



THE VALUATION & ESTATES OFFICE
LANDS AND SURVEY DEPARTMENT

**Evaluation Summary and
Tender Award Recommendation (ESTAR)
On
The Proposed Lease on the
Craft Market (Block OPY Parcel 108)
by
Uche Obi, MA FRICS
15th June 2011**



CAYMAN LAND INFO



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Section 1

Background Information



I Introduction

- 1 On 1st November, 2010, Lands and Survey received a memorandum from the Ministry of District Administration, Works, Lands and Agriculture advising us that the Governor-in-Cabinet had approved the Redevelopment of the Craft Market (Block OPY Parcel 108) by way of a retender exercise through the Central Tenders Committee, on the following terms:-
 - (a) a ten year lease term with 2 X ten (10) year Options to Renew, with interested parties bidding on the annual rent payable;
 - (b) the lease terms ensure a non-competitive tenant mix and for one small unit to be reserved for the Sunrise Adult Centre at nil rent;
 - (C) ensure the existing Tenants have rights of first refusal to lease units in the completed scheme;
 - (d) redevelopment scheme must include public rest rooms
 - (e) the lease is subject to the existing Licenses;
 - (f) a security deposit be payable by the successful bidder; and
 - (g) the valuation & survey costs to be recovered from the selected investor
- 2 Attached as **Appendix A** is a copy of the memo from the Ministry to Lands & Survey.
- 3 This Evaluation Summary and Tender Award Recommendation (ESTAR) report covers the pre-tender process, and evaluation of the tenders received.

II Request for Tenders

- 4 On 14th January 2011 an invitation for tenders was placed in the Caymanian Compass and our website. Also, a 'To Let' board was placed on the property.
- 5 The advertisement ran in the Caymanian Compass every Friday from 14th January 2011 ending on 25th March 2011.



- 6 The Advertisement contained the following information:-
- A summary description of the project
 - The eligibility requirements for applicants
 - Contact details for collection of tender documents
 - Deadline for submission of applications.
 - Statement on evaluation criteria
- 7 Attached as **Appendix B** is a copy of the advertisement
- 8 The Tender information document included the following information:-
- Project scope
 - Heads of terms of proposed lease
 - Eligibility and Evaluation criteria
 - Information on bid submission, tender award and completion of the Transaction.
 - Copies of the existing leases and licenses
- 9 Attached as **Appendix C** is a copy of the Tender information document.

III Tenders Received

- 10 The closing date for the receipt of tenders was set at 12 noon on Friday 1st April 2011.
- 11 By the closing date, the Tender Information documents had been collected by 7 interested parties, however, only 2 proposals were submitted to the Cayman Islands Central Tenders Committee (CTC)
- 12 The proposal from Magnum Jewelers LTD (part of Thompson Group of Companies) was received on 18th March 2011 while the proposal from Armanis was received on 1st April 2011.



- 13 The Magnum proposal is attached as **Appendix D** while the proposal from Armani's is attached as **Appendix E**.



Section 2

Assessment of Tenders

IV Eligibility

14 To be eligible, interested parties were requested to provide the following information

(a) A Certificate of Good Standing and Trade and Business License

(b) Provide track record of completing a property development with a value of at least CI\$500,000

(c) Letter from a financial institution confirming that the bidder has the funds to fulfill the contractual obligations

Proposal 1 – Magnum Jewelers LTD (Thompson Group of Companies)

15 A Certificate of Good Standing dated 17th February 2011 and a Trade and Business license dated 2nd November 2010 were provided.

16 It shows that the Magnum Jewelers are licensed to carry on the trade or business of a retailer.

17 Magnum Jewelers LTD also have a Trade and Business License until 14th October 2011. The license was issued on 2nd November 2010.

18 An e-mail dated 1st June 2011 from Mr. Gene Thompson, indicates that he is a majority shareholder and Director of Magnum Jewelers and Thompson Group of Companies LTD.

19 He also advises that they have over 50 years experience of developing property.

20 Schemes undertaken by the company include the Galleria Plaza, West Shore centre, Reef Resort, Dolphin Discovery, Re-development of Grand Pavilion and Water Front Centre.

21 A letter has been provided from the Cayman National Bank stating that the Magnum Jewelers has had an account since August 2001 and the accounts have been operated to the Bank's satisfaction.

22 Based on the information provided, the company meets the eligibility criteria.

Proposal 2 – Armanis (Cayman)

- 23 Mr. Armando Ebanks, a Director/Owner of Armani's (Cayman) LTD has provided a Certificate of Good Standing dated 1st April 2011 and a Trade and Business License which expired on 23rd July 2008.
- 24 Following a telephone conversation with Mr. Ebanks on last week, an official receipt from the Trade & Business Licensing Board dated 14th June 2011 was received by us.
- 25 The receipt showed that on 14th June 2011, Mr. Ebanks paid CI\$825 for the administrative and renewal fee in respect of this license.
- 26 Mr. Ebanks provided a Certificate of Good Standing issued on 1st April 2011 for SunChanges Cayman LTD which is a company he runs. The company trades as a retailer.
- 27 The proposal indicates that Armani's (Cayman) LTD has been involved in several residential developments ranging in value from CI\$300,000 to CI\$1,000,000.
- 28 Mr. Ebanks states that Shoreway Builders LTD have agreed to be involved in the construction of the building. However, no letter has been provided by Shoreways Builders LTD to confirm this statement
- 29 With regards to the financial standing of the company, a letter has been provided from First Caribbean International Bank indicating that the Mr. Ebanks has been a customer since January 1991 and his accounts have been operated to the Bank's satisfaction.
- 30 Mr. Ebanks currently leases Unit 4 in the Craft Market at an annual rent of CI\$8,520 per annum (CI\$710 per month) and electricity charge of under CI\$200 per month.
- 31 As at 6th April 2011, Mr. Ebanks owed the best part of a year's rent despite steps being taken to recover it.

32 This was specifically brought to his attention in regard to this tendering opportunity and on 11th April, 2011, we received a cheque for approximately one third (1/3rd) of the unpaid balance, the remainder is still outstanding.

33 The above shows that Mr. Ebanks has not fulfilled his obligations under the terms of the lease and I am of the opinion that he does not meet the eligibility criteria based on this fact.

34 However, I have assessed the proposal submitted by Mr. Ebanks should the Committee decide that this is insufficient to disqualify him.

V Evaluation of Proposal

35 The proposals have been evaluated on the following criteria:-

(a) Annual rent offered

(b) Viability of scheme in terms if proposed scheme, redevelopment cost, timeline for completion of scheme, anticipated rents from completed development.

36 To assess the rent offered, a residual valuation has been undertaken.

37 A residual valuation is based on determining the value of a property which has potential for redevelopment or refurbishment.

38 The estimated Total Development Cost (TDC) of construction including fees and other associated expenditure plus an allowance for interest, developer's risk and profit are deducted from the Gross Development Value (GDV) of the completed scheme.

39 The resultant figure after making an allowance for the cost of acquisition represents the residual value of the property.

Proposal 1 – Magnum Jewelers LTD (Thompson Group of Companies)

Re-development Scheme

- 40 The plans submitted indicate that the property will be re-developed with the existing building replaced with a steel building on concrete foundations covered with a metal standing seam roof.
- 41 The interior will comprise of a large unit to be occupied as a Jeweler shop which would have the benefit of a WC and a safe, a food stall and 4 additional units.
- 42 Also, shown on the plan are a covered walkway on the northern and western side of the building, a male and female WC and a corridor which provides access to the units.
- 43 On the first floor, there will be an attic space which will be used for storage.
- 44 The estimated period for completion of the proposed redevelopment is 12 months.
- 45 The Developer has expressly stated that a unit will be reserved for the Sunrise Adult Centre at nil rent and a security deposit of CI\$25,000 will be paid on execution of the lease.
- 46 The proposal does not mention the other terms suggested by the Governor-in-Cabinet. However, these terms are not onerous and can be incorporated in the lease agreement.

Planning

- 47 Discussion held with the planning department have indicated that applying existing regulations for development in this zone, it is unlikely that planning permission will be granted because the development will not meet the present requirements in terms of set backs and parking.
- 48 However, I have been advised that there would be little opposition from the Central Planning Authority (CPA) as they have discretion to allow the existing

setbacks as well as zero lot line setbacks in central George Town. Also, given the nature of use of the building as retail units for Tourist, the parking requirement may be waived.

- 49 Attached as **Appendix F** is a memorandum from the Planning Department confirming the above.

Gross Development Value (GDV)

- 50 The Gross Development Value (GDV) is arrived at by Captilising the Annual Rent to be received from the completed development by an appropriate yield.
- 51 The information provided indicates that the estimated annual rent to be received from the completed scheme is US\$117,010 (CI\$98,288 per annum) as shown in the table below:-

Unit Number	Size (Square feet)	Rate Per square foot (US\$)	Rent (Per Annum) (US\$)
1	1,375 (excludes safe & WC area – 105 square feet)	60	82,500
2	243 (Food Stall)	40	9,720
3	243	30	7,290
4	350	25	8,750
5	350	25	8,750
6 (Sunrise Adult Centre)	243	nil	nil

- 52 A rate per square foot above includes electricity, insurance and maintenance costs. There is an additional amount of US\$5 per square foot to cover

maintenance fee. For the purpose of this exercise, I have assumed that this relates to general maintenance of the common areas.

53 In assessing the market rental value of the completed scheme, I have had regard to lettings on retail units in close proximity to the subject property.

54 The most relevant comparable transactions are the leases granted recently on units at the Cayside building which is located along Harbour Drive and Shedden Road.

55 Details of the leases granted are shown in the table below

Unit Number	Floor	Average Yearly Rent (CI\$)	Size (square feet)	Rent Per square foot	Term (years)	Effective Date
8	Ground	31,384	486	65	2	14 Jan 2011
19A	Second	13,495	533	25	2	4 Jan 2011
14A & 14B	Second	15,576	597	26	2	31 Dec 2010
9	Ground	52,528	640	82	3	26 Jan 2010

56 The leases granted between January 2010 and January 2011 show that the rent agreed ranges between CI\$25 to CI\$87 per square foot with a common area maintenance fee of CI\$3 per square foot.

57 The lower rates are on the Second floor units.

58 The rates achieved on the Ground floor were between CI\$65 to CI\$82 per square foot.

59 Based on the above, I am of the opinion that the rates that can be achieved on each unit is as follows:-

Unit Number	Size (Square feet)	Rate Per square foot (CI\$)	Rent (Per Annum) (CI\$)
1	1,480 (includes Safe & WC area – 105 square feet)	75	111,000
2	243	60	14,580
3	243	50	12,150
4	350	50	17,500
5	350	50	17,500
6 (Sunrise Adult Centre)			Nil
Total	2,666 (excluding Sunrise Unit)		172,730

60 The above figures equate to an average rate per square foot of CI\$65 based on a rentable area of 2,666 square feet. This excludes the unit to be leased to the Sunrise Adult Centre which the Government has directed that no rent should be charged for this unit.

- 61 The valuation report prepared by Charterland indicates that the market rental value of the completed scheme is CI\$141,115 per annum. This equates to an average rate per square foot of CI\$53.
- 62 The estimated rental value stated in the second independent report from DDL is CI\$161,550 per annum. This equates to an average rate per square foot of C\$60.
- 63 The rents on Cayside Building are a gross figure with the Landlord responsible for insurance and external repairs. Therefore, the rents stated above would need to be adjusted to allow for the cost of these items.
- 64 I have adjusted the gross rents to arrive at a net income of CI\$138,224 per annum (CI\$52 per square foot).
- 65 The property is also subject to 3 licenses granted in December 2002 and the current total annual passing fee is CI\$9,800 and the breakdown is as follows:-

License	Fee
Pedestrian access	1,500
Single car park space	4,800
Underground gas tank & pipe	3,500
Total	9,800

- 66 This income has been added to the net income to produce a total net income of **CI\$148,024 per annum**.
- 67 It is important to note that the proposal submitted by Thompson does not make any adjusted for this income and Mr. Thompson has indicated that he will pass this income directly to the Government.
- 68 The net income stated in the Charterland Valuation is CI\$143,559 (CI\$54 per square foot) while DDL have assessed the net income at CI\$134,625 (CI\$50 per square foot)

- 69 To arrive at the Gross Development Value, the estimated rent has been capitalized with a yield.
- 70 The applicable yield reflects the prospects and risk associated with this investment. The better the prospect and the lower the risks, the lower the expected yield and the greater the capital value.
- 71 Factors that determine the yield applied include the following items:-
- (a) The security in real terms of the capital invested;
 - (b) The regularity of the income;
 - (c) The ability to adjust the income to reflect market conditions;
 - (d) The complexity and cost of management;
 - (e) The ease and likely cost of realizing the capital; and
 - (f) The tax position.
- 72 The yields achieved on the sale of freehold prime commercial property ranges from 7% to 12% depending on the factors mentioned above.
- 73 The property is located in the prime retail area of Grand Cayman and it is likely that the proposed berth facility would be built close to it. For this reason, it is considered that there will be strong demand for the retail units which implies that the income will be regular and there will be rental growth.
- 74 In terms of management, the proposed development will only comprise 7 units, therefore, the management cost is likely to be low. Also, this can be passed on the Tenant as part of the Common Area Maintenance (CAM) fee.
- 75 However, the term certain is only 30 years, this has a negative impact on the yield as the income is not in perpetuity. It can be argued that the lease may be renewed beyond the 30 years as has been done with several leasehold interests on Crown parcels along Seven Mile Beach. But there is a risk attached to this as ownership will vest back with the Lessor at expiry.

76 Based on the above, I have selected a yield 10%. Also, I have assumed that part of the income received will be invested in a reserve account to cover any future liabilities. To account for this, I have used a rate of 3%.

77 Therefore, the Gross Development Value of the completed scheme is **CI\$1,223,137 (CI\$458.79 per square foot)**.

78 Charterland have estimated the Gross Development Value (GDV) at CI\$1,186,000 (CI\$444.95 per square foot) while the GDV stated by DDL is CI\$944,672 (CI\$354.34 per square foot).

Total Development Cost (TDC)

79 The proposal estimates that the cost of redevelopment is CI\$600,000 which is lower than my estimate of **CI\$683,178**.

80 The estimated cost by Charterland is CI\$820,692 and DDL have indicated a figure of CI\$668,360.

Residual Value

81 The residual amount after deducting the Total Development Cost from the Gross Development Value and making an allowance for the costs of acquisition including stamp duty and legal fees, is CI\$497,658, say **CI\$500,000**.

82 Charterland have assessed the residual value at CI\$366,000 while the estimate by DDL is CI\$323,328.

83 It is usual for a lump sum (premium) to be paid at the beginning of a long term lease, however, in this instance, the instructions indicate that the rent will be paid annually. Therefore, the residual value has to be adjusted to an annual rent amount.

Market Rent

- 84 Based on rate of 8% & 3%, I am of the opinion that the rent to be paid should be in the region of **CI\$50,273 per annum.**
- 85 Charterland have assessed this figure at CI\$33,313 while the figure stated by DDL is CI\$42,349.

Rent Offered

- 86 The proposal indicates that the Tenant is willing to pay the following amounts as rent.

Period	Rent Offered
First Term: Year 1 to 10	CI\$40,000
Second Term: Year 11 to 20	CI\$100,000
Third Term: Year 21 to 30	CI\$150,000

- 87 The amount of rent offered above equates to a total amount of CI\$400,000 for the first term, CI\$1,000,000 for the second term and CI\$1,500,000 for the term third.
- 88 As the rent is to be paid over a 30 year period, this income stream has to be appropriately adjusted to arrive at its present value.
- 89 The Bank's Prime interest rate in the Cayman Islands is 3.25%, assuming the Developer secures funding from the bank to make a lump sum payment to the bank, I have assumed an interest rate of 8% & 3% sinking fund and this figure has been used to assess the present value of the income stream.
- 90 Based on the above, the present value of the income stream stated in this proposal is approximately **CI\$467,099.**
- 91 As mentioned above, this figure excludes the income from the licenses of approximately CI\$9,800 per annum



92 This amount is lower than my estimate of **CI\$500,000** but higher than the amount stated by Charterland of **CI\$366,000** and DDL figure of **CI\$323,328**.

Proposal 2 – Armanis

Redevelopment Scheme

- 93 The plans submitted show that the property will be redeveloped into a 2 storey building with 7 units on the ground floor and 6 units on the upper floors.
- 94 The estimated gross area of the ground floor is 1,763 square feet and most of the units will have an area of circa 180 square feet apart from Unit 2 which has an area of 264 square feet and Unit 7 which will have an area of 188 square feet.
- 95 The second floor will have a gross area of 1,773 square feet. The units will have a size of 226 square feet.
- 96 The proposal indicates that the redevelopment will be completed in 14 months.
- 97 The proposal expressly states that Developer will adhere to the conditions mentioned in the tender document in relation to the existing tenants given the first right of refusal to lease the completed development at the prevailing market rates, good non-competitive tenant mix with one unit reserved for the Sunrise Adult Centre.
- 98 No mention is made of a security deposit as requested in the tender document.

Planning

- 99 The comments made by the Planning Department in respect of Proposal 1 apply to Proposal 2.



Gross Development Value (GDV)

- 100 The proposal indicates that the estimated gross rent is CI\$223,200 per annum comprising:-

Ground Floor

Unit Number	Size (Square feet)	Rate Per square foot (CI\$)	Rent (Per Annum) (CI\$)
1	180	120	21,600
2	264	82	21,600
3	181	120	21,600
4	181	120	21,600
5	181	120	21,600
6	181	120	21,600
7	188	115	21,600
Total	1,356		151,200

Second Floor

Unit Number	Size (Square feet)	Rate Per square foot	Rent (Per Annum)
1	226	64	14,400
2	226	64	14,400
3	226	64	14,400
4	226	64	14,400
5	226	64	14,400
6 (Sunrise Adult Centre)	226	nil	nil
Total	1,355		72,000



101 The rents stated are unrealistic having regard to the rents achieved on units in Cayside Building which is shown on page.

102 I am of the opinion that the rents achievable on each unit is as follows:-

Ground Floor

Unit Number	Size (Square feet)	Rate Per square foot	Rent (Per Annum)
1	180	50	9,000
2	264	60	15,840
3	181	50	9,050
4	181	50	9,050
5	181	50	9,050
6	181	50	9,050
7	188	50	9,400
Total	1,356		70,390

Second Floor

Unit Number	Size (Square feet)	Rate Per square foot	Rent (Per Annum)
1	226	25	5,650
2	226	25	5,650
3	226	25	5,650
4	226	25	5,650
5	226	25	5,650
6 (Sunrise Adult Centre)	226	nil	Nil
Total	1,355		28,250



- 103 My estimated gross rent excluding the income from the licenses is **CI\$98,640 per annum**, this is lower than Charterland's estimate of CI\$109,682 per annum (excluding the license fees).
- 104 The estimate provided by DDL excluding the licenses, of CI\$128,750 is higher than my estimate.
- 105 The gross rent has been adjusted for outgoings including insurance and external repairs, to arrive at a net rent of CI\$78,912 per annum.
- 106 I have then added the income from the existing licenses of CI\$9,800 per annum to produce a total net income of CI\$88,712 per annum.
- 107 My estimate is similar to the estimate provided by Charterland of CI\$94,113 per annum and lower than DDL's estimate of CI\$107,292 per annum
- 108 I have capitalized the total income with a yield of 10% and 3% for 30 years to arrive at a Gross Development Value of CI\$733,036 per annum.
- 109 The Gross Development Value assessed by Charterland is CI\$860,000 while DDL report indicates that the GDV is CI\$827,694.

Total Development Cost (TDC)

- 110 The estimated total development cost stated in the proposal of CI\$425,000 is low. I am of the opinion that this cost should be a sum in the region of **CI\$546,684**.
- 111 Charterland have indicated that this cost is CI\$693,568 while the estimate provided by DDL is CI\$460,631.

Residual Value

- ~~112 After deducting the Total Development Cost (TDC) from the Gross Development Value (GDV) and making an allowance for the cost of acquiring the land including the stamp, the residual value of the property is CI\$171,753, Say **CI\$170,000**.~~

- 113 The residual value stated in the Charterland report is CI\$165,000 while DDL indicate a value of CI\$337,995.

Market Rent

- 114 As mentioned earlier, the residual value is to be paid as an annual amount over the term of the lease which is 30 years. Therefore, this amount has to be appropriately adjusted to assess the annual rent.
- 115 Based on rate of 8% & 3%, I am of the opinion that the rent to be paid should be in the region of CI\$17,350 per annum.
- 116 Charterland have assessed this figure at CI\$15,000 while the figure stated by DDL is CI\$44,270.

Rent Offered

- 117 The proposal indicates that the Tenant is willing to pay the following amounts as rent.

Period	Rent Offered
Construction period 1 Year	Nil
On completion of construction and occupation by Tenants	CI\$60,000
Year 2 to 5	CI\$65,000
Year 5 to 10	CI\$80,000
Year 11 to 30	CI\$80,000 plus yearly increment based on CPI up to ceiling of CI\$100,000

- 118 As the rent is to be paid over a 30 year period, this income stream has to be appropriately adjusted to arrive at its present value.



- 119 Adjusting the above figure using a rate of 8% & 3%, equates to a present value of the income stream of approximately **CI\$557,083**.
- 120 Although this amount is higher than my estimate and the estimate indicated in the valuation report prepared by Charterland and DDL, it is unrealistic as the rents stated on the completed scheme are too high and the construction cost too low.

VI Summary

121 I have reviewed in great detail the 2 tenders submitted and below is a table summarizing and comparing both tenders.

Criteria	Tender 1 - Magnum Jewelers	Tender 2 – Armani's
Eligibility	Current Trade & Business Licensing	- Current Trade & Business Licensing provided on 14th June 2011 - In arrears on unit in the Craft Market
Experience	Commercial developments, Resorts	Residential developments
Proposed scheme	Likely to be granted planning approval	Likely to be granted planning approval
Rent from sub-leases	34% lower than my estimate, pre let of large unit to Associated company (Magnum Jewelers)	138% higher than my estimate
Total Development Cost	14% lower than my estimate	22% lower than my estimate
Timing of Development	12 months	14 months
Rent Offered	7% lower than my estimate but does not include rental income from licenses which will be passed to CIG	224% higher than my estimate, however, based on unrealistic rents & costs

- 122 Based on the above, I am of the opinion that Proposal 1 from Magnum Jewelers LTD (Thompson Group of Companies) should be accepted as it is superior. The Developer has more experience in commercial developments, a Tenant has been secured for the largest unit and his estimates in terms of revenue and cost are more realistic.

VII Recommendation

- 123 I recommend that a lease should be granted for a term of 10 years at an initial rent of no less than CI\$60,000 per annum with a rent review in Year 5.
- 124 The rent review should be based on the market rental value of the site or the CPI increase or 5% of the previous years rent, whichever is higher. The agreed rent must not be below the rent passing and the rent stated in the proposal.
- 125 For the second term and third term, the rent should be reviewed at the beginning of the term and 5 years thereafter.
- 126 The rent review should be on similar terms as mentioned above.

VIII Caveats & Confidentiality

- 127 I have relied on information provided to us in the tenders submitted and unless stated I have not independently verified this information.
- 128 This Report is confidential to the Cayman Islands Government. I accept responsibility to the Client alone that this Report has been prepared with skill, care and diligence reasonably to be expected of a competent Chartered Valuation Surveyor. For the purposes of the Freedom of Information Law (2007), control of this Valuation Report lies within the Lands & Survey Department, to whom any requests for its release should be transferred.
- 129 Lands and Survey accept no responsibility or liability whatsoever to any third party in respect of the whole or any part of this Report. Any third party who relies upon the contents of this Report does so at his or her own risk.



THE VALUATION AND ESTATES OFFICE
LANDS AND SURVEY DEPARTMENT

- 130 Neither the whole nor any part of this Report, nor any reference thereto, may be included or published in any document, circular or statement, or in any communication whatsoever, without the Valuers prior written approval of the form and context in which it may appear.
- 131 The figures stated within this report must not be relied upon beyond three months from the date of this report.

Yours faithfully,

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



Appendix A

Instruction Memorandum

**Ministry of District Administration, Works, Lands &
Agriculture**

MEMORANDUM

TO: Director, Lands & Survey Dept, FAO Chief Valuation Officer
FROM: Permanent Secretary
DATE: 1 November 2010 **OUR REF:** LS/CRWN/1.39

SUBJECT: CRAFT MARKET DISPOSAL – BLOCK OPY PARCEL 108

Cabinet advised that approval should be given;

- a) to the redevelopment of the Craft Market by way of a retender exercise through the Central Tenders Committee based on a ten year lease term with 2 x ten year Options to Renew, with interested parties bidding on the annual rent payable;
- b) that the lease terms ensure a non-competitive tenant mix and for one small unit to be reserved for the Sunrise Adult Centre at nil rent;
- c) that the existing Tenants be ensured rights of first refusal;
- d) that redevelopment include public access rest rooms;
- e) that the Lease be subject to the existing Licences;
- f) that a security deposit be payable by the successful bidder; and
- g) for the valuation & survey costs to be recovered from the selected investor.

The Governor so ordered.

If you have any questions please let me know.



David Fawcitt
for Permanent Secretary
T 244 2300



Appendix B

Request for Tenders



LANDS & SURVEY DEPARTMENT
CAYMAN ISLANDS GOVERNMENT

FOR LEASE BY OPEN TENDER The Craft Market Site

Central Tenders Committee Tender #CTC/10-11/LSU/038



- Re-development opportunity, subject to planning permission
- 0.24 acres (10,454 square feet) located on the south side of Cardinal Avenue
- Prime central George Town location
- Currently comprises of six retail units
- Lease to be granted for a term of 10 years with 2 (two) x 10 years options to renew
- Rent Review every 5 years to 'Market Rent' or 'Agreed Rent' plus 5% which ever is higher.
- Rental bids invited

The Lands & Survey Department invite suitably qualified Property developers/Investors to submit tenders for the leasing and redevelopment of the craft market site.

Companies or individuals must comply with all applicable local laws including business registration, must have experience of completing a property development and demonstrate that they have the finances to fulfill the contractual obligations.

For further information and tender documentation contact Uche Obi, Senior Valuation Officer, The Valuation & Estates Office, Lands & Survey Department Britcay House, Eastern Avenue, Grand Cayman KY1-1102. Telephone – 244 3558 E-mail – uche.obi@gov.ky , by **Monday 28th March 2011**.

Closing date for submission of tenders to the Central Tenders Committee is 12 noon, Friday 1st April 2010. Late submissions will not be considered.

The evaluation criteria that will be used to assess bids to determine the best value for money is included in the tender documentation.

CIG is under no obligation to accept any or the highest bid. It shall not be bound to give any reason for not any accepting any bid and will not defray any costs incurred in the preparation of the bid.

The contract will be awarded to the successful bidder subject to all applicable Cayman Islands Laws.



Appendix C

Tender Information Pack



Lease of the Craft Market George Town, Grand Cayman CTC/10-11/LSU/038



Tender Information Pack January 2011



**Valuation & Estates Office
Department of Lands & Survey**



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The mark of
property professionalism worldwide



VALUATION & ESTATES OFFICE DEPARTMENT OF LANDS AND SURVEY

Project Scope

The Valuation & Estates Office, on behalf of the Cayman Islands Government (CIG) is now inviting tenders from eligible Property Developers/Investors for the leasing and redevelopment of the Craft Market.

Description of Project

CIG will grant the successful bidder a 10 year lease with 2 (two) x 10 year Option to Renew subject to the payment of the 'Rent' at the commencement of the lease. The property will then be redeveloped by the successful bidder, in accordance with the current planning regulations and on completion, the Developer will lease the units and receive the rent.

Details of the property are as follows:-

Registration Details: George Town Commercial, Block OPY Parcel 108

Registered Area: 0.24 acres (10,454 square feet).

Planning Zone: General commercial.

Existing Building: single storey retail building split into six units with public restrooms.

Tenants: Sunrise Adult Centre and four independent local traders (one double occupancy)

- With the exception of the unit occupied by Sunrise, the other Tenants are currently holding over on tenancies which have expired.
- There is no lease on the unit occupied by the Sunrise Adult Centre as it is a CIG entity.
- CIG has informed the Tenant's of our intention to grant a long lease for the re-development of the property.
- Tenants served with a three months notice to quit with effect from Friday 30th April 2010.

Licenses: Three annual licenses granted to the owner of Block OPY 107 & 113 (The Landmark Building) which adjoins the western boundary of the subject property.

- Two of the Licenses granted on 1st December 2002 for a pedestrian access and a single car park. The annual fee is presently CI\$1,500 and CI\$4,800 respectively.
- The third license is for an underground gas tank and running of a gas pipeline connecting the gas tank to the licensee's property. The annual fee is CI\$3,500.
- The agreements can be determined by either party giving the other 3 months notice.

Copies of the leases and Licenses are attached.



VALUATION & ESTATES OFFICE
DEPARTMENT OF LANDS AND 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.

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.



VALUATION & ESTATES OFFICE
DEPARTMENT OF LANDS AND SURVEY

Eligibility

Interested parties will need to provide the following information in support of their eligibility in order to be considered and evaluated.

1. If a company, a Certificate of Good Standing and trade and business license.
2. Provide track record of completing a property development with a value of at least CI\$500,000 (Five hundred thousand Cayman Islands Dollars).
3. Letter from a financial institution confirming that the bidder has the funds to fulfill the contractual obligations.

Ineligible bids as well as bids that are not deemed substantially responsive will be rejected prior to evaluation.

Evaluation

Each bid will be evaluated and selection will be based on the following criteria:-

1. Rent offered.
2. Viability of proposed scheme based on preliminary plans of the proposed redevelopment, details of redevelopment including cost, timeline and anticipated rents for the completed scheme.

The above criteria are listed in the order of importance.



VALUATION & ESTATES OFFICE
DEPARTMENT OF LANDS AND SURVEY

Bid Submission, Tender award and Completion

Bids must be submitted by hand or courier in a sealed envelope marked '*Lease of the Craft market site – CTC/10-11/LSU/038* ' by 12 noon on Friday, 1 April 2011 to The Secretary, Central Tenders Committee, C/O Treasury Department, First Floor, Government Administration Building, 71A Elgin Avenue, Grand Cayman, KY1-900.

Bids must be in triplicate in hard copy, and by single electronic copy on CD-ROM.

The bid must be signed by a person authorized to do so on behalf of the bidding company

All submissions will be taken to CTC on 1 April 2011 for review after which a report will be sent to Cabinet for approval.

The property will then be offered to the successful bidder who will be required to pay a security deposit of CI\$2,500 (Two thousand five hundred Cayman Islands Dollars) within 14 days of being notified of the acceptance of the bid. Unsuccessful bidders will also be notified at this time.

A report on the leasing will be tabled for 28 days at the next sitting of the Legislative Assembly, after Cabinet approval is received, as is stipulated by the Governor (Vesting of Lands) Law (2005 Revision).

The lease will be signed if no objections are received.

All interested parties are requested to submit any questions they may have at least five (5) days prior to the tender return date.

For additional information please contact Uche Obi, Senior Valuation Officer, Valuation & Estates Office, Department of Lands and Survey, Tel: (345) 2443558 Fax: (345) 9492187, Email: uche.obi@gov.ky, by Monday 28th March 2011.

Late bids will not be accepted, CIG will not defray any costs incurred by bidders. CIG will not be bound to accept any, or the lowest bid, and can cancel the tender process at any time prior to the award of the tender.



Disclaimer

These particulars do not constitute any offer, contract, or part thereof. All descriptions, dimensions, reference to condition and necessary permissions for use and occupation and other details contained herein are for general guidance only, and interested parties, should not rely on them as statements or representation of fact and must satisfy themselves as to their accuracy.

Any plans incorporated with these particulars are for guidance purposes only and are not to scale unless otherwise stated.

These particulars have been prepared in good faith to give a fair overall view of the project. They do not form any part of an offer or contract, and must not be relied upon as statements or representations of the fact.

Bidders must rely on their own enquiries by inspection or otherwise on all matters including planning or other consents.

Any areas, measurements or distances referred to are given as guide only and are not precise. Photographs are not necessarily comprehensive nor current; no assumption should be made that any contents shown are included in the sale nor with regards to parts of the property which have not been photographed.



Appendix D

Proposal 1

Magnum Jewelers LTD (Thompson Group of Companies)

Magnum Jewelers Ltd.

P.O. Box 32336 Grand Cayman KY1-1209, Cayman Islands, Tele 769 5656 Fax 769 5757

18 March 2011

The Secretary,
Central Tenders Committee,
C/O Treasury Department,
First Floor, Government Administration Building,
71A Elgin Avenue,
Grand Cayman KY1-900
Cayman Islands

Ref: Lease of The Craft Market Site - CTC/10-11/LSU/038

Dear Sir/Madam,

We hereby acknowledge full acceptance of your Terms as laid out in the Tender packet for The Redevelopment of the Craft Market project.

Please find enclosed our Tender Packet, in triplicate submission, with CD, and complete with the listed requirements for your review.

Thank you in advance for your time, we look forward to your most favorable consideration.

Regards,



Gene Thompson
Director
Magnum Jewelers Ltd
/se
Encl.

Magnum Jewelers Ltd.

P.O. Box 32336 Grand Cayman KY1-1209, Cayman Islands, Tele 769 5656 Fax 769 5757



*Proposed Terms and Conditions
for the
Redevelopment of Block OPY Parcel 108*

HL-105572

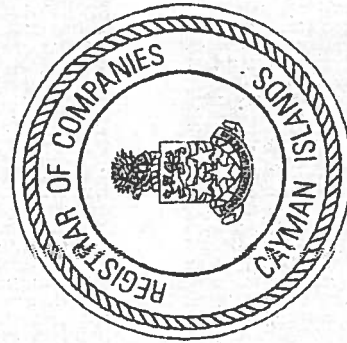
Certificate Of Good Standing

TO WHOM IT MAY CONCERN

I DO HEREBY CERTIFY that

MAGNUM JEWELERS LTD.

a company duly organized and existing under and by virtue of the Laws of The Cayman Islands is at the date of this certificate in Good Standing with the office, and duly authorized to exercise therein all the powers vested in the company.



*Given under my hand and Seal at George Town in the
Island of Grand Cayman this 17th day of February
Two Thousand Eleven.*

**An Authorised Officer,
Registry of Companies,
Cayman Islands.**



CAYMAN ISLANDS

**THE TRADE AND BUSINESS (LICENSING) BOARD
THE TRADE AND BUSINESS LICENSING LAW (2007 REVISION)
(SECTION 21)**

Licence No. 686929/10

It is hereby certified that

MAGNUM JEWELERS LTD.

of **Block OPY, Parcel 157, Part George Town, Commercial George Town, Grand Cayman.**

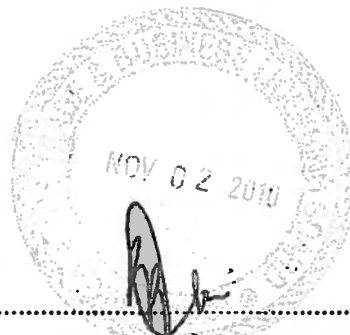
is licensed under the above law to carry on the trade or business of

ETAILER

until the **14th October, 2011**, and the fee of **CIS 1,200.00** has been paid.

This License is also subject to the following conditions:

1. There shall be no display of merchandise outside store.
2. There shall be no vending from vehicles or from the roadside.
3. There shall be no advertising signs at the premises without Central Planning Authority approval.



Signed

Secretary Trade and Business Licensing Board

Date of Issue **2nd November, 2010**



SATNAM Inc., doing business as Magnum Jewelers, a jewelry retailer, was established in January 1991. Based in the United States Virgin Islands, Magnum Jewelers is engaged in marketing and selling fine, fancy and high-end jewelry. Magnum Jewelers is also a Company in the Grand Cayman, Cayman Islands BWI since 2001. Magnum Jewelers has locations in Cardinal Plaza, Waterfront Center, Fort Street and recently, The Ritz Carlton.

Since opening in the Grand Cayman, Magnum Jewelers is proud to participate and engage in many local fundraising, political and community projects. We dedicate ourselves to the participation and contribution to the overall durability and improvement of the Cayman Islands. For the last twenty years, Magnum Jewelers has carved a niche in an industry that celebrates originality and inspiration. Magnum Jewelers has also been featured in many publications as well as being invited certified members of the Caribbean Gemological Institute and The Leading Jewelers of the World.

Magnum Jewelers focuses on the store's overall operations with an emphasis on merchandising and sales. We achieve profitable operations by effectively motivating sales associates and monitoring their productivity. Magnum Jewelers believes in in-depth customer relations and longevity. We concentrate in the presentation and awareness of changing trends and developing fashions. We actively reinforce training and expose employees to new merchandise and sales techniques in the cutting edge of retail jewelry.

These Companies, from its inception has always been in good standing with creditors and Local/State Government Taxes and Regulations. The company is in sound financial condition and to be operating in accordance with standards established by the American Institute of Certified Public Accountants. The taxes and reports are filed in a timely manner in conformity with the procedures and guidelines set forth by the Federal and Local Government. There is a general reliability of the books and records.

**Cardinal Avenue, Cardinal Plaza
Grand Cayman, Cayman Islands BWI
345-946-4130**

THOMPSON DEVELOPMENT

THOMPSON GROUP OF COMPANIES

The Thompson Development Group is a Caymanian business organization of entrepreneurs with over 50 years of proud history as a family owned and operated business. Thompson Development remains one of the premier development companies in the Cayman Islands, with varied business interests, including Commercial development, Tourism, Retail, Real Estate, Resort Development and Telecommunications. Although the Thompson family has varied business interests, their foundation has always been development and commercial property management including the 77,000 sq. ft. Grand Pavilion Commercial Centre, prominently located on the Seven Mile Beach corridor.

A primary and consistent strength of Thompson Development is in the area of commercial and resort property development, providing the necessary experience and skill required for new business ventures of varying sizes and scales.

***P.O. Box 32336, Seven Mile Beach Post Office, Grand Cayman, Cayman Islands
Telephone: 345 769 5656 Fax: 345 769 5757***



PRIVATE & CONFIDENTIAL

February 15th, 2011

Cayman Islands Government
Lands & Survey Department
P.O. Box 1089
Grand Cayman KY1-1102
CAYMAN ISLANDS



The below mentioned customer has given their consent to the release of the information contained herein. This information is given in strict confidence solely to the person to whom this is addressed and may not be disclosed or made available either expressly or implicitly to any other persons, unless required by law.

The facts and opinions expressed below are given without any liability or responsibility whatsoever on the part of this Bank or its Officials for or in respect of any such facts or opinions or any defect in, or omission from such facts or opinions. We make no comments or opinion in respect of the below mentioned person as regards business conducted outside this Bank and outside the scope of the business set out hereunder.

Re: Magnum Jewelers Ltd.

The above named has been a customer of this bank since August 2001.

Magnum Jewelers Ltd. maintains the under-mentioned accounts:

- One CI dollar corporate current account with an average credit balance for the past year in the low five-figure range.
- One USD dollar corporate current account with an average credit balance for the past year in the low six-figure range.

These accounts operate to our satisfaction.

Please direct any questions pertaining to this reference to Liccl S. Powell at (345)-815-5108.



Cayman National Bank Ltd
54 Edward Street PO Box 1097 Grand Cayman KY1-1102 Cayman Islands
Tel(345) 949 4655 Fax (345) 949 4215 www.caymannational.com



Summary of Terms and Conditions

Operating Company/Tenant	Magnum Jewelers Ltd.						
Landlord	Cayman Islands Government						
Demise	Block OPY Parcel 108						
Term	The term of the lease will be 10 years with the tenant having the option to renew for 2 additional 10-year terms.						
Security Deposit	The Tenant agrees to pay the Landlord a Security Deposit of CI\$25,000.00 on the execution of the lease agreement.						
Rent	Tenant agrees to pay the following rent per annum: <table><tr><td>First Term: Year 1 to 10</td><td>CI\$ 40,000.00</td></tr><tr><td>Second Term Year 11 to 20</td><td>CI\$100,000.00</td></tr><tr><td>Third Term: Year 21 to 30</td><td>CI\$150,000.00</td></tr></table>	First Term: Year 1 to 10	CI\$ 40,000.00	Second Term Year 11 to 20	CI\$100,000.00	Third Term: Year 21 to 30	CI\$150,000.00
First Term: Year 1 to 10	CI\$ 40,000.00						
Second Term Year 11 to 20	CI\$100,000.00						
Third Term: Year 21 to 30	CI\$150,000.00						
Governing Law/Jurisdiction	Cayman Islands						
Dispute Resolution	All disputes arising out of or in connection with the present contract shall be finally settled under the Cayman Islands Law by one or more arbitrators appointed in accordance with said Rules.						
Confidentiality Non Disclosure	(a) Each party acknowledges that the other party may be providing them with confidential and proprietary information respecting the party and its operations. In addition, both parties acknowledge that the existence of this letter agreement is confidential and proprietary. Therefore, both parties hereby agree to keep confidential and not to disclose to any third person any of the confidential information provided to them by the other party, and both parties agree to keep confidential the existence						

and terms of this letter agreement. Any party may disclose information as needed to its attorneys and accountants in order to facilitate the negotiation, execution and delivery of the definitive agreements and the timely performance of the obligations therein; *provided however*, that each party is responsible for ensuring that each such attorney or accountant complies with the provisions of this section the same as if he or she were a signatory hereto. The term of the obligations under this subsection shall be three years from the date that each party has executed and delivered this letter agreement or until the parties have executed and delivered the definitive agreement, whichever occurs sooner.

Use	The use of the Demise will be limited to the development of a commercial property. The commercial development will include but is not limited to retail, food and beverage and public restrooms.
Target Commencement	Tenant intends to commence the construction of the project in 2011 with a 12 month completion schedule.
Legal Cost	Each party is responsible for their own legal cost in relation to the lease.
Landlord's Obligations	1. To surrender the Demised on the execution of the Lease. 2. To use all reasonable effort to assist the Tenant in obtaining all required permits and approvals.
Tenant's Obligations	1. To develop the property as set forth in these Heads of Terms and within the agreed schedule. 2. To pay the Security Deposit as agreed. 3. Pay Rent as agreed. 4. To ensure that the development is done with all required permits and approvals mandatory under the laws of the Cayman Islands. 5. Reserve One (1) Unit for the Sunrise Adult Centre at a nil rent.

We hereby accept and agree to abide by the terms and conditions of this binding agreement as of this Friday, March 18, 2011.

Magnum Jewelers Ltd
Cayman Islands

Cayman Islands Government
Cayman Islands


By: **GENE THOMPSON**

Title: **DIRECTOR**

Date: **18 MARCH 2011**

By:

Title:

Date:

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 seam .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 Icyene 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

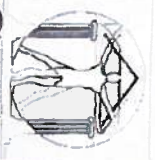
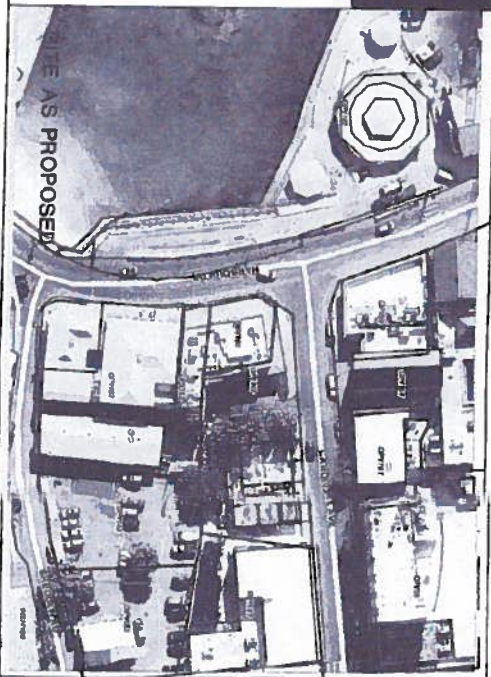
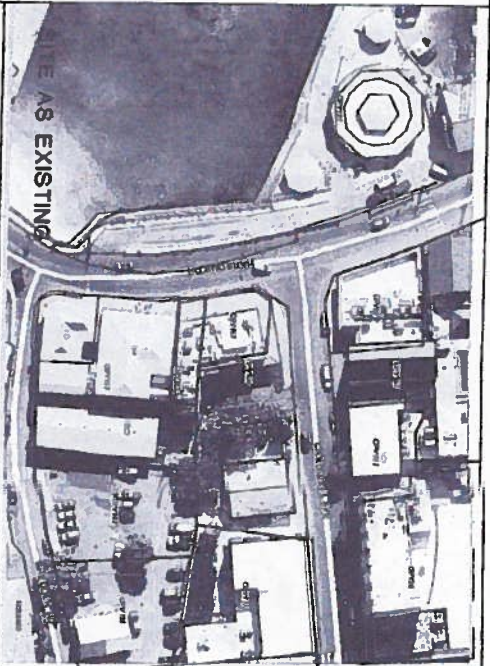
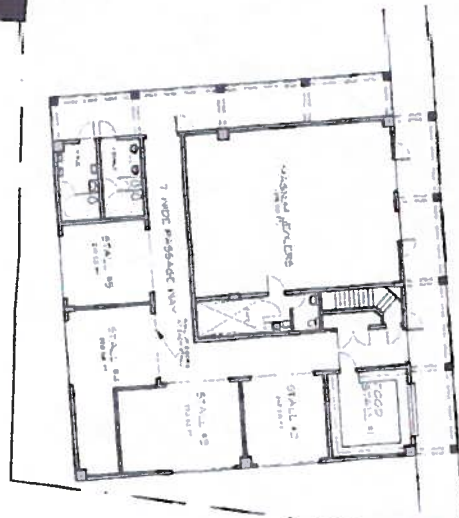
Bathroom Walls

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.

CARDINAL AVE.



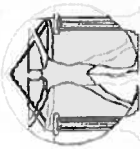
C.A.D.
Cyrus Architectural Design

- Architecture
- Interior Design
- Planning & Development
- Project Management

100 WEST 10TH STREET
SUITE 100
DENVER, CO 80202
TEL: 303.733.1111
FAX: 303.733.1112

A-01 STREET LOCATION PLAN	GENERAL NOTES: 1. ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE INTERNATIONAL BUILDING CODE (IBC) AND THE INTERNATIONAL PLUMBING CODE (IPC). 2. ALL MATERIALS AND WORKMANSHIP SHALL BE SUBJECT TO INSPECTION AND APPROVAL BY THE CITY ENGINEER. 3. THE OWNER SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE CITY OF DENVER.	DATE: 10/10/00 BY: [Signature] FOR: [Signature]
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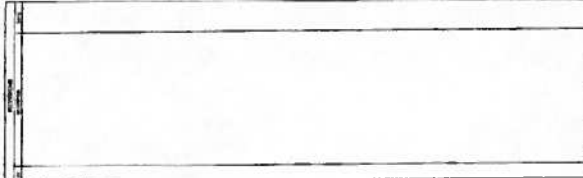
PARKING SIDE (WEST) ELEVATION



CAD
Cymman Architectural Design

- Architecture
- Interior Design
- Structural Engineering
- Project Management

10, rue de la ville, 1000
Bruxelles, Belgium
Tel: +32 (0) 2 479 10 10
Fax: +32 (0) 2 479 10 11
Email: info@cad.be



PROJECT NOTES

1. The building is a 3-story building with a total height of 10.5m.
2. The building is a 3-story building with a total height of 10.5m.
3. The building is a 3-story building with a total height of 10.5m.
4. The building is a 3-story building with a total height of 10.5m.
5. The building is a 3-story building with a total height of 10.5m.

PROJECT INFORMATION

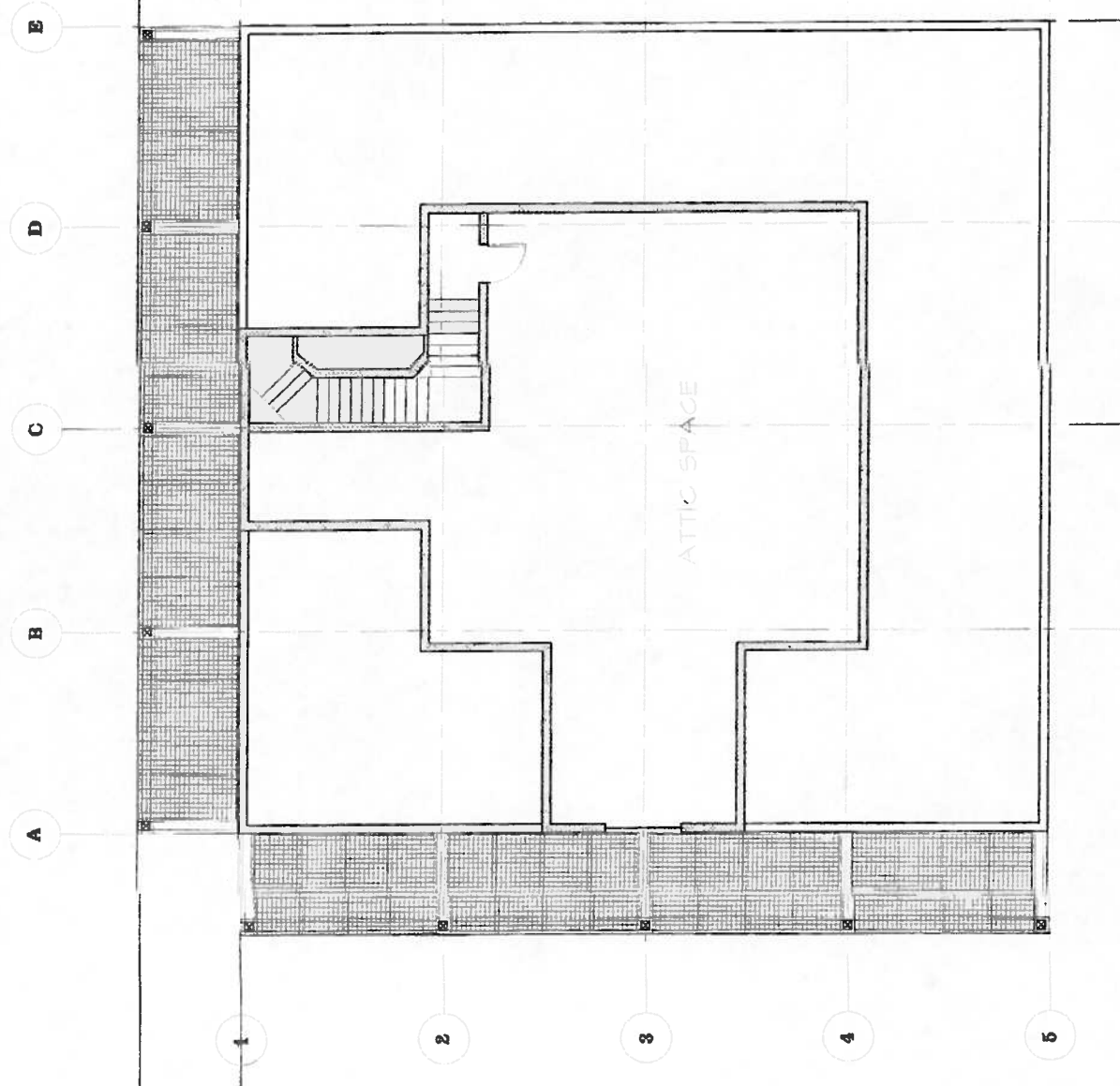
Project Name: **UPPER FLOOR PLAN**

Project Number: **A-03**

Project Location: **10, rue de la ville, 1000 Bruxelles, Belgium**

Project Date: **10/10/2010**

Project Status: **10/10/2010**



Obi, Uche

From: Gene Thompson [gene@thompson.com.ky]
Sent: Wednesday, June 01, 2011 4:10 PM
To: Obi, Uche
Cc: hchandi@aol.com
Subject: Craft Market-Magnum

Hi Mr. Obi

Further to our conversation earlier today I would like to advise you that I am a majority shareholder in Magnum Jewelers Ltd and am a director of the company. I would also like to advise you that I am a director and shareholder of Thompson Development Ltd. Below are some of the properties Thompson Development has developed over the years:

- Galleria Plaza
- West Shore Centre
- Re-development of Grand Pavilion
- Re-development of the Water Front Centre
- Reef Resort
- Dolphin Discovery
- Numerous residential units on the island.

Please let me know if you would like any further information.

Kind Regards,

Gene Thompson

Director, Thompson Development Group

Ph: (345) 769-5656 / Fax: (345) 769-5757

802 West Bay Road | P.O. Box 32336 | Grand Cayman KY1-1209 | Cayman Islands

6/15/2011



Appendix E

Proposal 2

Armani's (Cayman) LTD



Armani's (Cayman) Ltd.

P.O. Box 2622

George Town, Grand Cayman

Tele: 916-1146

The Secretary
Central Tenders Committee
C/O Treasury Department,
First Floor, Government Administration Building
71A Elgin Avenue,
Grand Cayman, KY1-900

March 31, 2011

Dear Sirs,

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

We write in response to the advertised redevelopment of the above site and herewith submit a bid in response to the above referenced Tender.

This bid is herewith submitted in triplicate together with a single copy on CD-ROM.

I am also pleased to enclose an original Certificate of Good Standing for Armani's (Cayman) Limited, which is my company that is used for developments together with a copy of the Trade and Business license and renewal receipt.

I am also pleased to enclose the original Certificate of Good Standing and copy of the Trade and Business license renewal receipt for SunChanges (Cayman) Limited which is my company which operates as a licensed retailer.

Experience

As a government approved contractor/developer under the government first time home buyer program I have developed various properties on island over the years. The most recent has been the following:

1. Multi level home in West Bay (#96 Windstar Dr., West Bay Gardens) valued at approx CI\$1,000,000
2. Apartment Complex in Bristol Manor, West Bay, consisting of four apartments. These individual units were sold upon completion for an approximate value of CI\$430,000.
3. Single dwelling home valued at approximately CI\$300,000.
4. Apartment complex in Bristol Manor, West Bay (#33 Scholars Drive, Bristol Manor) consisting of three apartments with a recent value of CI\$410,000.

In addition to my development expertise I have spoken with Mr. Gillard McLaughlin of Shoreway Builders Limited and he has agreed to partner with me on the building construction aspect of the re-development. The Committee is no doubt aware of Mr. McLaughlin's

experience and expertise as well as being a government approved building developer. His value to this development would provide the additional assurances as to the high quality as well as completion of the re-development based on his proven track record in developing large-scale commercial properties on the island.

Financial Institution

I am pleased to enclose a letter from First Caribbean International Bank supporting the extent of my borrowing capabilities.

Rent Offered

The rent offered is proposed as follows:

CI\$60,000 payment upon completion of the re-development and occupancy of tenants

CI\$65,00 per annum beginning 12 months thereafter for 4 years.

CI\$80,000 per annum thereafter to complete 10 year term

Renewal terms increment based on Cayman Islands CPI Index within rental ceiling of

CI\$100,000 per annum. Rents to be paid on a monthly basis at the beginning of each month.

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.

I trust the above addresses the various aspects of the Bid and satisfy the tender process.

However, should further clarifications be required, please feel free to contact the undersigned at 916-1146 or 814-1556(w).

Finally it is my wish that the Committee is informed that I only became aware of the this Tender yesterday while visiting the Lands & Survey Department on other business and happened to enquire what the outcome was on the prior redevelopment Tender. Upon being informed by Mr. Obie Uchie of the new Tender which was closing today, I was able to prepare this response including obtaining a Banker's Reference upon such short notice. I make this statement to say that should additional details be required, I would be happy to comply.

I trust you will find the above bid acceptable and look forward to receiving a positive response.

Yours sincerely,



Armando Ebanks

Director/owner

Armani's Cayman Limited (Developer)

SunChanges (Cayman) Limited (Retailer)

CR-60733

Certificate Of Good Standing

TO WHOM IT MAY CONCERN

I DO HEREBY CERTIFY that

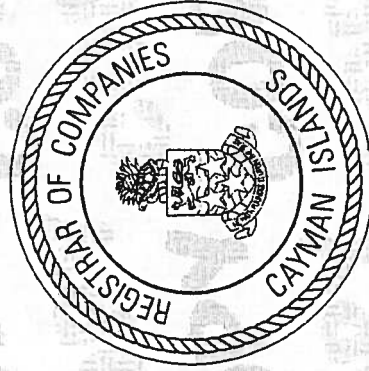
ARMANI'S (CAYMAN) LTD.

a company duly organized and existing under and by virtue of the Laws of The Cayman Islands is at the date of this certificate in Good Standing with the office, and duly authorized to exercise therein all the powers vested in the company.

*Given under my hand and Seal at George Town in the
Island of Grand Cayman this 1st day of April*

Two Thousand Eleven

*An Authorised Officer,
Registry of Companies,
Cayman Islands.*





CAYMAN ISLANDS

THE TRADE AND BUSINESS (LICENSING) BOARD
THE TRADE AND BUSINESS LICENSING LAW (2002 REVISION)
(SECTION 21)

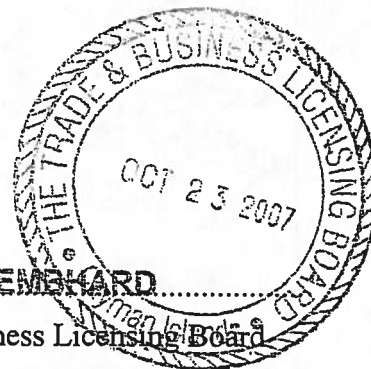
Licence No. 527895/07

It is hereby certified that

ARMANI'S (CAYMAN) LTD T/A ARMANI DEVELOPMENT
of **Block 1D, Parcel 49, #90 Windstar Drive, West Bay Gardens, West Bay, Grand Cayman**
is licensed under the above law to carry on the trade or business of
Developer
until the **23rd July, 2008**, and the fee of **CI\$ 750.00** has been paid.

1. Subject to payment of CI\$750.00 for each professional member of the business as defined in The Trade & Business Licensing Order, 2002, published with Extraordinary Gazette No. 5 dated 14th January, 2002.

COPY



Signed **MARTINA NEMPHARD**
Secretary Trade and Business Licensing Board
Date of Issue **23rd October, 2007**

View Permits For A Business

Business Details

Name

ARMAN'S (CAYMAN) LTD T/A ARMAN DEVELOPMENT

Address

P.O. Box 2622

Grand Cayman KY1-1103

CAYMAN ISLANDS

Telephone

9451485

File Number

TB9203

Application Details

☐ All

☐ Work Permits

☐ Residency

☒ T&B and LCL

☐ BSP

Applications

App	Type	Status	Period	Received	Start Date	End Date	Post
☒	TBR	MIS	12	08-SEP-2009	23-JUL-2009	23-JUL-2010	Developer
☐	TBR	MIS	12	16-OCT-2008	23-JUL-2008	23-JUL-2009	Developer
☐	TBR	COL	12	04-SEP-2007	23-JUL-2007	23-JUL-2008	Developer
☐	TBR	MIS	12	13-SEP-2006	23-JUL-2006	23-JUL-2007	Developer
☐	TBR	MIS	12	04-AUG-2005	23-JUL-2005	23-JUL-2006	DEVELOPER
☐	TBR	LDP	12	08-SEP-2004	23-JUL-2004	23-JUL-2005	Developer
☐	TBR	MIS	12	13-OCT-2003			Developer
☐	TBR	LAS	12	04-SEP-2003	23-JUL-2003	23-JUL-2004	Developer
☐	TBG	COL	12	17-JUL-2002	23-JUL-2002	23-JUL-2003	Developer
☐							
☐							
☐							
☐							
☐							

View Details

CR-166962

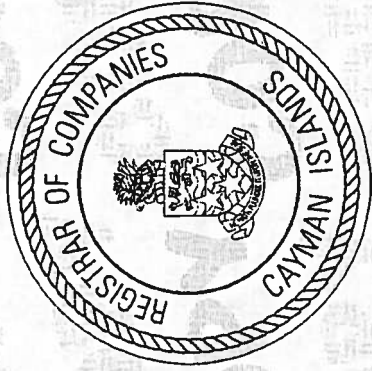
Certificate Of Good Standing

TO WHOM IT MAY CONCERN

I DO HEREBY CERTIFY that

SunChanges Cayman Ltd.

a company duly organized and existing under and by virtue of the Laws of The Cayman Islands is at the date of this certificate in Good Standing with the office, and duly authorized to exercise therein all the powers vested in the company.



*Given under my hand and Seal at George Town in the
Island of Grand Cayman this 1st day of April
Two Thousand Eleven*

[Signature]
**An Authorised Officer,
Registry of Companies,
Cayman Islands.**

Application Details

- ☐ All
- ☐ Work Permits
- ☐ Residency
- ☒ T&B and LCL
- ☐ BSP

App

[View Details](#)[View Details](#)



FIRSTCARIBBEAN
INTERNATIONAL BANK

WEALTH MANAGEMENT

The following information is given in confidence and for your exclusive use upon the express understanding and agreement that neither the writer nor this Bank shall incur any liability for or by reason of giving the same, or any error therein or omission therefrom; also upon the express condition that if you communicate the same or any part thereof you will indemnify the writer and this Bank from any consequent liability.

April 1, 2011

The Secretary
Central Tenders Committee
C/O Treasury Department
First Floor, Government Administration Building
71A Elgin Avenue
Grand Cayman KY1-900
Cayman Islands

Re: Armando Ebanks, DOB: October 19, 1965

The above individual has requested that we provide the following information to you regarding his banking relationship with this institution:

Mr. Ebanks has been a valued customer of this bank since January 1991. During this time he has operated and conducted transactions on all accounts to our satisfaction. His accounts including loan facilities are in good standing and without event.

I confirm that FirstCaribbean International Bank is a bank regulated in the Cayman Islands and I am duly authorized to provide this letter to you.

Should you require any additional information regarding his accounts, please do not hesitate to contact us.

Yours truly,

David Gordon
Wealth Manager
Email: david.gordon@firstcaribbeanbank.com
Tel: 345-815-2301

FirstCaribbean International - Wealth Management Centre

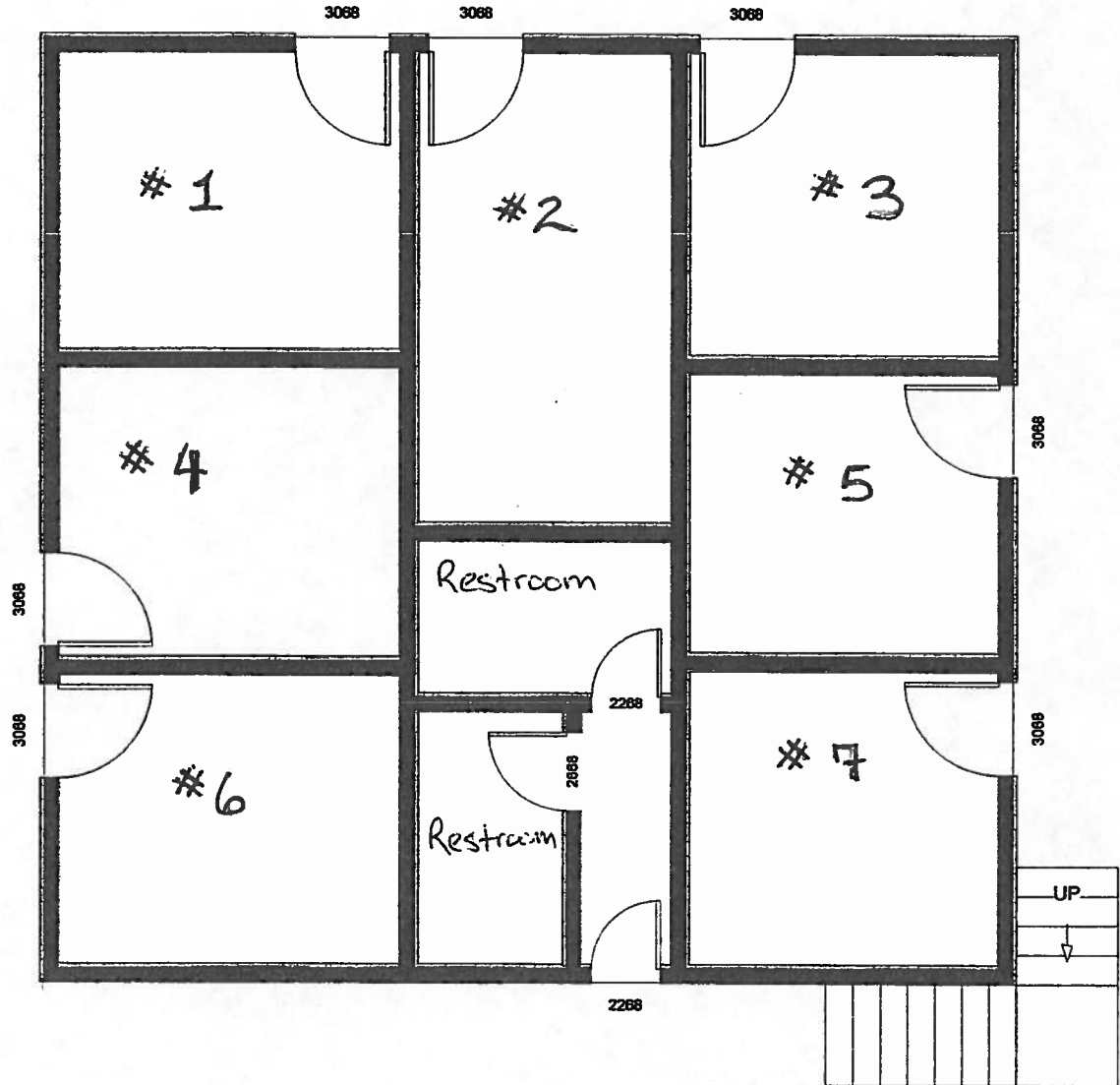
PO Box 68GT, Grand Cayman KY1-1102, Cayman Islands • Tel (345) 949-7300, Fax (345) 815-2390/1

FirstCaribbean International Bank is a member of the CIBC Group.

www.firstcaribbeanbank.com

Exhibit 1
Armando B. Ebanks

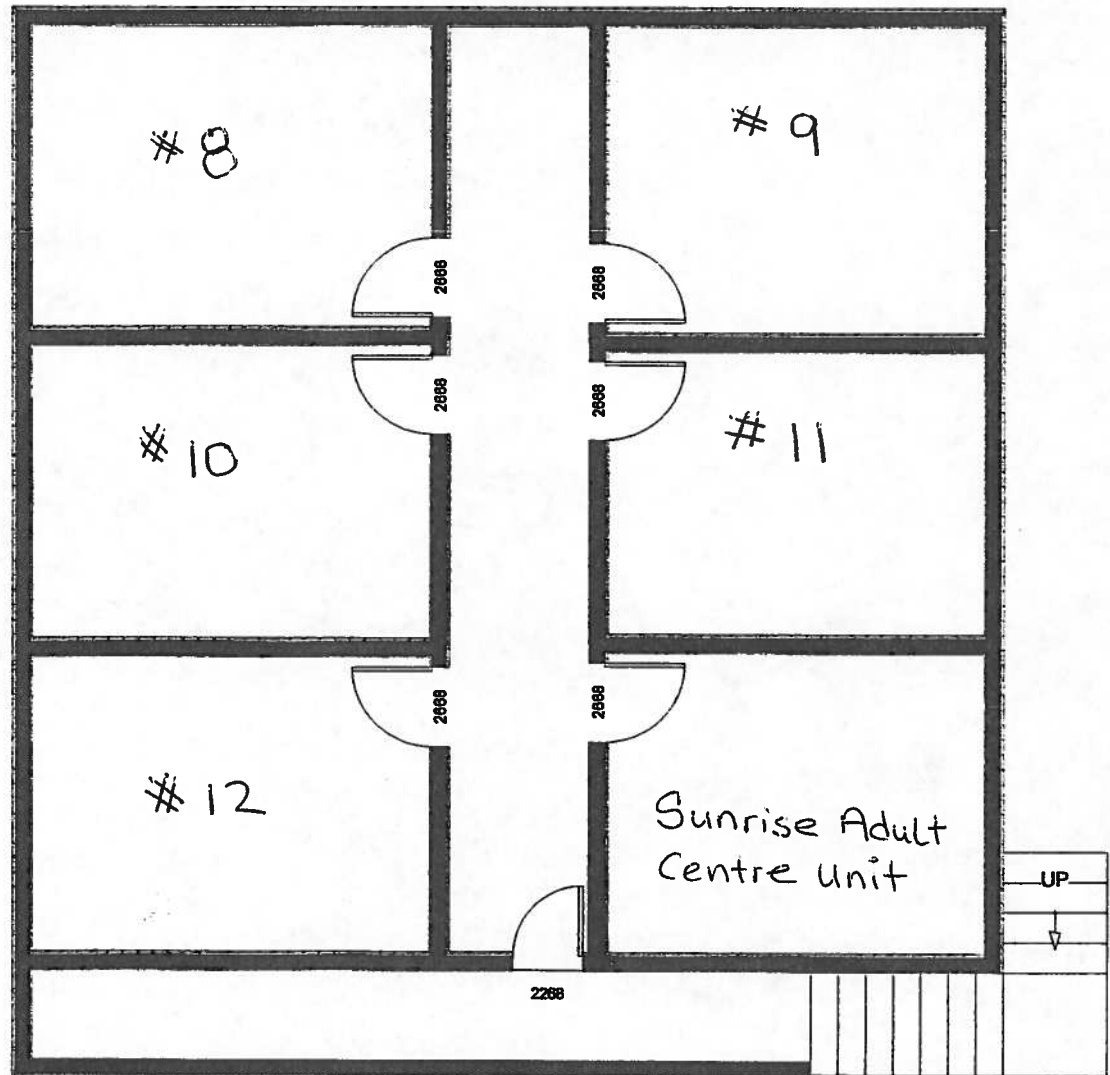
CARDINAL AVE



Propose re-design
Ground FLOOR

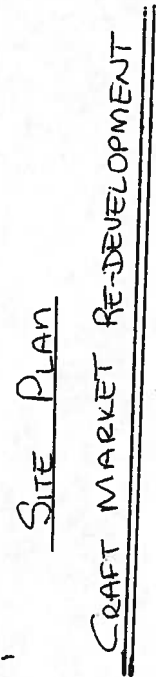
Exhibit 2
Armando B. Banks

CARDINAL AVE



Proposed Upper Level

Exhibit 3
Armando B. Banks



Scene: 1/12K



Armani's (Cayman) Ltd.

P.O. Box 2622

George Town, Grand Cayman

Tele: 916-1146

2011 APR 11 AM 11:25

RECEIVED

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

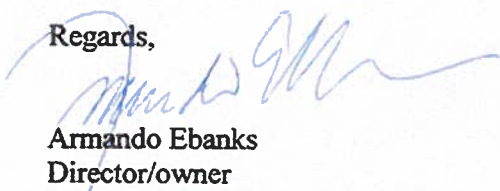
The re-development costs are estimated to be in the region of CI\$425,000.

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 as detailed below:

Calculation:

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

Regards,


Armando Ebanks
Director/owner
Armani's (Cayman) Limited

CAYMAN ISLANDS GOVERNMENT**OFFICIAL RECEIPT**

Page 1 of 1

Receipt Number : 1075813

Receipt Issued : 14-JUN-2011

Received From : D. EVADNE EBANKS / ARMANDO B.
EBANKS
P.O. Box 2622
Grand Cayman KY1-1103
Cayman Islands B.W.I.

Paid By : Cheque
Currency : CI \$
Cheque Number : 4704
Drawn On : BOB
Amount : \$ 825.00

The Sum Of \$CI : \$ 825.00
Change Given \$CI : \$.00

Issued By : Arisdalmis Parchmont

A handwritten signature in black ink, appearing to read 'A. Parchmont', written over a horizontal line.

Receipt Details

Service	Subject / Comment	CI\$ Amount
Trade & Business Admin Fee	ARMANI'S (CAYMAN) LTD T/A ARMANI DEVELOPMENT	\$ 75.00
Trade & Business Renewal Fee	ARMANI'S (CAYMAN) LTD T/A ARMANI DEVELOPMENT	\$ 750.00
Total :		\$ 825 00





Appendix F

E-Mail from the Planning Department in respect of the proposed schemes

Obi, Uche

From: Sanderson, Ron
Sent: Wednesday, June 15, 2011 2:37 PM
To: Obi, Uche
Subject: i added a little bit more about setbacks

Uche

As we discussed, if either proposal involves demolishing and rebuilding then a full application for planning permission is required. If additions to the existing building are made (including a second floor) then planning permission will be required for the additions. If the existing building is retained and there are only internal changes then a fitout permit would be required from the Building Control Unit. Proposal 1 includes covered walkways with one adjacent to Cardinal Avenue. These covered walkways will require planning permission, but it is my opinion that there would be little opposition to this from the Central Planning Authority as they have discretion to allow the existing setbacks as well as zero lot line setbacks in the core area of George Town. Also, if the buildings are redeveloped, the Authority will have to consider parking requirements. As you noted, the existing parking area will remain. If additional square footage is added to the building, additional parking spaces are usually required, however, given the nature of use in the building, CPA would likely use its discretion to waive the additional parking or perhaps require an off-site parking arrangement to ensure that there is at least sufficient parking for employees.

I trust this adequately summarizes our conversation.

Kind regards,

Ron

Ron Sanderson
Assistant Director of Planning
Current Planning

From: Obi, Uche
Sent: Tuesday, June 14, 2011 2:57 PM
To: Sanderson, Ron
Subject: Re-development of the Craft Market - OPY 108

Ron,
Please can you send me a memo confirming our discussions on the above mentioned subject

Uche Obi, MA FRICS
Senior Valuation Officer
Valuation & Estates Office
Cayman Islands Government
Telephone Number - 1 345 244 3558
Fax Number - 1 345 949 2187

E-mail - uche.obi@gov.ky
Web - www.caymanlandinfo.ky

6/15/2011