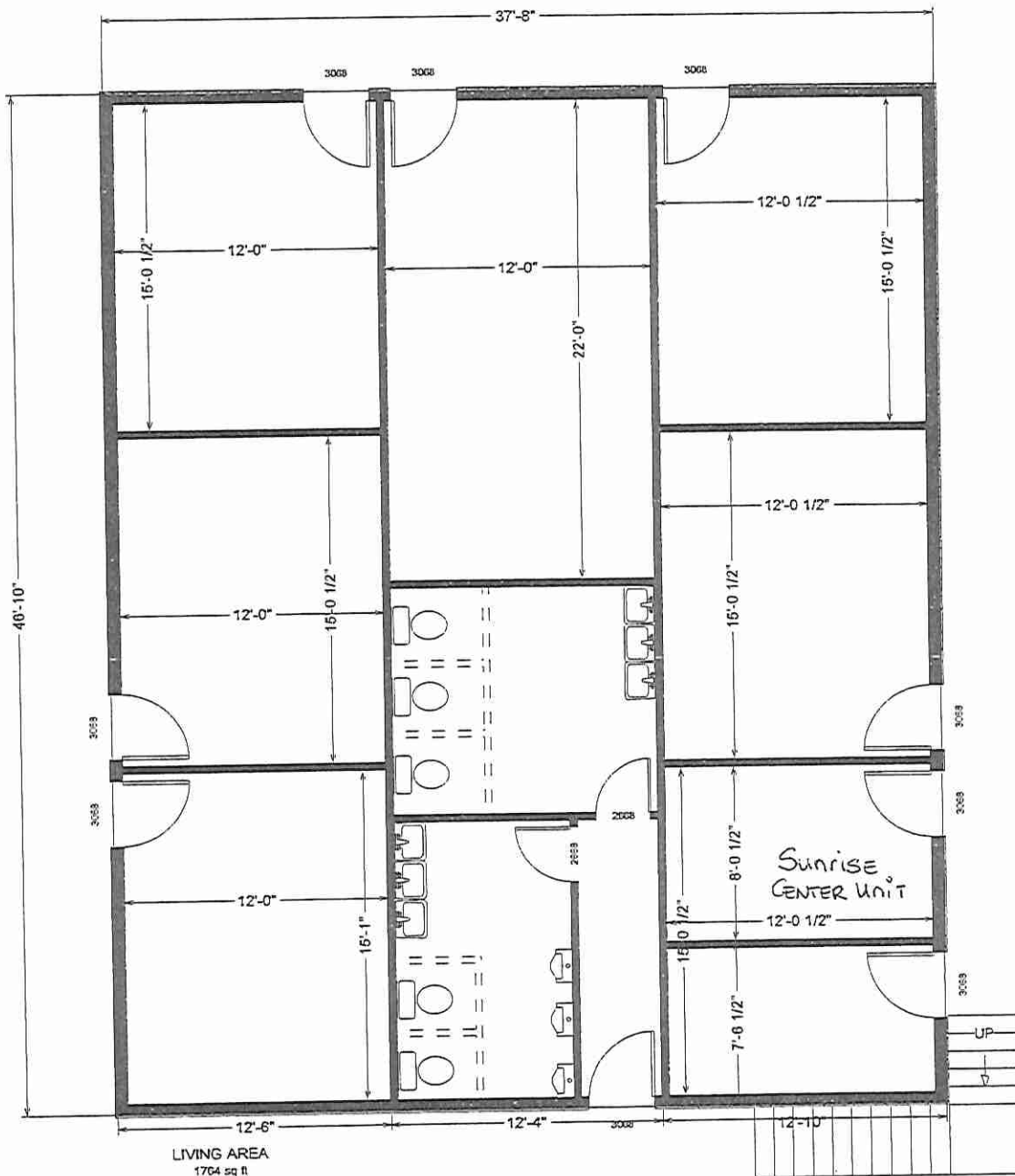
Calculation:

Lower Level	Approx. 1,763 Sq. Ft. (47x37.5 Ft.) @ C\$130 Sq. Ft.	C\$229,190
Upper Level	Approx. 1,620 Sq. Ft. (45x36) @ C\$121 Sq. Ft.	C\$196,020
Total estimated costs		C\$425,000



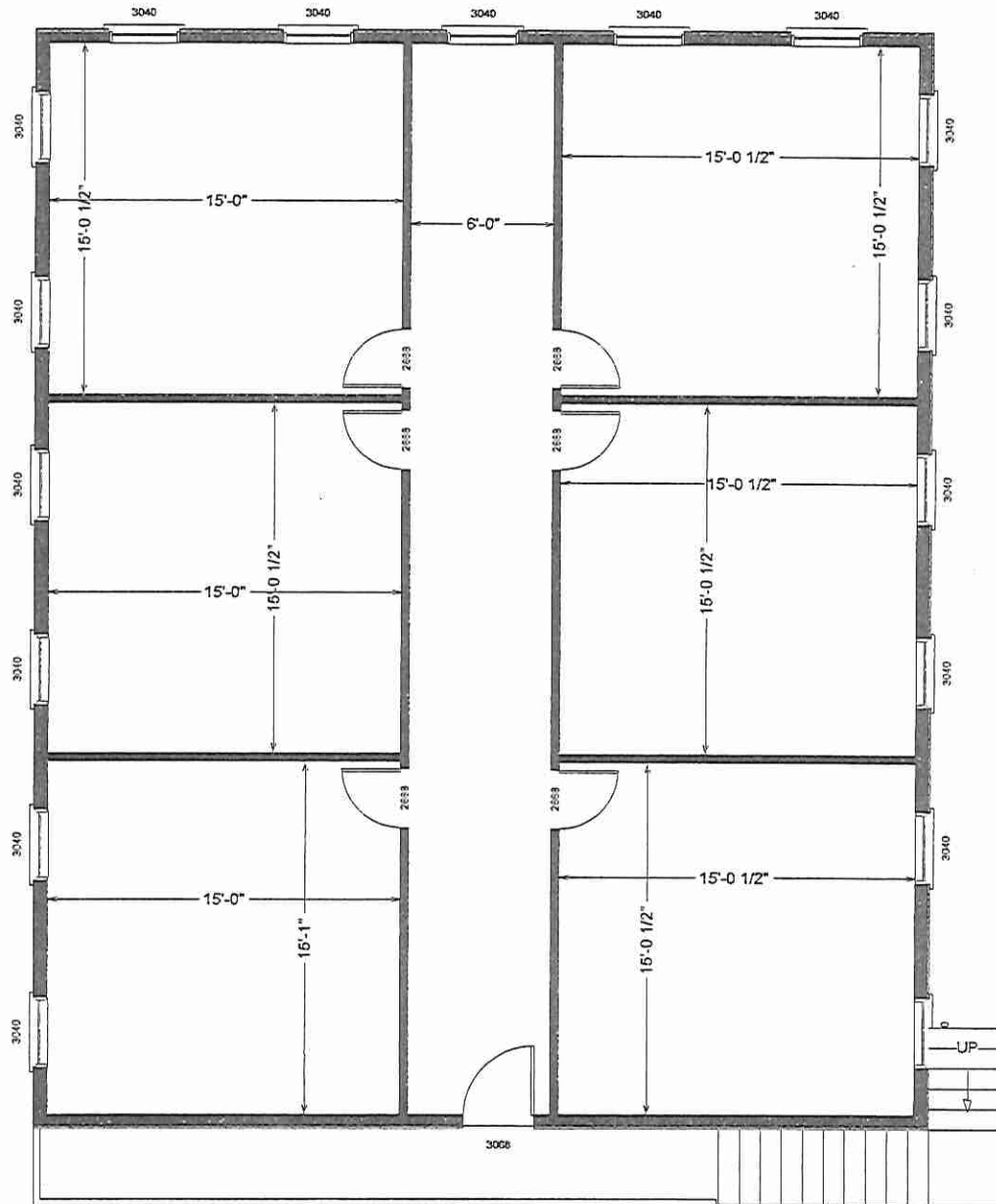
Exhibit 1

CARDINAL AVE.



Proposed RE-DESIGN

GROUND FLOOR



LIVING AREA
1773 sq ft.

Proposed Upper Level

16.0 LICENCES:

LICENCE

MAN 12

THIS LICENCE IS MADE THE DAY OF 2002.

BY AND BETWEEN: **THE GOVERNOR OF THE CAYMAN ISLANDS**
(hereinafter called "the Licensor")

AND: **WE FIVE LTD.** of P.O. Box 10063 APO,
George Town, Grand Cayman ("the Licensee")

IT IS HEREBY AGREED AND DECLARED as follows:

1. Licence: Annual, to permit the siting of a gas tank and running of a gas pipeline as indicated on the attached plan.
2. Licence Fee: C\$3,500.00 per annum, payable in advance.
3. Commencement Date: 1st day of September 2002.
4. Use: The Licensee will be permitted to site a commercial gas tank of a size to be agreed and to run a pipeline for the purpose of connecting the gas tank with the Licensee's property Block OPY, Parcels 107 & 113. The Licensee is also granted access for the purpose of servicing the gas tank.
5. Landscaping: The Licensee is to carry out any necessary landscaping works as reasonably required by the Director of Lands & Survey in order to minimize the impact of the gas tank and pipeline on the property.
6. Indemnity: The Licensee will indemnify the Government against any claims, damages, outgoings and liability whatsoever in respect of the Licensee's use of the property.
7. Regulations: The Licensee will comply with all statutory provisions and all rules and regulations made under laws or statutory instrument in respect of the use of the property.
8. Nuisance: The Licensee will not do or permit or suffer to be done on the premises anything, which in the reasonable opinion of the Licensor may be a nuisance or in any way interfere with the quiet comfort and business of the neighbouring occupiers or other users of the property.

9. Termination:

The Licence will be determined by either party giving the other three months' notice in writing or in the event of the Licensee failing to comply with the terms and conditions set out in the Licence Agreement.

10. Reinstatement:

The Licensee will reinstate the property at the termination of the Licence to the reasonable satisfaction of the Director of Lands & Survey.

SIGNED BY

For an on behalf of the **GOVERNOR OF THE CAYMAN ISLANDS**
In the presence of:-

Witness

The Common Seal of the Licensee
Was hereunto affixed in the presence of
WE FIVE LTD.

By: RENARD MOXAM Director

Director

And by JOHN M. RRA Secretary
DIRECTOR

In the presence of:-

Secretary
DIRECTOR

Witness

**PEDESTRIAN ACCESS LICENCE
BLOCK OPY, PARCEL 108**

This Licence is made the 1st day of December, 2002 between The Governor of the Cayman Islands of Government Administration Building, Elgin Avenue, George Town, Grand Cayman hereinafter called the "Licensor" of the one part and **WE FIVE LTD.** of P.O. Box 10063 APO, Grand Cayman hereinafter called the "Licensee".

WHEREAS

- 1) The Licensor is the registered proprietor in absolute title of the property known as Block OPY, Parcel 108 (hereinafter called the "Land").
- 2) The Licensee is desirous of using the Land for the pedestrian access to the Landmark Building located on Block OPY, Parcels 107 & 113.
- 3) The Licensor has agreed with the Licensee that the Licensee may have access across that part of the land shown by a red dotted line on the attached plan for the purpose of pedestrian access on the conditions hereinafter described.

1. LICENCE:

The Licensor grants the Licensee licence and permission for pedestrian access annually from the 1st December, 2002 to use that part of the Land shown by a dotted red line on the attached plan on the conditions set out below.

2. LICENCE FEE:

The Licensee is to pay the Licensor the sum of CI\$1 ,500 per annum in advance as a Licence Fee.

3. USE:

The Licensee will use the land for pedestrian access and egress to the Landmark Building only.

4. COVENANT

The Licensee will indemnify the Licensor against any claims, damages outgoings and liability, whatsoever in respect of the Licensee staff and patrons use of the land.

5. REGULATIONS:

The Licensee will comply with all statutory provisions and all rules and regulations made under any laws or statutory instrument in respect of the use of the land.

6. NUISANCE:

The Licensee will not do or permit or suffer to be done on the land anything which in the opinion of the Licensor may be a nuisance or annoyance to or in any way interfere with quiet comfort and business of the neighbouring occupiers or other users of the property.

7. TERMINATION:

The Licence will be determined by either party giving the other three months notice in writing or in the event of the Licensee failing to comply with the terms and conditions set out in the Licence. Upon termination the Licensee will vacate the land and cease all future use.

IN WITNESS the parties have set their hands the day and date first above written-

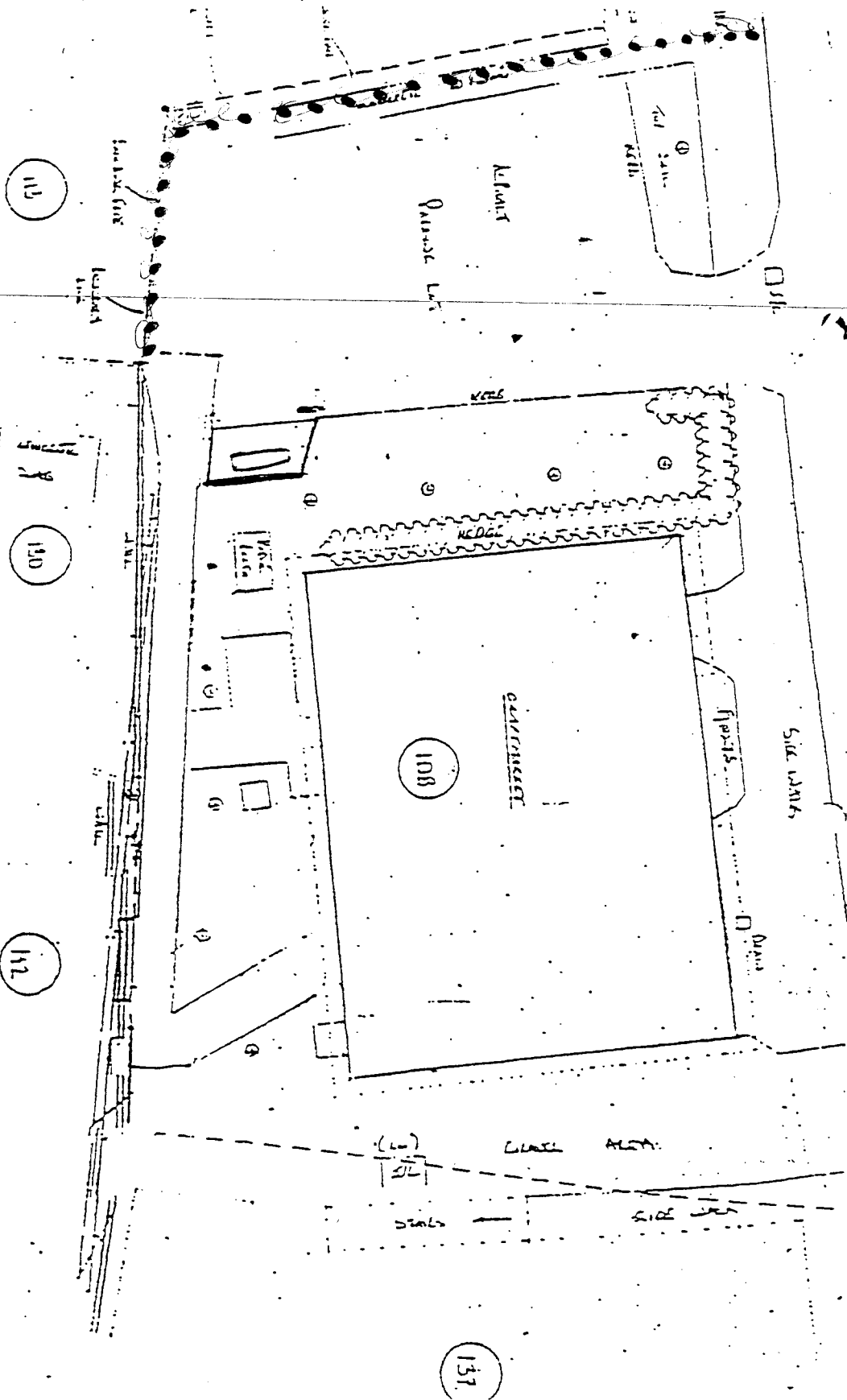
On behalf of.

WE FIVE LTD.

On behalf of

the Governor of The Cayman Islands

Scale: 1/125



LICENCE TO USE CRAFT MARKET CAR PARK

BLOCK OPY, PARCEL 108

This Licence is made the 1st day of December, 2002 between The Governor of the Cayman Islands of Government Administration Building, Elgin Avenue, George Town, Grand Cayman hereinafter called the "Licensor" of the one part and **TROPICAL TRADER CO. II LTD.** of P.O. Box 10063 APO, Grand Cayman hereinafter called the "Licensee".

WHEREAS

- 1) The Licensor is the registered proprietor in absolute title of the property known as Block OPY, Parcel 108 (hereinafter called the "Land").
- 2) The Licensee is desirous of using the Land for the parking of vehicles as described below.
- 3) The Licensor has agreed with the Licensee that the Licensee may enter upon part of the land shown edged red on the attached plan for the purpose of parking vehicles on the conditions hereinafter described.

1. LICENCE:

The Licensor grants the Licensee licence and permission annually from the 1st December, 2002 to use that part of the Land edged red on the attached plan on the conditions set out below.

2. LICENCE FEE:

The Licensee is to pay the Licensor the sum of CI\$4,800 per annum in advance as a Licence Fee.

3. USE:

The Licensee will be permitted to park one vehicle, in an exclusively designated space, within the area edged red on the attached plan at any time for the period of the Licence. The Licensee staff and patrons will also be permitted to park a further six vehicles of no greater than 15ft. in length in the same area after 5.00pm during weekdays and all day during weekends and public holidays.

4. COVENANT

The Licensee will indemnify the Licensor against any claims, damages outgoings and liability, whatsoever in respect of the Licensee staff and patrons use of the land.

5. REGULATIONS:

The Licensee will comply with all statutory provisions and all rules and regulations made under any laws or statutory instrument in respect of the use of the land.

6. NUISANCE:

The Licensee will not do or permit or suffer to be done on the land anything which in the opinion of the Licensor may be a nuisance or annoyance to or in any way interfere with quiet comfort and business of the neighbouring occupiers or other users of the property.

7. TERMINATION:

The Licence will be determined by either party giving the other three months notice in writing or in the event of the Licensee failing to comply with the terms and conditions set out in the Licence. Upon termination the Licensee will vacate the land and cease all future use.

IN WITNESS the parties have set their hands the day and date first above written-

On behalf of.

TROPICAL TRADER Co. LTD.

On behalf of

The Governor of The Cayman Islands

