

APPRAISAL REPORT

GRAND LUCAYAN BEACH AND GOLF RESORT

1 Sea Horse Lane, Freeport,
Grand Bahama Island
CBRE, Inc. File No. 14-397MI-2179-B

The Directors

CHEUNG KONG PROPERTY HOLDINGS LIMITED

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31 March 2015

The Directors

CHEUNG KONG PROPERTY HOLDINGS LIMITED

7/F Cheung Kong Center, 2 Queen's Road Central, Hong Kong

RE: Appraisal of Grand Lucayan Beach and Golf Resort
1 Sea Horse Lane,
Freeport, Grand Bahama Island
CBRE, Inc. File No 14-397MI-2179-B

Dear Sirs:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject property includes three hotel structures, a casino, retail building, central services building and two golf courses. Currently only two of the hotel structures and one of the golf courses are in operation. The other subject building has been closed during the last few years. While the hotel contains 1,271 total units, it is effectively operating as a 542-unit resort. Additionally, Hutchison Whampoa Limited has recently leased out one of the other two hotel buildings to a high-end, all-inclusive operator. The lease's commencement date is February of 2014 and it runs for seven years with a five year renewal. The lease's is essentially a net lease. The renovations were completed in February of 2014. As such, the entire project is not considered stabilized. Therefore, we have also estimated the prospective market values as is and at stabilized operation. In addition to the leased out hotel, the subject property also contains a casino which is currently operating and leased out to a third party operator. That revenue stream has been included in the value of the entire project.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

| MARKET VALUE CONCLUSION | | | | | |
|--------------------------------|---------------------------|----------------------|----------------------|-------------------------|------------|
| Appraisal Premise | Interest Appraised | Date of Value | Exposure Time | Value Conclusion | |
| Prospective As Is | Leased Fee | 28 February 2015 | 12 Months | USD | 57,000,000 |
| Prospective As Stabilized | Leased Fee | 28 February 2017 | 12 Months | USD | 63,100,000 |
| Compiled by CBRE | | | | | |

It should be noted that the golf course which is not being utilized and is grown over might have some additional value. Most likely this value would be created by a potential conversion of the site to residential land. However, there are currently no plans to do such a conversion and it is unknown whether the government would allow such a conversion. No soil sampling has been performed to determine if the chemicals / fertilizers utilized on the property as a golf course would cause a contamination issue and no estimates of the cost to convert the land to a potential residential use have been performed. As such, it is impossible for the appraiser to determine whether this could generate additional value for this site.

Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the Bahamian Licensing requirements. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010 and International Valuation Standards (IVS).

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and CBRE will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

Respectfully submitted,

CBRE, Inc. - VALUATION & ADVISORY SERVICES



Scott L. Webb
Senior Appraiser – Hospitality Specialist
Florida Cert Gen RZ2002



James E. Agner, MAI, SGA, MRICS
Sr. Managing Director – Florida/Caribbean
Florida Cert Gen RZ382

CERTIFICATION OF THE APPRAISAL

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and Bahamian Licensing requirements.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, James E. Agner, MAI, SGA, MRICS has completed the continuing education program of the Appraisal Institute.
11. As of the date of this report, Scott Webb has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.
12. Scott L. Webb has and James E. Agner, MAI, SGA, MRICS and Robin Brownrigg have not made a personal inspection of the property that is the subject of this report.
13. Robin Brownrigg, CCRA, CREA, with Bahamas Realty provided real property appraisal assistance to the persons signing this report in the form of supplying market data and local expertise, and he is signing this certification. Robin Brownrigg is currently licensed in the in the Bahamas.
14. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
15. Scott L. Webb, James E. Agner, MAI, SGA, MRICS and Robin Brownrigg, CCRA, CREA have provided services, as an appraiser capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



Scott L. Webb
Florida Cert Gen RZ2002



James E. Agner, MAI, SGA, MRICS
Florida Cert Gen RZ382



Robin Brownrigg, CCRA, CREA
Bahamas Realty

SUBJECT PHOTOGRAPHS



AERIAL VIEWS



EXTERIOR VIEW OF BREAKERS CAY PORTION OF THE SUBJECT



EXTERIOR VIEW OF THE FORMAL RESTAURANT



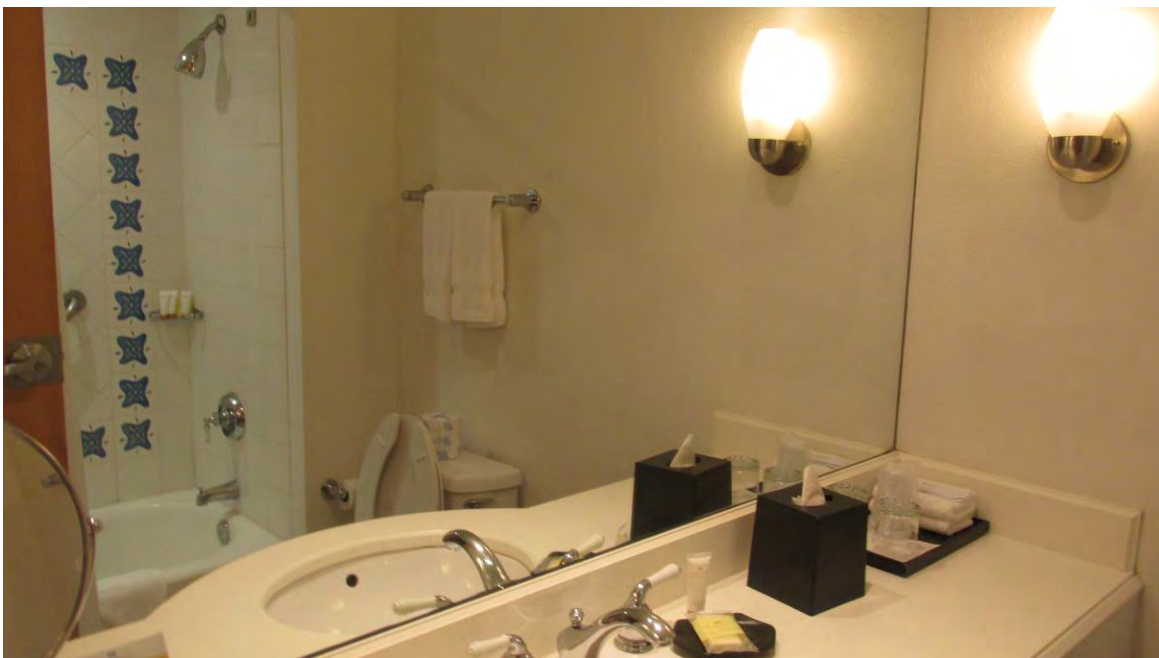
VIEW OF THE SUBJECT'S LOBBY



VIEW OF THE SUBJECT LAZY RIVER AND TWO RESTAURANTS



TYPICAL VIEW OF THE SUBJECT GUEST ROOM INTERIOR BREAKERS CAY



TYPICAL VIEW OF THE SUBJECT GUEST ROOM BATHROOM IN BREAKERS CAY



TYPICAL VIEW OF THE INTERIOR OF A GUEST ROOM IN THE REEF



TYPICAL VIEW OF THE SUBJECT BATHROOM IN THE REEF



VIEW OF THE SUBJECT'S LOBBY IN THE REEF



VIEW OF THE SUBJECT ROOM IN LANAI SUITES



TYPICAL VIEW OF THE SUBJECT GUEST BATHROOM LANIA SUITES



TYPICAL VIEW OF THE SUBJECT FITNESS CENTER IN BREAKERS CAY



TYPICAL VIEW OF THE INTERIOR OF SUBJECT SPA / NAIL SALON



TYPICAL VIEW OF THE SUBJECT CASINO



TYPICAL VIEW OF THE SUBJECT BEACH



TYPICAL VIEW OF THE SUBJECT FRONTAGE ALONG SEA HORSE LANE



TYPICAL VIEW OF THE SUBJECT MEETING SPACE IN MANOR HOUSE



TYPICAL VIEW OF THE SUBJECT RESTAURANT



TYPICAL VIEW OF THE SUBJECT BAR (BREAKERS CAY)



VIEW OF THE AREA USED FOR CRUISE PASSENGERS IN LIGHTHOUSE POINT



VIEW OF IRIE'S BAR AND GRILL IN BREAKERS CAY



TYPICAL VIEW OF THE SUBJECT CLUBHOUSE AT GOLF COURSE



TYPICAL VIEW OF THE CLUBHOUSE BAR



TYPICAL VIEW OF THE SUBJECT OPERATING GOLF COURSE



VIEW OF SUBJECT GOLF COURSE MAINTENANCE FACILITY



TYPICAL VIEW OF THE CLOSED GOLF CLUBHOUSE



VIEW OF SUBJECT GOLF COURSE CLOSED MAINTENANCE FACILITY



TYPICAL VIEW OF THE CLOSED SUBJECT GOLF COURSE

SUMMARY OF SALIENT FACTS

| | | | |
|---|---|--------|-----------------|
| Property Name | Grand Lucayan Beach and Golf Resort | | |
| Location | 1 Sea Horse Lane, Lucaya, Freeport, Grand Bahama Island | | |
| Highest and Best Use | | | |
| As Though Vacant | Hotel | | |
| As Improved | Hotel | | |
| Property Rights Appraised | Leased Fee | | |
| Total Land Area Acres / Square Feet | 405.0 | | 17,641,800 |
| Total Land Area Hectares / Square Metres | 163.9 | | 1,638,978 |
| Improvements - Upon Renovation / Construction | | | |
| Number of Buildings | 7 | | |
| Number of Stories | 1 to 10 | | |
| Gross Building Area (Combined) | 1,027,494 SF | | |
| Number of Rooms | 1,271 (with 542 rooms operated / 522 leased out & 207 currently closed) | | |
| Restaurant/Lounge | 19 | | |
| Total Air Conditioned Meeting Space (Square Feet / Square Metres) | 45,000 Sq. Ft. | / | 4,181 Sq m |
| Property Amenities | 3 pools, multiple restaurants and bars, beach, casino, spa, golf course and convention center | | |
| Year Built | 1963 and 2000 | | |
| Condition | Good | | |
| Estimated Exposure/Marketing Time | 12 Months | | |
| Financial Indicators | | | |
| Projected Year 1 Occupancy | 66.0% | | |
| Stabilized Occupancy | 68.0% | | |
| Estimated Stabilization | Feb-17 | | |
| Projected Year 1 Average Daily Rate | USD | 117.79 | |
| Stabilized Average Daily Rate | USD | 134.22 | |
| Projected Inflation Rates | <u>ADR</u> | | <u>Expenses</u> |
| Year 1 | 5.5% | | 3.0% |
| Year 2 | 6.5% | | 3.0% |
| Year 3 | 7.0% | | 3.0% |
| Stabilized | 3.0% | | 3.0% |
| Going-In Capitalization Rate | 8.50% | | |
| Terminal Capitalization Rate | 9.00% | | |
| Discount Rate | 11.00% | | |

| Year 1 Operating Data | <i>Total</i> | | <i>Per Room (542 Rooms)</i> | |
|------------------------------------|--------------|------------|-----------------------------|--------|
| Total Revenue | USD | 41,529,666 | USD | 76,623 |
| Operating Expenses | USD | 38,299,903 | USD | 70,664 |
| Expense Ratio | | 92.2% | | |
| Net Operating Income (EBITDA) | USD | 3,229,763 | USD | 5,959 |
| Stabilized Operating Data - Year 3 | <i>Total</i> | | <i>Per Room (542 Rooms)</i> | |
| Total Revenue | USD | 46,455,061 | USD | 85,710 |
| Operating Expenses | USD | 41,085,561 | USD | 75,804 |
| Expense Ratio | | 88.4% | | |
| Net Operating Income (EBITDA) | USD | 5,369,500 | USD | 9,907 |

| VALUATION PREMISE | DATE OF VALUE | TOTAL | | Per Room (542 Rooms) | |
|---|------------------|-------|------------|----------------------|---------|
| Prospective As Is Analysis | 28 February 2015 | | | | |
| Sales Comparison Approach | | USD | 63,300,000 | USD | 116,790 |
| Income Capitalization Approach | | USD | 57,000,000 | USD | 105,166 |
| Prospective As Stabilized Analysis | 28 February 2017 | | | | |
| Sales Comparison Approach | | USD | 69,400,000 | USD | 128,044 |
| Income Capitalization Approach | | USD | 63,100,000 | USD | 116,421 |

| CONCLUDED MARKET VALUE | | | | |
|---------------------------|--------------------|------------------|-------|------------|
| Appraisal Premise | Interest Appraised | Date of Value | Value | |
| Prospective As Is | Leased Fee | 28 February 2015 | USD | 57,000,000 |
| Prospective As Stabilized | Leased Fee | 28 February 2017 | USD | 63,100,000 |

Compiled by CBRE

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

Strengths and weaknesses are internal to the subject; opportunities & threats are external to the subject property.

Strengths

- The subject property is located on the beach in Grand Bahama
- The subject property has recently undergone significant recent renovations
- The subject property has a casino license
- One of the non-operating hotels has recently been leased

Weaknesses

- The subject property's markets ADR and occupancy suffered in the last couple of years due to the worldwide economic recession
- One of the three main hotel structures have been closed for the last few years and remains closed
- One of the two golf courses is currently closed and has grown over

Opportunities

- ADR and occupancy are both projected to increase over the next few years from the depressed current levels
- The recent lease of the reef hotel (522 rooms) should allow the subject property to not only increase revenue but also decrease property operations and maintenance costs
- A recent vendor started providing high-speed shuttle via boat from Fort Lauderdale
- The new lessee (Blue Diamond Grand Bahama Ltd.) is providing their own airlift which will include 38 flights for both their guests and other travelers to Grand Bahama

Threats

- The weakened overall economy has contributed to depressed levels of consumer spending and reduced hotel market values
- Air lift to Grand Bahama has in the past not considered to be very good

EXTRAORDINARY ASSUMPTIONS

An *extraordinary assumption* is defined as “an assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.

¹

- Extraordinary assumptions associated with this analysis are that the existing lease that began in February of 2014 will continue for its term of 7 years. Additionally, we have assumed as an extraordinary assumption, that we have relied on information provided by the owner being correct and accurate and should an actual survey be provided to the appraisers that indicates that the subject property being appraised is less than or greater than the amounts indicted on the description of the subject property being appraised, that our appraisal and value conclusions may be subject to change.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010), 73.

external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”²

- There are no hypothetical assumptions associated with this analysis.

² *Dictionary of Real Estate Appraisal*, 97.

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INTRODUCTION

PROPERTY IDENTIFICATION

The subject property is a 1,271-room full service hotel property built in 1963 and 2000 which has had approximately 729 rooms closed for several years. The current owners recently renovated approximately 522 of the rooms and leased them to a third party (Blue Diamond Grand Bahama Ltd.). The subject property is situated on a 405-acre (1,638,978-square metre) site in Freeport, Grand Bahama Island. The subject property is operated as a beach and golf resort facility with one functioning golf course and one that has been closed for a few years. Additionally, the golf course which is not being utilized might have some additional value. This value would be created by a potential conversion of the site to residential land. However, there is currently no plan to do so and it is unknown whether the government would allow such a conversions. No soil sampling has been performed to determine if the chemicals/fertilizers utilized on the property as a golf course would cause a contamination issue and no estimates of the cost to convert the land to a potential residential use have been performed. As such, it is impossible for the appraiser to determine whether this could generate additional value for this site. The subject's property address is 1 Sea Horse Lane, Freeport, Grand Bahama Island. The subject property is more fully described, legally and physically, within the enclosed report.

OWNERSHIP AND PROPERTY HISTORY

Title to the subject property is effectively 100% held by Hutchison Whampoa Limited. According to Grahama Torode, Chief Executive Officer of The Grand Bahama Development Company, the property was acquired more than 10 years ago and has been expanded to include the current structures. To the best of our knowledge, there has been no other ownership transfer of the subject property during the previous three years. It is our understanding that the subject property is not being marketed for sale at this time.

PREMISE OF THE APPRAISAL/RELEVANT DATES

The various dates associated with the valuation of the subject and the valuation premise(s) are illustrated as follows:

PREMISE OF THE APPRAISAL/RELEVANT DATES

| | |
|------------------------------|------------------|
| Date of Report: | 31 March 2015 |
| Date of Inspection: | 14 January 2015 |
| Dates of Value | |
| Prospective As Is | 28 February 2015 |
| Prospective As Stabilized | 28 February 2017 |
| <hr/> Compiled by CBRE <hr/> | |

INTENDED USE OF REPORT

This appraisal is to be used for incorporation into the scheme document jointly issued by CK Hutchison Holdings Limited, CK Global Investments Limited and Hutchison Whampoa Limited.

INTENDED USER OF REPORT

This appraisal is to be used by Cheung Kong Property Holdings Limited, and **no other user may rely on our report unless as specifically indicated in the report.**

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.³

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property. The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this

³ Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute, 2008), 132.

definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.⁴

SCOPE OF WORK

The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied, all based upon the following problem-identifying factors stated elsewhere in this report:

- Client
- Intended use
- Intended user
- Type of opinion
- Effective date of opinion
- Relevant characteristics about the subject
- Assignment conditions

This appraisal of the subject has been presented in the form of an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. That is, this report incorporates, to the fullest extent possible, practical explanation of the data, reasoning and analysis that were used to develop the opinion of value. This report also includes thorough descriptions of the subject and the market for the property type. In addition to USPAP, this report is meant to comply with Client Guidelines and IVS (International Valuation Standards). CBRE completed the following steps for this assignment:

⁴ Appraisal Institute, *The Appraisal of Real Estate Appraisal*, 14th ed. (Chicago: Appraisal Institute, 2013), 132.

Data Resources Utilized in the Analysis

| RESOURCE VERIFICATION | |
|-----------------------|--|
| Site Data | Source/Verification: |
| Size | Information provided by owner |
| Improved Data | Source/Verification: |
| No. of Rooms | Building Engineer/Prior CBRE Appraisal |
| No. Bldgs. | Inspection |
| Parking Spaces | Building Engineer/Prior CBRE Appraisal |
| YOC | Building Engineer/Prior CBRE Appraisal |
| Economic Data | Source/Verification: |
| Income Data: | STR Host Report/Expense Comparables/PKF Trends Data/Information from the owner |
| Expense Data: | STR Host Report/Expense Comparables/PKF Trends Data/Information from the owner |
| Compiled by CBRE | |

Extent to Which the Property is Identified

CBRE, Inc. collected the relevant information about the subject from the owner (or representatives), public records and through an inspection of the subject property. The property was legally identified through the following sources:

- postal address
- partial site plan

Extent to Which the Property is Inspected

CBRE, Inc. inspected the interior and exterior of the subject, as well as its surrounding environs on January 14, 2015. The date of valuation is February 28, 2015 per the client request. This included the following:

- subject exterior
- subject interior units
- subject common areas
- subject golf courses

This inspection sample was considered an adequate representation of the subject property and is the basis for our findings.

Type and Extent of the Data Researched

CBRE, Inc. reviewed the micro and/or macro market environments with respect to physical and economic factors relevant to the valuation process. This process included interviews with

regional and/or local market participants, available published data, and other various resources. CBRE, Inc. also conducted regional and/or local research with respect to the following:

- demographics
- income and expense data
- comparable data

Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. Approaches to value used include the cost, sales comparison and the income approach. The steps required to complete each approach are discussed in the Methodology Section. CBRE then correlated and reconciled the results into a reasonable and defensible value conclusion, as defined herein. A reasonable exposure time and marketing time associated with the value estimate presented has also been concluded.

Special Appraisal Instructions

There have been no other special appraisal instructions for this assignment.

Exposure/Marketing Time

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. In consideration of these factors, we have analyzed the following:

- exposure periods for comparable sales used in this appraisal;
- marketing time information from the PWC Real Estate Investor Survey; and
- the opinions of market participants.

The information derived from these sources is presented as follows:

| EXPOSURE TIME INFORMATION | | | | |
|---|------------------------|---|------|---------|
| Investment Type | Exposure Time (Months) | | | |
| | Range | | | Average |
| PwC Survey: 3rd Qtr. 2014 | | | | |
| Luxury | 3.0 | - | 12.0 | 6.0 |
| Full Service | 3.0 | - | 9.0 | 6.7 |
| Limited Service | 2.0 | - | 12.0 | 7.0 |
| Select Service | 2.0 | - | 12.0 | 6.8 |
| Local Market Professionals | 6.0 | - | 12.0 | 9.0 |
| CBRE Estimate | 12 Months | | | |
| Source: PWC Real Estate Investment Survey | | | | |

An exposure/marketing time of 12 months or less would be considered reasonable for the subject. This reflects current economic conditions, current real estate investment market conditions, the terms and availability of financing for real estate acquisitions, and property and market-specific factors. It assumes that the subject is (or has been) actively and professionally marketed. The marketing/exposure time would apply to all valuation premises included in this report.

AREA ANALYSIS

COMMONWEALTH OF THE BAHAMAS



Location

The subject is located on Grand Bahama Island, Bahamas. The Commonwealth of The Bahamas is an independent English-speaking nation in the West Indies. The Commonwealth of The Bahamas is located in the Atlantic Ocean, east of Florida, north of Cuba, Haiti, the Dominican Republic and the Turks and Caicos Islands.

GRAND BAHAMA ISLAND



Grand Bahama is the northernmost of the islands of the Bahamas, and is the closest major island to the United States. The island is roughly 55 miles from the coast of Florida, is considered the fourth largest island in the Bahamas. The Bahama island chain consists of approximately 700 islands and an additional 2,400 cays. The island is approximately 95 miles long and about 15 miles wide at its widest point. The island boasts miles of pristine beaches, one of the largest ports in the world and several old English settlements.

Geography

The Bahamas is an archipelago of some 700 islands and cays covering over 100,000 square miles in the Atlantic Ocean between Florida and Hispaniola. The archipelago has a total land area of 5,382 square miles—about 20% larger than Jamaica—and a population of some 310,000 concentrated on the islands of New Providence and Grand Bahama. The largest island is Andros. The Bahamas are just 50 miles east of Florida. The island of Grand Bahama is home to the second largest city in the country, Freeport. The island of Abaco is to its east. The most southeastern island is Inagua. Other notable islands include Eleuthera, Cat Island, San Salvador, Acklins, Crooked Island, Exuma and Mayaguana. Nassau, the capital and largest city, is located on New Providence Island.

In the southeast, the Caicos Islands and the Turks islands, and three more extensive submarine features called Mouchoir Bank, Silver Bank, and Navidad Bank, are a continuation of the Bahamas.

The climate of the Bahamas is subtropical to tropical, and is moderated by the waters of the Gulf Stream, particularly in winter. Conversely, this often proves very dangerous in the summer and autumn, when hurricanes pass near or through the islands. Hurricane Andrew hit the northern islands in 1992, and Hurricane Floyd hit most of the islands in 1999. Hurricane Frances of 2004 was expected to be the worst ever for the islands. Also in 2004, the northern Bahamas were hit by a less potent Hurricane Jeanne. In 2005 the northern islands were once again struck this time by Hurricane Wilma. Tidal surges and high winds destroyed homes, schools, and made roughly 1,000 people homeless.

Population

The 2010 census disclosed that the population of The Bahamas totaled 351,461, with 181,204 females and 170,257 males. Ninety percent of the total population lives on New Providence, Grand Bahama and Abaco. New Providence has 70.09 percent of the population, Grand Bahama and Abaco with 19.52 percent, and 10.39 percent are scattered on the remaining islands and cays. CIA World Factbook estimated the 2013 population at 319,031. The following chart shows the results of the 2010 Bahamian Census.

| Island | Population | | Change | |
|----------------|------------|---------|--------|-------|
| | 2000 | 2010 | Actual | % |
| All Bahamas | 303,611 | 351,461 | 47,850 | 15.76 |
| New Providence | 210,832 | 246,329 | 35,497 | 16.84 |
| Grand Bahama | 46,994 | 51,368 | 4,374 | 9.31 |
| Abaco | 13,170 | 17,224 | 4,054 | 30.78 |
| Acklins | 428 | 565 | 137 | 32.01 |
| Andros | 7,686 | 7,490 | -196 | -2.55 |
| Berry Islands | 709 | 807 | 98 | 13.82 |
| Bimini | 1,717 | 1,988 | 271 | 15.78 |
| Cat Island | 1,647 | 1,522 | -125 | -7.59 |
| Crooked Island | 350 | 330 | -20 | -5.71 |
| Eleuthera | 7,999 | 8,202 | 203 | 2.54 |
| Exuma and Cays | 3,571 | 6,928 | 3,357 | 94.01 |
| Harbour Island | 1,639 | 1,762 | 123 | 7.50 |
| Inagua | 969 | 913 | -56 | -5.78 |
| Long Island | 2,992 | 3,094 | 102 | 3.41 |
| Mayaguana | 259 | 277 | 18 | 6.95 |
| Ragged Island | 72 | 72 | 0 | 0.00 |
| San Salvador | 970 | 940 | -30 | -3.09 |
| Rum Cay | 80 | 99 | 19 | 23.75 |
| Spanish Wells | 1,527 | 1,551 | 24 | 1.57 |

Transportation

Easy access to The Bahamas is one reason for its long-standing popularity as a winter holiday destination. Only a few miles from the south Florida coast, closer than any other Caribbean destinations, the islands can be reached quickly either by air or by sea. The country does not feature any railroad; it has a total of 1,490 miles of road, 839 paved. The Bahamas have three international ports, Freeport, Matthew Town and Nassau with a total of 936 ships of 1,000 GRT or more. The country has a total of 60 airports with 8 of them having unpaved runways.

The recent expansion of the New Providence Airport began in 2011. One of the Caribbean's top tourism destinations, the Bahamas, now has a world-class international airport after a \$409.5 million expansion project. The three-stage redevelopment of Nassau's Lynden Pindling International Airport (LPIA) began with the March 2011 opening of a 247,000-square-foot U.S. terminal and one million square feet of aircraft operating surface. The second stage, a 226,000-

square-foot international arrivals terminal valued at \$144 million and housing more than 20 retail and food outlets, was inaugurated in October 2012. Upon completion, phase three will include a domestic and international departures terminal as well as a domestic arrivals terminal. This phase was nearing completion in 2013. The new LPIA airport complex will cover 571,000 square feet and have the capacity to handle five million passengers per year.

Government

The Bahamas achieved independence from Britain on July 10, 1973, and is now a fully self-governing member of the Commonwealth and a member of the United Nations, the Caribbean Community and the Organization of American States.

The political system is based on the British parliamentary system. The Parliament comprises the House of Assembly and the Senate. Members of the House are elected directly every five years. The members of the Senate are appointed by the Governor General. The Prime Minister proposes the majority of the Senators, the Opposition Leader proposes 1/4 of the Members, and the remaining (1/3 of the number the Prime Minister proposes) members are appointed on the advice of the Prime Minister after consultation with the Leader of the Opposition.

The Prime Minister is the head of the Executive Branch of Government and heads a Cabinet of minimum 8 other ministers, one being the Attorney General.

The Bahamian Judiciary is fully independent from the rest of the government. English Common Law forms the basis of the judiciary system although many Bahamian statutory elements have been added over the years. The Supreme Court is the main court in the Bahamas. Its decisions may be appealed before The Bahamas Court of Appeal. Final appeals may be presented to the Privy Council in London.

Under Prime Minister Lynden Pindling, who died August 26, 2000, The Bahamas was governed by the Progressive Liberal Party for more than a quarter of a century. The Free National Movement ousted the PLP from office in the general election of 1992 and, under the leadership of Prime Minister Hubert A. Ingraham, won the 1997 poll. The Right Hon. Perry G. Christie, Prime Minister and Leader of the Progressive Liberal Party was elected to office in May, 2002.

General elections were held in the Bahamas on May 2, 2007. The opposition party won, the Free National Movement, led by former Prime Minister Hubert Ingraham, winning 23 of the 41 seats. Ingraham was sworn into the office of Prime Minister on May 4, 2007. The Right Hon. Perry G.

Christie, Prime Minister and Leader of the Progressive Liberal Party was elected to office on May 7, 2012.

Hawksbill Creek Agreement

By the middle of the 20th century, Grand Bahama's population numbered around 500 and the island was one of the least developed of the Bahamas' islands. However the island finally gained a stable source of income when in 1955 a Virginian financier named Wallace Groves began redevelopment with the Bahamian government to build the city of Freeport under the Hawksbill Creek Agreement and create the Grand Bahama Port Authority. Soon after, the ambitious Edward St. George, with the financial help of Sir Jack Hayward, took the company to new frontiers. Seeing the success of Cuba as a tourist destination for wealthy Americans, St. George was eager to develop Grand Bahama in a similar vein. The city grew rapidly, with St. George adding a harbour, an airport (the largest privately owned airport in the world) soon after the city was founded, and the tourist center of Port Lucaya in 1962. Grand Bahama became the second most populous island in the Bahamas (over 50,000 in 2004).

Employment

These are the latest statistics published by the Commonwealth of the Bahamas. The Bahamian labor force consisted of approximately 192,205 workers. The official unemployment rate was estimated at 14.0%. Wage rates, while considerably lower than in the United States, tend to be higher than elsewhere in the Caribbean. The following chart outlines the employment statistics for the Bahamas since 2005.

| LABOR FORCE KEY STATISTICS 2005 - 2012 | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------------------|---------|---------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Total Labor Force | | | | | | | | |
| New Providence | 128,630 | 131,405 | 131,105 | 135,735 | 131,245 | n/a | 134,910 | 137,925 |
| Grand Bahamas | 27,305 | 27,540 | 28,850 | 29,820 | 28,235 | n/a | 28,850 | 29,180 |
| All Bahamas | 178,705 | 181,890 | 186,105 | 191,595 | 184,020 | n/a | 190,445 | 192,205 |
| Employed Labor Force | | | | | | | | |
| New Providence | 114,660 | 122,760 | 120,675 | 123,960 | 112,880 | n/a | 113,845 | 119,925 |
| Grand Bahamas | 24,305 | 25,240 | 26,310 | 27,125 | 23,310 | n/a | 22,735 | 23,930 |
| All Bahamas | 160,530 | 168,060 | 171,490 | 174,920 | 157,805 | n/a | 160,185 | 165,255 |
| Unemployed Labor Force | | | | | | | | |
| New Providence | 13,970 | 8,645 | 10,430 | 11,775 | 18,365 | n/a | 20,245 | 18,000 |
| Grand Bahamas | 3,000 | 2,300 | 2,540 | 2,695 | 4,925 | n/a | 6,115 | 5,250 |
| All Bahamas | 18,175 | 13,830 | 14,615 | 16,675 | 26,215 | n/a | 30,260 | 26,950 |
| Unemployment Rate | | | | | | | | |
| New Providence | 10.9% | 6.6% | 8.0% | 8.7% | 14.0% | n/a | 15.0% | 13.1% |
| Grand Bahamas | 11.0% | 8.4% | 8.8% | 9.0% | 17.4% | n/a | 21.2% | 18.0% |
| All Bahamas | 10.2% | 7.6% | 7.9% | 8.7% | 14.2% | n/a | 15.9% | 14.0% |
| Source: CBRE Compiled from Department of Statistics of the Bahamas | | | | | | | | |
| | | | | | | n/a - not available | | |

Unemployment in the Bahamas began to increase in 2007 and then started declining in 2011 and while still higher than in the 2005 to 2007 period, the declining rate of unemployment is expected to continue at a slow and stable rate as tourism continues to recover.

ECONOMIC PERFORMANCE

The mainstay of the Bahamas' economy is tourism with finance, manufacturing and agriculture playing considerably less important roles. Tourism contributes about 60% of the gross domestic product (GDP) and employs about half the work force. Over four million visitors arrive yearly, more than 10 times the resident population. The prosperity of American and Bahamian economies has a strong linkage, since approximately 80% of the visitors are American. British and Canadians are the other major visitors to the Bahamas.

The Bahamas are an offshore financial center and tax haven. Financial services, an important engine of The Bahamian economy, are responsible for 15 percent of GDP. The number of banks and trust companies licensed to operate within The Bahamas is 284. The vast majority of them are branches, subsidiaries or affiliates of major banking institutions in North and South America and Western Europe. In addition, data from the Office of Registrar of Insurance Companies indicate that the number of licensed insurance companies, brokers and agents and managers in The Bahamas is 163, bringing the number of licensed insurance companies operating in the domestic sector to 137, while the number of external insurers remained at 26. Taxes in the Bahamas are minimal - especially when compared to the United States.

The Bahamas have no income tax, business tax, sales tax, capital gains tax, profits tax, inheritance tax, gift tax or estate tax. Import duties are the major source of government income. A stamp tax is imposed on the transfer of real or personal property.

Agriculture

Ninety percent of the agricultural land in the Bahamas is government-owned and falls under the auspices of the Ministry of Agriculture & Fisheries. The government has instituted a new policy to utilize these lands to aid in the growth of the economy and foster less dependence on the tourism sector. The Ministry of Agriculture (Incorporation) Act, 1993 gives the Minister of Agriculture authority to hold, lease, and dispose of agricultural land, to enter into contracts, and to sue and be sued. The Minister does not have the power to sell agricultural land, but is authorized to lease land for periods up to two consecutive 21-year periods. Under this new policy, the Government has initially earmarked 36,148 prime acres of Crown Land to be used for

agricultural purposes. This acreage is located in the following areas: 13,869 acres in Andros, 11,737 acres in The Abacos and 10,542 acres in Grand Bahama Island.

More than 5,000 acres of agricultural land in the Bahamas are used for citrus production. Poultry, winter vegetables, and citrus fruits are the mainstay of the agricultural sector, which is concentrated in the Abacos. It is anticipated that the agricultural export sub sector will continue to grow in the Bahamas, with increases in the acreage of citrus and winter vegetables planted in Abaco for the Florida market. Growth is also expected in the volume of winter vegetables for export, particularly cucumber, green pepper, squash, melons, and tropical fruit.

Manufacturing

The manufacturing sector of the economy is rapidly maturing into a major contributor to growth and progress in the Bahamas. Today, manufacturing by offshore companies contributes \$130 million to the economy annually with domestic manufacturing accounting for another \$90 million. Manufacturers enjoy a variety of tax breaks and attractive incentives by locating a business in the Bahamas. A mature tax haven, companies pay no taxes on personal or corporate income, capital gains, or dividends. Investors benefit from the Industries Encouragement Act which exempts manufacturers from import duties on raw materials and equipment and real property tax.

Infrastructure

Currently the Bahamas is undergoing a program to improve the infrastructure of the Islands. The plans include the development of public parks and green areas; improve major roadways, harbors, and water systems; upgrading the international airports; extensive electrification; redevelopment of Prince George Dock in Nassau, organize easy access to land and sea tours and providing a modern and dependable communications systems. As the world's 10th leading financial center, the Bahamas has a solid infrastructure in place. The Bahamian government has spent tens of millions of dollars on infrastructure improvements since the early 1990s, resulting in modern telecommunications and transportation networks, as well as medical facilities.

For high-tech businesses, The Bahamas offers redundant high-speed fiber optic links and broadband Internet (cable and DSL). The Bahamas boasts 3,500 kilometers of well-developed roads and highways. The islands also have 23 seaports, allowing for regular shipping connections to the Americas and Europe. Furthermore, the Bahamas has six major airports that are served by various international airlines, allowing direct flights to and from key destinations in Europe, North and South America and the Caribbean, with connections worldwide. Scheduled

domestic flights by the national airline, Bahamas air, link the island chain, while also providing scheduled service to Florida. Charter services are available to all parts of the archipelago. Finally, the Bahamas offers several hospitals and clinics.

Communications

BaTelCo (Bahamas Telecommunications Corporation) has a 100% digital switching system that accesses over 100 countries. BaTelCo also provides other services beyond phone service that include faxing, telex, cellular, private line services, satellite and radio leasing and an improved VHF-FM radio telephone service that allows contact to ships at sea.

Cost of Owning Real Estate

- Legal Fees – legal fees of 2.5% on the first \$500,000, 2.0% of the \$500,000, 1.0% of the next \$4,000,000 and 0.5% thereafter. It is the responsibility of both the buyer and seller.
- Stamp Duty – is a sales tax equally split between the buyer and seller with a graduated rate that varies between 2.0% and 10.0% depending on the value of the property. Stamp Duty on Property value over \$250,000 is 10.0%.
- Property Tax – this tax varies from 0.0% to 1.5% depending on the value of the property. Property value over \$100,000 has a tax rate of 1.5%
- Real Estate Commission – 6.0% for developed property and 10.0% for undeveloped property.

Banking and Finance

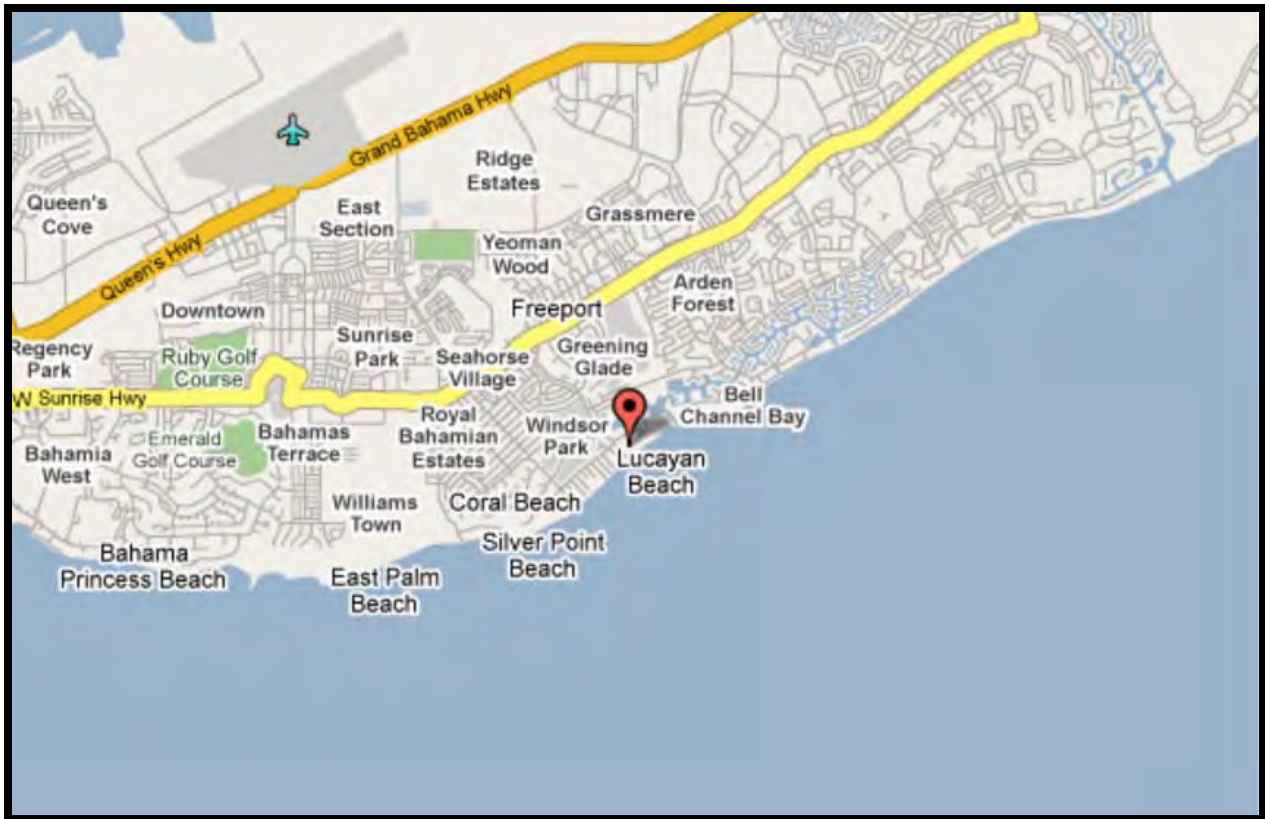
The financial sector is extremely open to foreigners. Financial services account for 15 percent of GDP and follow tourism as the second largest sector of the economy. The government remains involved in the financial sector through ownership of the Bahamas Mortgage Corporation and the Bahamas Development Bank, which primarily provides financing for commercial, industrial, and agricultural development projects. In an effort to secure its removal from the Organization for Economic Co-operation and Development's list of jurisdictions with a non-cooperative record on money laundering, the Bahamas passed a package of legislation to tighten controls on such activity. The new legislation imposes extra regulatory costs on the financial sector but does not constrain financial services. The U.S. Department of Commerce reports that 270 banks and trust companies were licensed as of September 2004, down from 415 in 1999. The contraction is a result of stricter regulation and supervision, intended to comply with

international Financial Action Task Force and OECD standards, that has led the government to suspend licenses for a large number of banks that could not show proof of an actual physical presence. The FATF, an intergovernmental body designed to combat money laundering and made up of 31 countries and territories, the European Commission, and the Gulf Cooperation Council, removed the Bahamas from its list of jurisdictions with a non-cooperative record on money laundering in June 2001. Currently, more than 400 banks from thirty-six different countries, including the United Kingdom, Switzerland, France, the United States, Canada, and Japan, are currently licensed to conduct business within or from the Bahamas.

Area Conclusion

The Bahamas' economy is expected to continue to perform at a healthy level over the forecast horizon as tourists and professionals continue to flock to the area in search of the highly-developed tourism industry and open financial sector.

NEIGHBORHOOD ANALYSIS



Location

The subject is located in an area typically referred to as the Port Lucaya area of the island. The area includes the Lucayan Beach, the subject hotels along with the Port Lucaya Marina and the Lucayan Shopping area. The Port Lucaya Marina is full-service, 106-berth marina complete with all the services and amenities you would expect from a world-class boating facility. Recognized as one of the most modern boating and sailing centers in the Caribbean, Port Lucaya Marina can accommodate vessels up to 190-feet in length and features a state-of-the-art, high speed fuel station. Additionally, boaters enjoy metered electric, free wireless internet, cable television, fresh water, a business center, meeting space, a concierge, laundries, and various other services. The adjoining marketplace features shops, restaurants, bars, entertainment and plenty of things to do day or night.

Neighborhood

The characteristics of the immediate neighborhood are summarized below.

NEIGHBORHOOD CHARACTERISTICS

| | | | | | | |
|----------|--------------------------|----------|-------------------------------------|----------|--------------------------|-----------|
| Location | <input type="checkbox"/> | Urban | <input checked="" type="checkbox"/> | Suburban | <input type="checkbox"/> | Rural |
| Built-Up | <input type="checkbox"/> | Over 75% | <input checked="" type="checkbox"/> | 25-75% | <input type="checkbox"/> | Under 25% |
| Growth | <input type="checkbox"/> | Rapid | <input checked="" type="checkbox"/> | Stable | <input type="checkbox"/> | Slow |

Source: CBRE

Land Use

Development within area includes an 18 Hole Golf Course, a marina, approximately four hotels, several restaurants and bars, single family homes, vacant land for future development and commercial services, such as a police office, post office, grocery store, car rental agency, a bank and a medical clinic.

The local land use patterns are summarized as follows.

NEIGHBORHOOD LAND USE

Present Land Use %

| | | | |
|-------------------------|-----|------------|-----|
| Single Unit Residential | 30% | Commercial | 50% |
| Multi-Housing | 15% | Other | 5% |

Source: CBRE

Conclusion

Based on the foregoing data, Grand Bahama competes effectively among most of the out-islands. However, Grand Bahama has a competitive disadvantage when compared to New Providence/Paradise Island. With significant capital expenditures and increased advertising, Grand Bahama is expected to gain market share when compared to the other Bahamian Islands.

HOTEL MARKET ANALYSIS

United States Overview

Optimism in the hospitality sector remains strong as positive RevPAR gains will sustain the industry's current cycle for the foreseeable future. The summer of 2014 has seen record months. According to Smith Travel Research, the month of July witnessed the most rooms ever sold, while August had the highest year-to-date room revenue on record. Deal volume in the US continues to improve and the momentum is expected to carry through the remainder of 2014. Furthermore, the economy continues to improve and the annualized gross domestic product grew at 4.2 percent and the overall unemployment rate is now below 6.0 percent (5.8 percent as of October 2014). Moreover, the price of gasoline has fallen to its lowest levels in nearly three years which will provide an additional shot in the arm as income that would otherwise be spent at the pump is expended elsewhere. Despite the positive circumstances, there is still broader reason for concern. The global economy is expanding unevenly and at a moderate rate. The new pipeline (hotels in construction, final planning, and planning stages) continues to increase across all major US markets and will pose new supply challenges starting this year and especially into 2015 and beyond. Geo-political issues, such as those in Russia/Ukraine and Iraq/Middle East are a constant concern. Health scares, specifically Ebola if widespread outbreaks start occurring across the US and other western nations, could crush airlift and subsequent demand for hotels. Despite these issues, the overall mood remains upbeat and there is still a significant amount of established and public hotel centric investment entities who are eager to find trophy assets in global markets.

As noted, the hotel investment activity for the early portion of 2014 has been strong. According to Real Capital Analytics (RCA), transaction volume has increased by 30 percent through the third quarter of 2014. A number of highlights as published by RCA, are indicated below:

Total sales volume through the 3rd Quarter was \$24.53 billion, with sales of full service properties comprising roughly two-thirds of the total.

While comprising only a third of the year-to-date total, limited service hotel transactions witnessed \$3.6 billion of transaction volume in the third quarter, an increase of 163 percent.

The total number of properties sold was 1,233, an increase of 13.0 percent through three quarters.

The acceleration of hotel deals will continue into the 4th Quarter, with up to \$7.8 billion in pending sales.

Average prices per unit have reached their highest levels since 2008.

Overall capitalization rates continue to trend downwards.

Investment Rates

The latest Real Estate Investor Surveys published by PWC (formerly Korpacz) for luxury, full service, limited service and extended stay properties are illustrated in the following table:

| HOTEL INVESTOR SURVEY | | | | | | |
|---|----------------|---------|------------------|---------|-------------------|---------|
| Type | Discount Rate | | Overall Cap Rate | | Terminal Cap Rate | |
| | Range | Average | Overall Cap Rate | Average | Range | Average |
| <i>PwC Survey: 3rd Qtr. 2014</i> | | | | | | |
| Luxury | 8.00% - 12.00% | 9.82% | 4.00% - 9.00% | 7.04% | 5.75% - 10.00% | 7.43% |
| Full Service | 9.00% - 13.00% | 10.71% | 6.00% - 11.00% | 7.81% | 6.50% - 11.00% | 8.29% |
| Limited Service | 9.00% - 12.00% | 10.70% | 8.00% - 10.00% | 9.00% | 8.00% - 11.00% | 9.55% |
| Select Service | 9.00% - 13.00% | 10.95% | 5.00% - 11.00% | 8.25% | 5.00% - 11.00% | 8.45% |
| Source: US Realty Consultants & PWC Real Estate Investment Survey | | | | | | |

The PwC survey indicates that discount rates for two of the four segments (full service and select service) remained stable, while the luxury segment decreased by 29 basis points and the limited service segment increased by 28 points.

Overall capitalization rates were mixed for the four segments. The full service segment saw an increase of 8 basis points while the limited service segment was stable. The luxury segment decreased by 20 basis points, while the select service segment increased by 15 basis points.

Historic Performance and Projections

Smith Travel Research (STR), widely regarded as the standard source for reliable information in the hospitality industry, continues to predict steady occupancy and ADR growth for 2014 and beyond. Below is a discussion and illustration of the latest historic and projected figures published by STR.

Occupancy, ADR and RevPAR

STR estimated 2013 occupancy finished at 62.3 percent, an increase of 1.5 percent over 2012. ADR finished at \$110.35, an increase of 3.5 percent. RevPAR finished at \$68.69, an increase of

5.4 percent. For 2014, occupancy is anticipated to increase to 63.8 percent while ADR will increase to roughly \$115. Subsequent RevPAR will increase by 6.9 percent in 2014. In 2015, RevPAR growth is projected to increase by 5.2 percent.

Below is a chart illustrating projected figures for 2014 and 2015 as indicated by STR and Tourism Economics:

| U.S. Outlook | | |
|--------------|---------------|---------------|
| | 2014 Forecast | 2015 Forecast |
| Supply | 1.0% | 1.3% |
| Demand | 3.6% | 2.1% |
| Occupancy | 2.6% | 0.7% |
| ADR | 4.2% | 4.4% |
| RevPAR | 6.9% | 5.2% |

New Supply

According to STR, there are 3,291 proposed hotels totaling 395,078 rooms. The figure represents a 14.3 percent increase in the total number of proposed hotels. This figure includes those projects in active construction, final planning, and planning stages, but does not include projects in the unconfirmed stage.

Conclusion

The economic fundamentals of the U.S. hotel industry continue to remain strong. Smith Travel Research continues to revise its forecast upwards, with strong gains projected for 2014 and 2015. Overall transaction activity has remained strong through the first three quarters of 2014,

and the robust activity is expected to continue through the remainder of the year. There have been many high quality hotel assets in top performing U.S. cities that have transacted and attracted enormous interest from a myriad of national and overseas investors. Geo-political issues such as those in the Middle East could have far-reaching consequences in the U.S. if the situations escalate while the Ebola scare continues to be concern. New hotel supply will also start to enter the marketplace and will present supply challenges. Despite these negative influences, however, the overall mood among hotel investors remains upbeat and the trend is anticipated to continue through 2015.

Bahamian Tourism Overview

Tourism

The data tables below provide the tourism levels to the two major islands as well as the twelve most frequented out-islands.

THE BAHAMAS MINISTRY OF TOURISM

DECEMBER 2013 PRELIMINARY

FOREIGN ARRIVALS BY FIRST PORT OF ENTRY

| | December Only | | | Year to Date | | |
|-----------------------|----------------|----------------|--------------|------------------|------------------|-------------|
| | DEC '13 | DEC '12 | % CHG | YTD DEC '13 | YTD DEC '12 | % CHG |
| NEW PROVIDENCE | | | | | | |
| Air | 87,078 | 84,572 | 3.0 | 987,584 | 1,052,275 | -6.1 |
| Sea | 278,658 | 259,102 | 7.5 | 2,506,046 | 2,232,760 | 12.2 |
| Total | 365,736 | 343,674 | 6.4 | 3,493,630 | 3,285,035 | 6.3 |
| GRAND BAHAMA | | | | | | |
| Air | 8,699 | 10,392 | -16.3 | 89,475 | 106,685 | -16.1 |
| Sea | 52,179 | 58,959 | -11.5 | 688,325 | 732,805 | -6.1 |
| Total | 60,878 | 69,351 | -12.2 | 777,800 | 839,490 | -7.3 |
| FAMILY ISLANDS | | | | | | |
| Air | 19,023 | 17,645 | 7.8 | 203,677 | 198,471 | 2.6 |
| Sea | 216,603 | 190,902 | 13.5 | 1,675,677 | 1,617,174 | 3.6 |
| Total | 235,626 | 208,547 | 13.0 | 1,879,354 | 1,815,645 | 3.5 |
| THE BAHAMAS | | | | | | |
| Air | 114,800 | 112,609 | 1.9 | 1,280,736 | 1,357,431 | -5.7 |
| Sea | 547,440 | 508,963 | 7.6 | 4,870,048 | 4,582,739 | 6.3 |
| Total | 662,240 | 621,572 | 6.5 | 6,150,784 | 5,940,170 | 3.5 |

These statistics provided by the Immigration Department are a manual immigration card count of all foreign visitors and transit arrivals to The Bahamas excluding ship crews, diplomatic personnel and returning residents. They take no account of multiple entries made by the same visitors at different ports in The Bahamas and do not necessarily indicate the place of stay of visitors.

The Bahamas Ministry of Tourism, reports that in 2013, arrivals on New Providence Island accounted for 57% of all tourist arrivals in the Bahamas. The Department also reports that the out-islands, (Family Islands) account for 31% of all tourist arrivals in the Bahamas in 2013. Finally, tourism, as measured by non-resident arrivals was up 3.5% from 2012 to 2013 for both the Bahamas and the out-islands. Grand Bahama, however shows a decline of approximately 7.3%. It should be noted that this was prior to the re-opening of the Reef Hotel and the increase in airlift provided by Blue Diamond Grand Bahama, Ltd., which did not occur until February of 2014. Unfortunately, the data shown is the most recent available.

SUBJECT LODGING MARKET SUPPLY CHARACTERISTICS

Hotel development in the area consists of a variety of full- and limited-service hotels generally located along the major thoroughfares in the area.

Summary of Competitive Properties

The following table provides a summary of the subject's competitive hotel set. These comparables were based on location, market orientation and amenities offered.

| PRIMARY COMPETITIVE HOTELS | | | | | | | | | | | |
|--|-----------------|------------------------|---------------|----------------------------------|----------|-------------------|----------------------|-----------------------|----------|-------------|----------|
| Property | Number of Rooms | Percentage Competitive | Year Built | 12 Months Ended October 31, 2014 | | | | | | | |
| | | | | Percent of Occ. | Yr. Open | Total Room Nights | Occupied Room Nights | Occupancy Penetration | ADR | Penetration | RevPAR |
| Grand Lucayan Beach and Golf Resort | 542 | 100% | 1963 and 2000 | 57% | 100% | 197,830 | 112,170 | 91% | \$110.54 | 82% | \$62.67 |
| Melia Nassau Beach | 694 | 100% | 1983 | 70% | 100% | 253,310 | 177,317 | 112% | \$145 | 108% | \$101.50 |
| Wyndham Resort Nassau & Crystal Palace | 559 | 100% | 1988 | 50% | 50% | 101,201 | 50,325 | 80% | \$120 | 89% | \$59.67 |
| Comfort Suites Paradise Island | 223 | 100% | 1991 | 65% | 100% | 81,395 | 52,907 | 104% | \$135 | 100% | \$87.63 |
| Hilton British Colonial | 288 | 100% | 1999 | 65% | 100% | 105,120 | 68,328 | 104% | \$155 | 115% | \$100.75 |
| Primary Totals/Averages | 2,306 | | | 62% | 88% | 738,856 | 461,046 | | \$134.20 | | \$83.74 |

| PRIMARY COMPETITION | | | | | | | | | | | |
|--|---------------------------|-----------------|---------|-------|----------------------|--------|---------|------------|--------|------|---------------------|
| Property | Estimated 2014 Market Mix | | | | Occupied Room Nights | | | | | | |
| | Commercial | Meeting & Group | Leisure | Total | Commercial | Group | Leisure | Restaurant | Lounge | Pool | Exercise Facilities |
| Grand Lucayan Beach and Golf Resort | 5% | 15% | 80% | 100% | 5,608 | 16,825 | 89,736 | Y | Y | Y | Y |
| Melia Nassau Beach | 5% | 15% | 80% | 100% | 8,866 | 26,598 | 141,854 | Y | Y | Y | Y |
| Wyndham Resort Nassau & Crystal Palace | 5% | 15% | 80% | 100% | 2,516 | 7,549 | 40,260 | Y | Y | Y | Y |
| Comfort Suites Paradise Island | 5% | 5% | 90% | 100% | 2,645 | 2,645 | 47,616 | Y | Y | Y | Y |
| Hilton British Colonial | 5% | 15% | 80% | 100% | 3,416 | 10,249 | 54,662 | Y | Y | Y | Y |
| Primary Totals/Averages | 5% | 14% | 81% | 100% | 23,052 | 63,866 | 374,128 | | | | |

Compiled by CBRE

NEW SUPPLY

To the best of our knowledge there is no new supply planned in the subject's market that will be directly competitive with the subject. The portion of the property that is being leased to another operator will be leased out to an all-inclusive operator who primarily operates in Cuba, Dominican Republic and draws much of its guests from wholesalers who operate in South America and Canada. Additionally, the properties being built on Cable Beach in Nassau are generally thought to be much higher end that will compete with Atlantis primarily. The recent closing of the Wyndham Resort Nassau will likely actually decrease supply in the subject

competitive set. The impact of this closure is that occupancies are likely to rise more significantly even with only a modest projected increase in demand.

The following chart shows the market rent conclusions for the subject:

MARKET OCCUPANCY CONCLUSIONS

The following chart shows the market occupancy conclusions for the subject's competitive set:

| PROJECTED BASE DEMAND, ANNUAL GROWTH, AND MARKET-WIDE OCCUPANCY | | | | | | | | | | | |
|---|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Segment | Base Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Commercial | | | | | | | | | | | |
| Annual Growth | | 1.0% | 1.0% | 1.0% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |
| Base Demand | 63 | 64 | 64 | 65 | 65 | 66 | 66 | 66 | 67 | 67 | 67 |
| Annual Room Nights | 23,052 | 23,283 | 23,516 | 23,751 | 23,870 | 23,989 | 24,109 | 24,229 | 24,351 | 24,472 | 24,595 |
| Displaced Demand | 0.0% | - | - | - | - | - | - | - | - | - | - |
| Induced Demand | | - | - | - | - | - | - | - | - | - | - |
| Total Segment Demand | 23,052 | 23,283 | 23,516 | 23,751 | 23,870 | 23,989 | 24,109 | 24,229 | 24,351 | 24,472 | 24,595 |
| Meeting & Group | | | | | | | | | | | |
| Annual Growth | | 1.0% | 1.0% | 1.0% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |
| Base Demand | 175 | 177 | 178 | 180 | 181 | 182 | 183 | 184 | 185 | 186 | 187 |
| Annual Room Nights | 63,866 | 64,505 | 65,150 | 65,801 | 66,130 | 66,461 | 66,793 | 67,127 | 67,463 | 67,800 | 68,139 |
| Displaced Demand | 0.0% | - | - | - | - | - | - | - | - | - | - |
| Induced Demand | | - | - | - | - | - | - | - | - | - | - |
| Total Segment Demand | 63,866 | 64,505 | 65,150 | 65,801 | 66,130 | 66,461 | 66,793 | 67,127 | 67,463 | 67,800 | 68,139 |
| Leisure | | | | | | | | | | | |
| Annual Growth | | 1.0% | 1.0% | 1.0% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |
| Base Demand | 1,025 | 1,035 | 1,046 | 1,056 | 1,061 | 1,067 | 1,072 | 1,077 | 1,083 | 1,088 | 1,094 |
| Annual Room Nights | 374,128 | 377,869 | 381,648 | 385,464 | 387,392 | 389,328 | 391,275 | 393,232 | 395,198 | 397,174 | 399,160 |
| Displaced Demand | 0.0% | - | - | - | - | - | - | - | - | - | - |
| Induced Demand | | - | - | - | - | - | - | - | - | - | - |
| Total Segment Demand | 374,128 | 377,869 | 381,648 | 385,464 | 387,392 | 389,328 | 391,275 | 393,232 | 395,198 | 397,174 | 399,160 |
| Totals | | | | | | | | | | | |
| Commercial | 23,052 | 23,283 | 23,516 | 23,751 | 23,870 | 23,989 | 24,109 | 24,229 | 24,351 | 24,472 | 24,595 |
| Meeting & Group | 63,866 | 64,505 | 65,150 | 65,801 | 66,130 | 66,461 | 66,793 | 67,127 | 67,463 | 67,800 | 68,139 |
| Leisure | 374,128 | 377,869 | 381,648 | 385,464 | 387,392 | 389,328 | 391,275 | 393,232 | 395,198 | 397,174 | 399,160 |
| Total Market Demand | 461,046 | 465,657 | 470,314 | 475,016 | 477,392 | 479,778 | 482,177 | 484,588 | 487,012 | 489,446 | 491,894 |
| % Change | | 1.0% | 1.0% | 1.0% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% |
| Market Statistics | | | | | | | | | | | |
| Existing Rooms Supply | 2,306 | 2,306 | 2,306 | 2,306 | 2,306 | 2,306 | 2,306 | 2,306 | 2,306 | 2,306 | 2,306 |
| Proposed Rooms Supply | (282) | (559) | (559) | (559) | (559) | (559) | (559) | (559) | (559) | (559) | (559) |
| Total Available Room Nights | 738,856 | 637,655 | 637,655 | 637,655 | 637,655 | 637,655 | 637,655 | 637,655 | 637,655 | 637,655 | 637,655 |
| Market-wide Occupancy | 62.4% | 73.0% | 73.8% | 74.5% | 74.9% | 75.2% | 75.6% | 76.0% | 76.4% | 76.8% | 77.1% |

Source: CBRE

SUBJECT'S HISTORICAL ADR AND OCCUPANCY

The following chart shows the subject's historical ADR and Occupancy:

| SUBJECT'S HISTORIC OPERATING PERFORMANCE | | | | | | |
|---|-----------|-------------|----------|-------------|---------|-------------|
| Period | Occupancy | % Change | ADR | % Change | RevPAR | % Change |
| TTM 10/31/12 | 53.8% | ---- | \$118.16 | -- | \$63.59 | --- |
| TTM 10/31/13 | 45.9% | -14.7% | \$118.24 | 0.1% | \$54.24 | -14.7% |
| TTM 10/31/14 | 56.7% | 23.5% | \$110.54 | -6.5% | \$62.76 | 15.7% |
| CAG | | 2.7% | | -3.3% | | -0.7% |
| Source: CBRE/Property Management & STR Report | | | | | | |

As indicated in the previous chart, Occupancy and ADR at the subject property are considered near the bottom of the competitive set. The subject's RevPAR appears to be slightly lower, however, it should be noted that more of the rooms within the subject building opened prior to the three year period shown. As such, we have estimated that the subject should be able to achieve occupancy and ADR much closer to that of the rest of the competitive set within the next few years. This estimate takes into account the greater awareness of Grand Bahama due to the increased airlift and visitation from the guests of Blue Diamond Grand Bahama, Ltd. and the new high-speed ferries that are connecting to South Florida. Additionally, the recent renovations of much of the subject property should also help the property to achieve higher occupancy and ADR levels than historical levels.

The following chart shows the subject's historical and projected penetration rate:

| PROJECTED SUBJECT PENETRATION SCHEDULE | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Calendar Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| SUBJECT PROPERTY FAIR SHARE | | | | | | | | | |
| Market Room Supply | 2,024 | 1,747 | 1,747 | 1,747 | 1,747 | 1,747 | 1,747 | 1,747 | 1,747 |
| Subject Avg. Room Count | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 |
| Fair Share | 26.8% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% |
| ROOM NIGHTS CAPTURED BY SUBJECT | | | | | | | | | |
| Commercial | | | | | | | | | |
| Fair Share | 26.8% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% |
| Penetration Factor | 90.9% | 91.0% | 91.0% | 91.0% | 91.0% | 91.0% | 91.0% | 91.0% | 91.0% |
| Market Share | 24.3% | 28.2% | 28.2% | 28.2% | 28.2% | 28.2% | 28.2% | 28.2% | 28.2% |
| Demand | 23,052 | 23,283 | 23,516 | 23,751 | 23,870 | 23,989 | 24,109 | 24,229 | 24,351 |
| Market Share | 24.3% | 28.2% | 28.2% | 28.2% | 28.2% | 28.2% | 28.2% | 28.2% | 28.2% |
| Capture | 5,608 | 6,573 | 6,639 | 6,705 | 6,739 | 6,773 | 6,807 | 6,840 | 6,875 |
| Meeting & Group | | | | | | | | | |
| Fair Share | 26.8% | 25.0% | 28.0% | 30.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% |
| Penetration Factor | 98.4% | 98.0% | 98.0% | 98.0% | 98.0% | 98.0% | 98.0% | 98.0% | 98.0% |
| Market Share | 26.3% | 24.5% | 27.4% | 29.4% | 30.4% | 30.4% | 30.4% | 30.4% | 30.4% |
| Demand | 63,866 | 64,505 | 65,150 | 65,801 | 66,130 | 66,461 | 66,793 | 67,127 | 67,463 |
| Market Share | 26.3% | 24.5% | 27.4% | 29.4% | 30.4% | 30.4% | 30.4% | 30.4% | 30.4% |
| Capture | 16,825 | 15,804 | 17,877 | 19,345 | 20,106 | 20,207 | 20,308 | 20,409 | 20,512 |
| Leisure | | | | | | | | | |
| Fair Share | 26.8% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% | 31.0% |
| Penetration Factor | 89.6% | 89.0% | 89.0% | 89.0% | 89.0% | 89.0% | 89.0% | 89.0% | 89.0% |
| Market Share | 24.0% | 27.6% | 27.6% | 27.6% | 27.6% | 27.6% | 27.6% | 27.6% | 27.6% |
| Demand | 374,128 | 377,869 | 381,648 | 385,464 | 387,392 | 389,328 | 391,275 | 393,232 | 395,198 |
| Market Share | 24.0% | 27.6% | 27.6% | 27.6% | 27.6% | 27.6% | 27.6% | 27.6% | 27.6% |
| Capture | 89,736 | 104,337 | 105,380 | 106,434 | 106,966 | 107,501 | 108,038 | 108,579 | 109,122 |
| Total Capture | 112,170 | 126,714 | 129,897 | 132,485 | 133,812 | 134,480 | 135,153 | 135,829 | 136,508 |
| Compiled by CBRE | | | | | | | | | |

The following chart shows the projected occupancy of the subject during the next few years:

| SUBJECT PROPERTY ESTIMATED OCCUPANCY | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------|
| Calendar Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Room Nights Captured | 112,170 | 126,714 | 129,897 | 132,485 | 133,812 | 134,480 | 135,153 | 135,829 | 136,508 |
| Available Room Nights | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 |
| Occupancy | 56.7% | 64.1% | 65.7% | 67.0% | 67.6% | 68.0% | 68.3% | 68.7% | 69.0% |
| Rounded Occupancy | 57% | 64% | 66% | 67% | 68% | 68% | 68% | 69% | 69% |
| Overall Market Share | 24.3% | 27.2% | 27.6% | 27.9% | 28.0% | 28.0% | 28.0% | 28.0% | 28.0% |
| Overall Penetration | 90.9% | 87.7% | 89.0% | 89.9% | 90.3% | 90.3% | 90.3% | 90.3% | 90.3% |
| Adjustment to Fiscal Year Ending 2/27/ | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | |
| First Year % | 100.0% | 83.8% | 83.8% | 83.8% | 83.8% | 83.8% | 83.8% | 83.8% | |
| Second Year % | 0.0% | 16.2% | 16.2% | 16.2% | 16.2% | 16.2% | 16.2% | 16.2% | |
| Adjusted Room Nights Accommodated | 112,170 | 127,228 | 130,315 | 132,699 | 133,920 | 134,589 | 135,262 | 135,938 | |
| Occupancy | 56.7% | 64.3% | 65.9% | 67.1% | 67.7% | 68.0% | 68.4% | 68.7% | |
| Rounded Occupancy | 57% | 64% | 66% | 67% | 68% | 68% | 68% | 69% | |
| Overall Market Occupancy | 62.4% | 73.1% | 73.9% | 74.6% | 74.9% | 75.3% | 75.7% | 76.1% | |
| Overall Market Share | 24.3% | 27.3% | 27.7% | 27.9% | 28.0% | 28.0% | 28.0% | 28.0% | |
| Overall Penetration | 90.9% | 87.9% | 89.2% | 90.0% | 90.3% | 90.3% | 90.3% | 90.3% | |
| Captured Room Nights (Based on Rounded Occ.) | 112,763 | 126,611 | 130,568 | 132,546 | 134,524 | 134,524 | 134,524 | 136,503 | |
| Compiled by CBRE | | | | | | | | | |

The following charts show the subject's historical and projected ADR growth for the next few years:

COMPETITIVE ADR AND REVPAR

| Property | 2015 ADR | 2015 RevPAR |
|---|-------------|----------------|
| Subject (Grand Lucayan Beach and Golf Resort) | \$110.54 | \$62.67 |
| Melia Nassau Beach | \$145 | \$101.50 |
| Wyndham Resort Nassau & Crystal Palace | \$120 | \$59.67 |
| Comfort Suites Paradise Island | \$135 | \$87.63 |
| Hilton British Colonial | \$155 | \$100.75 |
| Market Weighted Average | \$134.20 | \$83.74 |
| Subject's Positioned ADR: | \$110.54 | |
| Source: CBRE | | |

SUBJECT'S ESTIMATED ADR

| 12 Months Ending | ADR Growth | Estimated ADR |
|---------------------|---------------|------------------|
| 10/31/2014 | -- | \$110.54 |
| 2/27/2015 * | 1.0% | \$111.65 |
| 2/27/2016 | 5.5% | \$117.79 |
| 2/27/2017 | 6.5% | \$125.44 |
| 2/27/2018 | 7.0% | \$134.22 |
| 2/27/2019 | 3.0% | \$138.25 |
| 2/27/2020 | 3.0% | \$142.40 |
| 2/27/2021 | 3.0% | \$146.67 |
| 2/27/2022 | 3.0% | \$151.07 |

* Inflationary adjustment of 1.0% from 10/31/14 through 2/27/15 (projection start date).

Source: CBRE

SUBJECT ESTIMATED OCCUPANCY AND ADR

The following chart shows our estimate of occupancy and ADR.

OCCUPANCY, ADR, & ROOMS REVENUE CONCLUSIONS

| Fiscal Year Ending 2/27/ | 2016 | 2017 | 2018 |
|--------------------------|--------------|--------------|--------------|
| Avg. Available Rooms | 542 | 542 | 542 |
| Annual Room Nights | 197,830 | 197,830 | 197,830 |
| Occupancy | 66% | 67% | 68% |
| Occupied Rooms | 130,568 | 132,546 | 134,524 |
| ADR | \$117.79 | \$125.44 | \$134.22 |
| RevPAR | \$77.74 | \$84.05 | \$91.27 |
| Total Rooms Revenue | \$15,379,045 | \$16,626,845 | \$18,056,258 |

Source: CBRE

SITE ANALYSIS



The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY AND ANALYSIS

Physical Description

| | | <u>Square Feet</u> | <u>Square Metres</u> |
|---|--|--------------------|----------------------|
| Gross Resort Site Area (Including Golf Courses) | 405.0 Acres | 17,641,800 | 1,638,978 |
| Total Hotel Site Area | 54.3 Acres | 2,365,308 | 219,744 |
| Grand Lucayan Site Area | 30.4 Acres | 1,324,224 | 123,025 |
| Reef Hotel Site Area | 21.7 Acres | 945,252 | 87,817 |
| Laundry Building | 2.2 Acres | 95,832 | 8,903 |
| Golf Course Site Area | 350.7 Acres | 15,276,492 | 1,419,234 |
| Primary Road Frontage | Sea Horse Lane | | |
| Additional Frontage | Atlantic Ocean | | |
| Excess Land Area | None | | |
| Shape | Irregular | | |
| Topography | Generally Level at Grade | | |
| Zoning District | Tourist | | |
| Flood Map Panel No. | No Flood Zones in Bahamas | | |
| Flood Zone | No Flood Zones in Bahamas | | |
| Adjacent Land Uses | Hotels, Retail, Restaurant and Residential | | |

Comparative Analysis**Rating**

| | |
|-----------------------|------------------|
| Access | Good |
| Visibility | Good |
| Functional Utility | Average |
| Traffic Volume | Average |
| Adequacy of Utilities | Average |
| Landscaping | Good |
| Drainage | Assumed adequate |

Utilities**Adequacy**

| | | |
|--------------|-----------------------------------|-----|
| Water | Grand Bahama Utility Company | Yes |
| Sewer | Grand Bahama Utility Company | Yes |
| Natural Gas | None | N/A |
| Electricity | Grand Bahama Power Company (GBPC) | Yes |
| Telephone | Bahama Telephone Company (BTC) | Yes |
| Mass Transit | None | N/A |

Other**No****Unknown**

| | |
|---------------------------|---|
| Detrimental Easements | X |
| Encroachments | X |
| Deed Restrictions | X |
| Reciprocal Parking Rights | X |
| Common Ingress/Egress | X |

COVENANTS, CONDITIONS AND RESTRICTIONS

There are no known covenants, conditions and restrictions impacting the site that are considered to affect the marketability or highest and best use, other than zoning restrictions.

ENVIRONMENTAL ISSUES

CBRE has not observed, yet is not qualified to detect, the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may have an effect on the value of the property. For this appraisal, CBRE has specifically assumed that any hazardous materials and/or

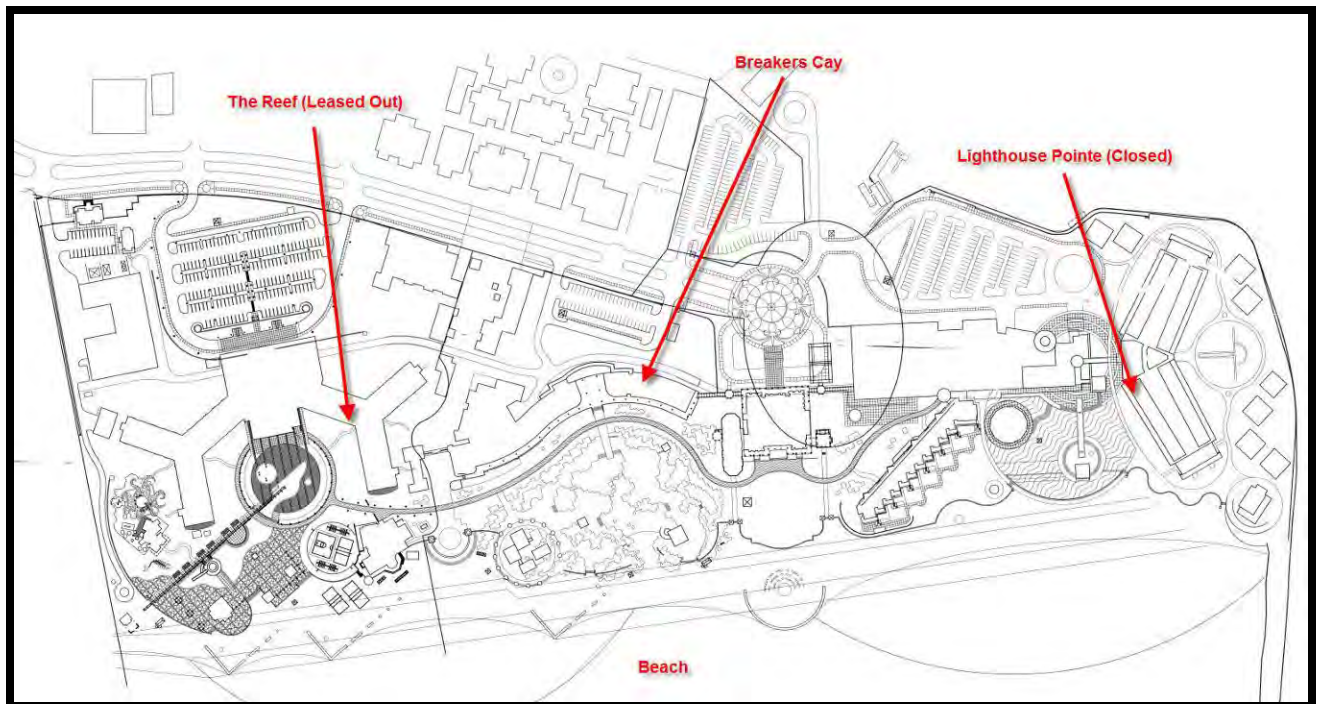
underground storage tanks that may be present on or near the property do not affect the property.

CONCLUSION

The site is well located and afforded average access and good visibility from roadway frontage. The size of the site is typical for the area and use, and there are no known detrimental uses in the immediate vicinity. The street frontage along Seahorse Lane and the beach frontage along the Atlantic Ocean is considered to provide a very positive value attribute. Overall, there are no known factors which are considered to prevent the site from development to its highest and best use, as if vacant, or adverse to the existing use of the site.

IMPROVEMENTS ANALYSIS

The quality of a lodging facility's physical building and site improvements (as well as any other amenities) has a direct influence on its marketability and operating success. Design and functionality can also affect the operations and profitability. The subject's physical building, site improvements, and personal property (FF&E) are analyzed and presented below.



IMPROVEMENT SUMMARY AND ANALYSIS

| | |
|----------------------------------|---|
| Number of Buildings | 7 |
| Number of Stories | 1 to 10 |
| Gross Building Area (SF / Sq M.) | 1,027,494 SF 95,457 Sq M. |
| Number of Guest Rooms | 1,271 Total with 542 operated as Grand Lucayan and 522 leased out to Blue Diamond Grand Bahama Ltd. The remaining 207 rooms are not currently operating |
| Functional Utility | Typical |
| Meeting/Banquet Rooms | Yes |
| Site Amenities | 3 pools, multiple restaurants and bars, beach, casino, spa, golf course and convention center |
| Golf Course | 36 total with 18 holes currently operating (designed by Robert Trent Jones Jr. and 18 currently closed (designed by Dick Wilson) and overgrown. |
| Parking Type | Surface level parking |
| Number of Parking Spaces | 500 |

| Building | Square Feet | Square Metres | Year Built | % of Total |
|---------------------------|--------------------|----------------------|-------------------|-------------------|
| Reef Village | 275,270 | 25,573 | 1963 | 26.8% |
| Breakers Cay | 330,214 | 30,678 | 2000 | 32.1% |
| Lighthouse Pointe | 220,018 | 20,440 | 1965 | 21.4% |
| Manor House | 40,862 | 3,796 | 2000 | 4.0% |
| Central Services Building | 26,710 | 2,481 | 2000 | 2.6% |
| Laundry Building | 19,300 | 1,793 | 2000 | 1.9% |
| Casino Building | 115,120 | 10,695 | 2000 | 11.2% |
| Total | 1,027,494 | 95,457 | | 100.0% |

Source: Various sources compiled by CBRE

QUALITY AND STRUCTURAL CONDITION

The Property appears to be in good condition after recent renovations. CBRE did not observe any evidence of structural fatigue, and the improvements appear structurally sound for occupancy. It should be noted that CBRE is not qualified to determine structural integrity.

FUNCTIONAL UTILITY

The current design characteristics of the subject appear to meet modern standards. All of the floor plans are considered to feature functional layouts and the overall layout of the property is considered functional in utility. The unit mix appears functional and no conversion is warranted.

ENVIRONMENTAL ISSUES

CBRE has not observed, yet is not qualified to detect, the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation or other potentially hazardous construction materials on or in the improvements. The existence of such substances may have an effect on the value of the property. For the purpose of this assignment, we have specifically assumed that the subject is not affected by any hazardous materials which would cause a loss in value.

DEFERRED MAINTENANCE

No deferred maintenance is expected due to the recently renovated condition of the subject property.

ECONOMIC AGE AND LIFE

Since the subject was built over several years, CBRE's estimate of the subject improvements effective age and remaining economic life takes into account blended age of the subject properties and their respective condition. This estimate is shown in the following table.

| ECONOMIC AGE AND LIFE | |
|---|----------|
| Actual Age | 52 Years |
| Effective Age | 15 Years |
| MVS Expected Life | 45 Years |
| Remaining Economic Life | 30 Years |
| Accrued Physical Incurable Depreciation | 33.3% |
| Compiled by CBRE | |

The overall life expectancy is based upon our on-site observations and a comparative analysis of typical life expectancies reported for buildings of similar construction as published by Marshall and Swift, LLC, in the *Marshall Valuation Service* cost guide. While CBRE did not observe anything to suggest a different economic life, a capital improvement program could extend the life expectancy.

LEASE DETAILS

The revenues that are derived from the subject's ancillary operations which include a lease of approximately 522 units to Blue Diamond Grand Bahama Ltd., a leased out casino and various retail shops that are also leased out. Most of these leased out areas are subject to a 3.0% increase per year. In some cases, the rent can be variable based upon a percentage of revenue.

Details of all of the leases were not provided to CBRE, Inc. These income items have been expressed on a net of any expenses basis in all of our projections.

OWNERSHIP RIGHTS

The owner of the subject has leased out one of the hotel buildings to another party (Blue Diamond Grand Bahama Ltd.) as noted previously in the report. This results in the subject's freehold ownership converting to one of a leased fee ownership (subject to the aforementioned lease). The subject is not currently listed for sale to the knowledge of the appraisers. No information indicating clarity or defect of title was provided by the client. As such, we can neither confirm nor deny any defect on title.

CONCLUSION

The improvements are considered to be in good overall condition and are considered to be typical for the age and location in regard to improvement design and layout, as well as interior and exterior amenities. Overall, there are no known factors that could be considered to adversely impact the marketability of the improvements.

HIGHEST AND BEST USE

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must be met are:

- * legal permissibility;
- * physical possibility;
- * financial feasibility; and
- * maximum profitability.

The highest and best use analysis of the subject is discussed on the following pages. This analysis incorporates the information presented in the Market Analysis section, as well as any unique characteristics of the subject described previously.

AS VACANT

The property is zoned for tourist use and is of sufficient size to accommodate various types of tourist development. The immediate area includes various tourism related land uses. Considering the surrounding land uses, location attributes, legal restrictions and other factors, it is our opinion that a tourism related resort oriented use would be reasonable and appropriate. Therefore, it is our opinion that the highest and best use would be for tourism-related use, time and circumstances warranting.

AS IMPROVED

As improved, the subject involves a beach and golf resort facility. The current use is legally permissible and physically possible. The improvements continue to contribute value to the property and based on our analysis, the existing use is financially feasible. Therefore, it is our opinion that the highest and best use of the subject, as improved, is for continued resort use.

APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

COST APPROACH

The cost approach is based upon the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with a relatively unique or specialized property type for which there exist few sales or leases of comparable properties.

SALES COMPARISON APPROACH

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per room, price per suite, or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons. Typically, the sales comparison approach is used to bracket the indication provided by the income capitalization approach.

INCOME CAPITALIZATION APPROACH

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are discounted cash flow (DCF) analysis and direct capitalization.

METHODOLOGY APPLICABLE TO THE SUBJECT

In valuing the subject, only the sales comparison and income capitalization approaches are applicable and have been used. The cost approach is not applicable in the estimation of market

value due to the fact that the subject was built over a long period of time and is on average more than 15 years in age. Additionally, the property has been renovated several times throughout the years rendering estimates of depreciation even more highly speculative. Additionally, and more importantly, buyers of hotels such as the subject do not typically consider the cost approach in a potential acquisition.

SALES COMPARISON APPROACH

The following map and table summarize the comparable data used in the valuation of the subject.



| SUMMARY OF COMPARABLE HOTEL SALES | | | | | | | | | | |
|--|--|------------------|--------|---------------|-----------|--|----------------------------------|-----------------------------|-----------------------|-----|
| No. | Name | Transaction Type | Date | Year Built | No. Rooms | Actual Sale Price | Adjusted Sale Price ¹ | Price Per Room ¹ | Gross Rev. Multiplier | OAR |
| 1 | San Juan Marriott Resort and Stellaris Casino, San Juan, Puerto Rico | Sale | Mar-11 | 1964 | 525 | \$133,000,000 | \$133,000,000 | \$253,333 | N/A | N/A |
| 2 | Breezes Runaway Bay, Runaway Bay, Jamaica | Sale | Apr-12 | 1960 | 266 | \$24,800,000 | \$24,800,000 | \$93,233 | N/A | N/A |
| 3 | ME by Melia Cancun, Cancun , Mexico | Sale | Jul-12 | 1999 | 417 | \$77,488,380 | \$77,488,380 | \$185,823 | N/A | N/A |
| 4 | Renaissance La Concha San Juan Resort, San Juan, Puerto Rico | Sale | Mar-14 | 1958 | 483 | \$205,000,000 | \$184,660,000 | \$382,319 | N/A | N/A |
| Subject | Grand Lucayan Beach and Golf Resort, Freeport, Grand Bahama Island | --- | --- | 1963 and 2000 | 542 | --- | --- | --- | --- | --- |
| ¹ Transaction amount adjusted for cash equivalency and/or deferred maintenance (where applicable) | | | | | | Subject is effectively operating as a 542 unit hotel | | | | |
| Compiled by CBRE | | | | | | | | | | |

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

HOTEL SALES ADJUSTMENT GRID

| Comparable Number | 1 | 2 | 3 | 4 | Subject |
|----------------------------------|------------------|------------------|------------------|------------------|---------------|
| Transaction Type | Sale | Sale | Sale | Sale | --- |
| Transaction Date | Mar-11 | Apr-12 | Jul-12 | Mar-14 | --- |
| Year Built | 1964 | 1960 | 1999 | 1958 | 1963 and 2000 |
| No. Rooms | 525 | 266 | 417 | 483 | 542 |
| Actual Sale Price | \$133,000,000 | \$24,800,000 | \$77,488,380 | \$205,000,000 | --- |
| Adjusted Sale Price ¹ | \$133,000,000 | \$24,800,000 | \$77,488,380 | \$184,660,000 | --- |
| Price Per Room ¹ | \$253,333 | \$93,233 | \$185,823 | \$382,319 | --- |
| Occupancy | N/A | N/A | #N/A | N/A | 68% |
| NOI Per Room | N/A | N/A | 0% | \$0 | #NAME? |
| Gross Revenue | \$0 | \$0 | N/A | \$0 | \$46,455,061 |
| Gross Rev. Multiplier | N/A | N/A | N/A | #DIV/0! | --- |
| OER | N/A | N/A | N/A | 100.0% | --- |
| OAR | N/A | N/A | 0.00% | 0.00% | --- |
| Adj. Price Per Room | \$253,333 | \$93,233 | \$185,823 | \$382,319 | |
| Property Rights Conveyed | 0% | 0% | 0% | 0% | |
| Financing Terms ¹ | 0% | 0% | 0% | 0% | |
| Conditions of Sale | 0% | 0% | 0% | 0% | |
| Market Conditions (Time) | 10% | 5% | 5% | 0% | |
| Subtotal | \$278,666 | \$97,895 | \$195,114 | \$382,319 | |
| Location | -30% | 0% | 0% | -30% | |
| Age/Condition | -20% | 20% | -20% | -20% | |
| Quality of Construction | 0% | 0% | 0% | 0% | |
| Property Size | -10% | -15% | -10% | -10% | |
| Amenities | 0% | 20% | 0% | 0% | |
| Economic Factors | 0% | 0% | 0% | 0% | |
| Total Other Adjustments | -60% | 25% | -30% | -60% | |
| Indicated Value Per Room | \$111,467 | \$122,368 | \$136,580 | \$152,928 | |

¹ Transaction amount adjusted for cash equivalency and/or deferred maintenance (where applicable)

Compiled by CBRE

The sales utilized were chosen based upon their location in the Caribbean, their sold or listed status along with physical and operational properties of the comparable sales. The adjustments made to the comparable sales were based upon differences in property rights conveyed, financing, conditions of sale, market conditions, location, condition, size and operational characteristics of the sales. After adjusting for such differences, the sales ranged from USD 111,467 to USD 152,928.

SALE PRICE PER UNIT CONCLUSION

While the subject has approximately 1,271 physical rooms, it is effectively operating as a 542 unit room hotel. As such, we have utilized the 542 room count, since the revenue from the lease of most of the other rooms is contained within the subject gross and net revenue. Overall, all of

the comparables are representative of the subject and warranted equal consideration. The following chart presents the valuation conclusion:

| PRICE PER ROOM VALUATION | | | | |
|--------------------------|---|----------------|---|--------------|
| Total Rooms | X | Value Per Room | = | Value |
| 542 | X | \$125,000 | | \$67,750,000 |
| 542 | X | \$130,000 | | \$70,460,000 |
| Concluded Value | | | | \$69,100,000 |
| Compiled by CBRE | | | | |

The Gross Revenues Multiplier (GRM) reflects the relationship between gross revenues and sales price. It is most effective when valuing stabilized properties with similar operating ratios. However, in this case we were unable to extract any GRM's from any of the comparable sales. As such, we have looked at several recent sales of resorts in the southern United States to get a credible range that would be appropriate for the subject property. As shown in the chart below, the GRM's range from 0.57 to 3.39 with an average GRM of 1.91 and a median GRM of 1.95. Therefore, the subject was estimated to realize a GRM towards the middle of the range of the sales. The value calculation using the GRM was as follows:

| RECENT GOLF RESORT SALES GROSS REVENUE MULTIPLIERS | | |
|---|-----------|------|
| Sale No. | Sale Date | GRM |
| Wyndham Bay Panama City Beach, Florida | May-14 | 1.02 |
| Pheasant Run Resort St. Charles, Illinois | Mar-14 | 0.57 |
| Marriott Rancho Las Palmas, Rancho Mirage, California | Jul-14 | 2.80 |
| Doral Resort and Spa, Doral, Florida | Jun-14 | 3.39 |

| GROSS REVENUE MULTIPLIER VALUE INDICATION | | | | |
|---|---|------|---|------------------|
| Gross Revenue | | GRM | | Value Indication |
| \$46,455,061 | x | 1.50 | = | \$69,682,592 |
| Rounded | | | | \$69,700,000 |
| Compiled by CBRE | | | | |

SALES COMPARISON APPROACH CONCLUSION

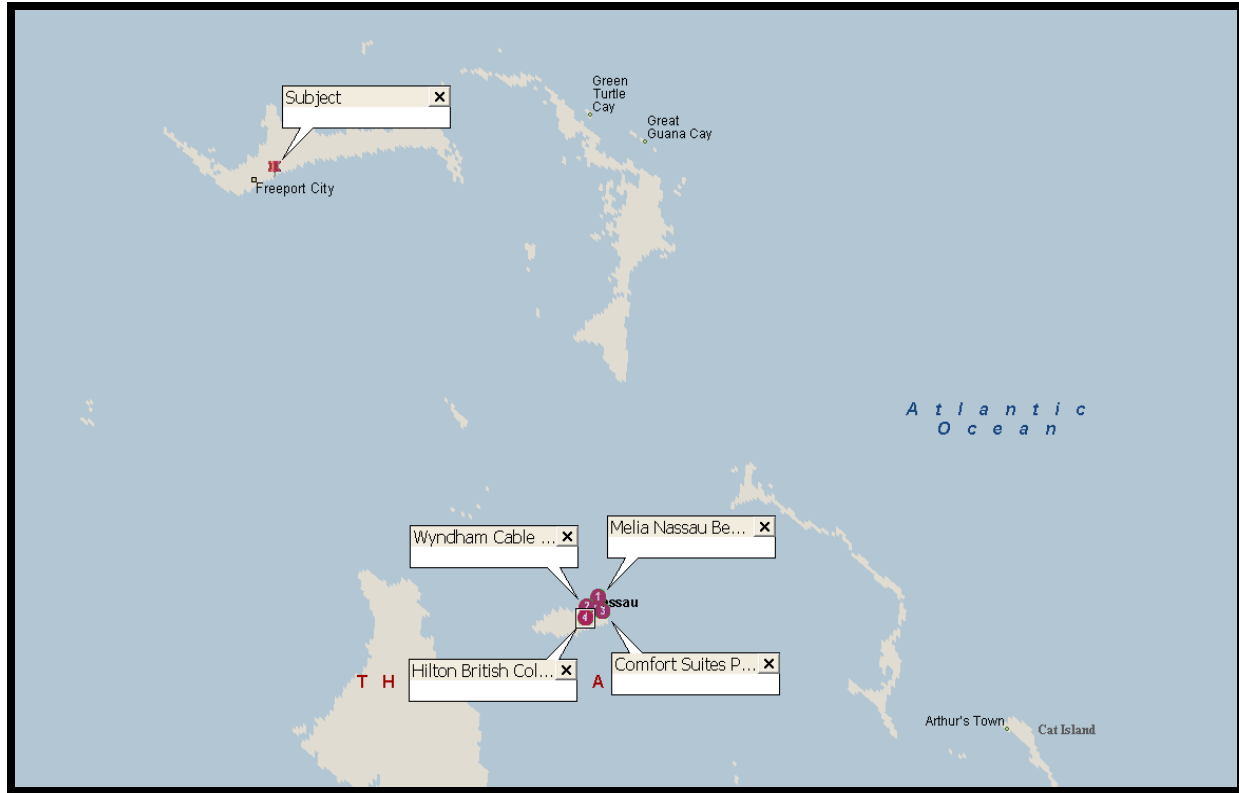
Equal emphasis has been placed on both methods as both were considered equally reliable. The following table summarizes the stabilized value indications and the concluded value of the subject, via the Sales Comparison Approach.

| SALES COMPARISON APPROACH CONCLUSION | |
|--|---------------------|
| Method | Indicated Value |
| Price Per Room Valuation | \$69,100,000 |
| Gross Revenue Multipliers | \$69,700,000 |
| Reconciled Value Indication "As Stabilized" | \$69,400,000 |
| Stabilization Discount | (\$6,100,000) |
| "As Is" Value Indication | \$63,300,000 |
| Rounded | \$63,300,000 |
| Value Per Room (542 Rooms) | \$116,790 |
| Value Per Room (1,271 Rooms) | \$49,803 |
| Compiled by CBRE | |

Note that we have subtracted the stabilization discount from the stabilized amount in order to estimate the "as is" value of the subject to achieve our market value of the subject property "as is". The calculation of the stabilization discount will be shown in the Income Approach section of this report.

INCOME CAPITALIZATION APPROACH

The following map and table summarize the comparable data used in the valuation of the subject.



PRIMARY COMPETITIVE HOTELS

| Property | Number of Rooms | Percentage Competitive | Year Built | 12 Months Ended October 31, 2014 | | | | | | | |
|--|-----------------|------------------------|---------------|----------------------------------|----------|-------------------|----------------------|-----------------------|----------|-----------------|----------|
| | | | | Percent of Occ. | Yr. Open | Total Room Nights | Occupied Room Nights | Occupancy Penetration | ADR | ADR Penetration | RevPAR |
| Grand Lucayan Beach and Golf Resort | 542 | 100% | 1963 and 2000 | 57% | 100% | 197,830 | 112,170 | 91% | \$110.54 | 82% | \$62.67 |
| Melia Nassau Beach | 694 | 100% | 1983 | 70% | 100% | 253,310 | 177,317 | 112% | \$145 | 108% | \$101.50 |
| Wyndham Resort Nassau & Crystal Palace | 559 | 100% | 1988 | 50% | 50% | 101,201 | 50,325 | 80% | \$120 | 89% | \$59.67 |
| Comfort Suites Paradise Island | 223 | 100% | 1991 | 65% | 100% | 81,395 | 52,907 | 104% | \$135 | 100% | \$87.63 |
| Hilton British Colonial | 288 | 100% | 1999 | 65% | 100% | 105,120 | 68,328 | 104% | \$155 | 115% | \$100.75 |
| Primary Totals/Averages | 2,306 | | | 62% | 88% | 738,856 | 461,046 | | \$134.20 | | \$83.74 |

SUBJECT ESTIMATED OCCUPANCY AND ADR

The following chart shows our estimate of occupancy and ADR.

| OCCUPANCY, ADR, & ROOMS REVENUE CONCLUSIONS | | | |
|--|--------------|--------------|--------------|
| Fiscal Year Ending 2/27/ | 2016 | 2017 | 2018 |
| Avg. Available Rooms | 542 | 542 | 542 |
| Annual Room Nights | 197,830 | 197,830 | 197,830 |
| Occupancy | 66% | 67% | 68% |
| Occupied Rooms | 130,568 | 132,546 | 134,524 |
| ADR | \$117.79 | \$125.44 | \$134.22 |
| RevPAR | \$77.74 | \$84.05 | \$91.27 |
| Total Rooms Revenue | \$15,379,045 | \$16,626,845 | \$18,056,258 |
| Source: CBRE | | | |

INCOME AND EXPENSE HISTORY

Historical income and expense data was made available and is summarized in the table which follows. For purposes of our analysis, we assume the information provided is accurate. Where applicable, we have reclassified the available information to conform to the *Uniform System of Accounts for Hotels*, an industry-standard accounting format.

This analysis incorporates revenue estimates based on our survey of comparable and competitive properties, and general market trend information. We have also considered the operational performance of the subject.

Conclusions will be presented for the following years:

Discounted Cash Flow Analysis - Year 1;

The DCF Stabilized Estimate; and

Hypothetical Stabilized Estimate in Current Dollars (the future stabilized value discounted back at the rate of inflation to the as is value date).

SUBJECT HISTORICAL STATEMENTS

| SUBJECT OPERATING HISTORY | | | | | | | | | | | | |
|--|------------------------|----------------|-----------|-----------|------------------------|----------------|-----------|----------|------------------------|----------------|-----------|----------|
| Period Reported: | Complete Calendar Year | | | | Complete Calendar Year | | | | Complete Calendar Year | | | |
| | 2012 | | | | 2013 | | | | 2014 | | | |
| Days Open | 366 | | | | 365 | | | | 365 | | | |
| No. of Rooms | 519 | | | | 541 | | | | 542 | | | |
| Occupied Room Nights | 100,402 | | | | 98,101 | | | | 112,197 | | | |
| Occupancy | 52.9% | | | | 49.7% | | | | 56.7% | | | |
| Average Daily Rate | \$118.83 | | | | \$120.46 | | | | \$112.14 | | | |
| RevPAR | \$62.81 | | | | \$59.84 | | | | \$63.60 | | | |
| | Total | Ratio to Sales | PAR | POR | Total | Ratio to Sales | PAR | POR | Total | Ratio to Sales | PAR | POR |
| REVENUE | | | | | | | | | | | | |
| Rooms | 11,930,917 | 44.5% | \$22,988 | \$118.83 | 11,816,762 | 39.2% | \$21,842 | \$120.46 | 12,581,449 | 37.0% | \$23,213 | \$112.14 |
| Food & Beverage | 7,506,243 | 28.0% | \$14,463 | \$74.76 | 8,521,264 | 28.3% | \$15,751 | \$86.86 | 8,037,251 | 23.7% | \$14,829 | \$71.64 |
| Minor Operated Departments | 2,525,096 | 9.4% | \$4,865 | \$25.15 | 2,374,902 | 7.9% | \$4,390 | \$24.21 | 3,057,231 | 9.0% | \$5,641 | \$27.25 |
| Rental & Other Income | 4,337,726 | 16.2% | \$8,358 | \$43.20 | 7,015,484 | 23.3% | \$12,968 | \$71.51 | 9,623,186 | 28.3% | \$17,755 | \$85.77 |
| Golf Revenue | 520,569 | 1.9% | \$1,003 | \$5.18 | 425,916 | 1.4% | \$787 | \$4.34 | 669,690 | 2.0% | \$1,236 | \$5.97 |
| Total Revenue | 26,820,551 | 100.0% | \$51,677 | \$267.13 | 30,154,328 | 100.0% | \$55,738 | \$307.38 | 33,968,807 | 100.0% | \$62,673 | \$302.76 |
| DEPARTMENTAL EXPENSES* | | | | | | | | | | | | |
| Rooms | 4,261,814 | 35.7% | \$8,212 | \$42.45 | 4,614,014 | 39.0% | \$8,529 | \$47.03 | 4,987,106 | 39.6% | \$9,201 | \$44.45 |
| Food & Beverage | 6,842,811 | 91.2% | \$13,185 | \$68.15 | 8,270,035 | 97.1% | \$15,287 | \$84.30 | 8,150,308 | 101.4% | \$15,037 | \$72.64 |
| Minor Operated Departments | 1,579,760 | 62.6% | \$3,044 | \$15.73 | 1,540,273 | 64.9% | \$2,847 | \$15.70 | 1,660,072 | 54.3% | \$3,063 | \$14.80 |
| Golf Expenses | 950,569 | 182.6% | \$1,832 | \$9.47 | 876,338 | 205.8% | \$1,620 | \$8.93 | 878,140 | 131.1% | \$1,620 | \$7.83 |
| Total Departmental Expenses | \$13,634,954 | 50.8% | \$26,272 | \$135.80 | \$15,300,660 | 50.7% | \$28,282 | \$155.97 | \$15,675,626 | 46.1% | \$28,922 | \$139.72 |
| DEPARTMENTAL INCOME (LOSS) | \$13,185,597 | 49.2% | \$25,406 | \$131.33 | \$14,853,668 | 49.3% | \$27,456 | \$151.41 | \$18,293,181 | 53.9% | \$33,751 | \$163.05 |
| UNDISTRIBUTED OPERATING EXPENSES | | | | | | | | | | | | |
| Administrative and General | \$5,218,020 | 19.5% | \$10,054 | \$51.97 | \$5,647,008 | 18.7% | \$10,438 | \$57.56 | \$6,177,777 | 18.2% | \$11,398 | \$55.06 |
| Marketing | 3,796,222 | 14.2% | \$7,314 | \$37.81 | 4,221,123 | 14.0% | \$7,802 | \$43.03 | 4,579,426 | 13.5% | \$8,449 | \$40.82 |
| Franchise Fees | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 |
| Property Operations and Maintenance | 3,252,360 | 12.1% | \$6,267 | \$32.39 | 3,354,478 | 11.1% | \$6,201 | \$34.19 | 4,380,816 | 12.9% | \$8,083 | \$39.05 |
| Utility Costs | 7,054,513 | 26.3% | \$13,593 | \$70.26 | 6,271,875 | 20.8% | \$11,593 | \$63.93 | 5,977,856 | 17.6% | \$11,029 | \$53.28 |
| Total Undistributed Expenses | \$19,321,115 | 72.0% | \$37,228 | \$192.44 | \$19,494,484 | 64.6% | \$36,034 | \$198.72 | \$21,115,875 | 62.2% | \$38,959 | \$188.20 |
| CASH FLOW AFTER UNDISTRIBUTED OPERATING EXPENSES | (\$6,135,518) | -22.9% | -\$11,822 | -\$61.11 | (\$4,640,816) | -15.4% | -\$8,578 | -\$47.31 | (\$2,822,694) | -8.3% | -\$5,208 | -\$25.16 |
| Management Fee | \$0 | 0.0% | \$0 | \$0.00 | \$0 | 0.0% | \$0 | \$0.00 | \$0 | 0.0% | \$0 | \$0.00 |
| INCOME BEFORE FIXED CHARGES | (\$6,135,518) | -22.9% | -\$11,822 | -\$61.11 | (\$4,640,816) | -15.4% | -\$8,578 | -\$47.31 | (\$2,822,694) | -8.3% | -\$5,208 | -\$25.16 |
| FIXED CHARGES | | | | | | | | | | | | |
| Insurance | 4,576,114 | 17.1% | \$8,817 | \$45.58 | 3,938,834 | 13.1% | \$7,281 | \$40.15 | 3,614,236 | 10.6% | \$6,668 | \$32.21 |
| Reserve for Replacement | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 |
| Total Fixed Charges | \$4,576,114 | 17.1% | \$8,817 | \$45.58 | \$3,938,834 | 13.1% | \$7,281 | \$40.15 | \$3,614,236 | 10.6% | \$6,668 | \$32.21 |
| NET OPERATING INCOME | (\$10,711,632) | -39.9% | -\$20,639 | -\$106.69 | (\$8,579,650) | -28.5% | -\$15,859 | -\$87.46 | (\$6,436,930) | -18.9% | -\$11,876 | -\$57.37 |

* Departmental expense ratios are based on departmental revenues; Franchise/Royalty ratio is based on room revenues; all others are based on total revenues.

Source: Subject Owners Historical Statements*

As can be seen in the historical operating statement above, while the subject still has a negative NOI, it has been reducing the amount of its expenses while increasing the amounts of revenue. We believe this will continue now that prior management has been removed.

The following page contains a summary of a compilation of hotels located in the Caribbean which was obtained from the PKF Consulting 2011 Trends in the Caribbean. We have utilized both the subject historical statements and the industry averages outlined by PKF Consulting.

COMPARABLE INCOME AND EXPENSE DATA - PKF TRENDS IN THE CARIBBEAN 2011

| Property | PKF Trend In The Caribbean 2011 - All Caribbean Hotels | | | | PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | | | | PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | | | |
|--|--|----------------|----------|----------|---|----------------|----------|----------|---|----------------|----------|----------|
| | 2010 | | | | 2010 | | | | 2010 | | | |
| Year of Data | 2010 | | | | 2010 | | | | 2010 | | | |
| Days Open | 365 | | | | 365 | | | | 365 | | | |
| Avg. No. of Rooms | 321 | | | | 397 | | | | 688 | | | |
| Occupancy | 67.8% | | | | 69.3% | | | | 67.4% | | | |
| Average Daily Rate | \$202.91 | | | | \$206.84 | | | | \$142.78 | | | |
| | 79470 | | | | 100381 | | | | 169286 | | | |
| | Total | Ratio to Sales | PAR | POR | Total | Ratio to Sales | PAR | POR | Total | Ratio to Sales | PAR | POR |
| REVENUE | | | | | | | | | | | | |
| Rooms | \$16,125,383 | 53.4% | \$50,239 | \$202.91 | \$20,763,164 | 53.0% | \$52,300 | \$206.84 | \$24,171,189 | 49.9% | \$35,133 | \$142.78 |
| Food & Beverage | 8,720,037 | 28.9% | \$27,168 | \$109.73 | 11,861,703 | 30.3% | \$29,878 | \$118.17 | 15,821,546 | 32.6% | \$22,996 | \$93.46 |
| Telecommunications | - | 0.0% | \$0 | \$0.00 | 5,663,969 | 14.5% | \$14,267 | \$56.42 | \$6,273,778 | 12.9% | \$9,119 | \$37.06 |
| Minor Operated Departments | 4,498,860 | 14.9% | \$14,016 | \$56.61 | 867,920 | 2.2% | \$2,186 | \$8.65 | \$2,195,850 | 4.5% | \$3,192 | \$12.97 |
| Total Revenue | \$30,177,713 | 100.0% | \$94,019 | \$379.74 | \$39,156,756 | 100.0% | \$98,632 | \$390.08 | \$48,462,363 | 100.0% | \$70,439 | \$286.28 |
| DEPARTMENTAL EXPENSES* | | | | | | | | | | | | |
| Rooms | \$3,804,234 | 23.6% | \$11,852 | \$47.87 | \$4,610,405 | 22.2% | \$11,613 | \$45.93 | \$6,422,271 | 26.6% | \$9,335 | \$37.94 |
| Food & Beverage | 6,768,793 | 77.6% | \$21,088 | \$85.17 | 9,091,361 | 76.6% | \$22,900 | \$90.57 | 11,776,046 | 74.4% | \$17,116 | \$69.56 |
| Minor Operated Departments | 3,359,323 | 74.7% | \$10,466 | \$42.27 | 3,928,038 | 45.2% | \$9,894 | \$39.13 | 5,109,421 | 232.7% | \$7,426 | \$30.18 |
| Total Departmental Expenses | \$13,932,350 | 46.2% | \$43,407 | \$175.32 | \$17,629,804 | 45.0% | \$44,408 | \$175.63 | \$23,307,738 | 48.1% | \$33,878 | \$137.68 |
| DEPARTMENTAL INCOME (LOSS) | \$16,245,363 | 53.8% | \$50,613 | \$204.42 | \$21,526,952 | 55.0% | \$54,224 | \$214.45 | \$25,154,625 | 51.9% | \$36,562 | \$148.59 |
| UNDISTRIBUTED OPERATING EXPENSES | | | | | | | | | | | | |
| Administrative and General | \$3,215,226 | 10.7% | \$10,017 | \$40.46 | \$4,126,344 | 10.5% | \$10,394 | \$41.11 | \$4,785,684 | 9.9% | \$6,956 | \$28.27 |
| Marketing | 2,214,070 | 7.3% | \$6,898 | \$27.86 | 3,015,905 | 7.7% | \$7,597 | \$30.04 | 3,745,216 | 7.7% | \$5,444 | \$22.12 |
| Franchise Fees | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 |
| Property Operations and Maintenance | 1,775,987 | 5.9% | \$5,533 | \$22.35 | 1,957,767 | 5.0% | \$4,931 | \$19.50 | 3,306,205 | 6.8% | \$4,806 | \$19.53 |
| Utility Costs | 2,512,190 | 8.3% | \$7,827 | \$31.61 | 3,303,422 | 8.4% | \$8,321 | \$32.91 | 4,056,288 | 8.4% | \$5,896 | \$23.96 |
| Total Undistributed Expenses | \$9,717,473 | 32.2% | \$30,275 | \$122.28 | \$12,403,438 | 31.7% | \$31,243 | \$123.56 | \$15,893,393 | 32.8% | \$23,101 | \$93.88 |
| CASH FLOW AFTER UNDISTRIBUTED OPERATING EXPENSES | \$6,527,890 | 21.6% | \$20,338 | \$82.14 | \$9,123,514 | 23.3% | \$22,981 | \$90.89 | \$9,261,232 | 19.1% | \$13,461 | \$54.71 |
| Management Fee | \$877,180 | 2.9% | \$2,733 | \$11.04 | \$1,218,845 | 3.1% | \$3,070 | \$12.14 | \$1,134,701 | 2.3% | \$1,649 | \$6.70 |
| INCOME BEFORE FIXED CHARGES | \$5,650,710 | 18.7% | \$17,605 | \$71.10 | \$7,904,669 | 20.2% | \$19,911 | \$78.75 | \$8,126,531 | 16.8% | \$11,812 | \$48.00 |
| FIXED CHARGES | | | | | | | | | | | | |
| Property Taxes | 239,195 | 0.8% | \$745 | \$3.01 | 216,187 | 0.6% | \$545 | \$2.15 | 378,531 | 0.8% | \$550 | \$2.24 |
| Insurance | 912,933 | 3.0% | \$2,844 | \$11.49 | 816,415 | 2.1% | \$2,056 | \$8.13 | 2,053,578 | 4.2% | \$2,985 | \$12.13 |
| Reserve for Replacement | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 |
| Total Fixed Charges | \$1,152,128 | 3.8% | \$3,589 | \$14.50 | \$1,032,602 | 2.6% | \$2,601 | \$10.29 | \$2,432,109 | 5.0% | \$3,535 | \$14.37 |
| NET OPERATING INCOME | \$4,498,582 | 14.9% | \$14,015 | \$56.61 | \$6,872,067 | 17.6% | \$17,310 | \$68.46 | \$5,694,422 | 11.8% | \$8,277 | \$33.64 |

* Departmental expense ratios are based on departmental revenues; Franchise/Royalty ratio is based on room revenues; all others are based on total revenues.

Source: Hotel Operating Statements

FIXED AND VARIABLE REVENUE AND EXPENSE ANALYSIS

Operating revenues and expenses for hotels have a component that is fixed and a component that is variable with respect to increases or decreases in occupancy. The fixed component increases at an inflationary level, while the variable component is adjusted in proportion to the use of the hotel facility.

The applicable fixed and variable ratios were derived through discussions with hotel experts and are consistent with industry norms. These ratios and the associated revenue component drivers are illustrated as follows:

| FIXED AND VARIABLE AMOUNTS | | | |
|---|---------|------------|----------------|
| COMPONENT | FIXED % | VARIABLE % | VAR. DRIVER |
| REVENUE | | | |
| Rooms | N/A | N/A | N/A |
| Food & Beverage | 20.0% | 80.0% | Occ Rooms |
| Telecommunications | 10.0% | 90.0% | Occ Rooms |
| Minor Operated Departments | 30.0% | 70.0% | Occ Rooms |
| DEPARTMENTAL EXPENSES | | | |
| Rooms | 60.0% | 40.0% | Occ Rooms |
| Food & Beverage | 40.0% | 60.0% | Food & Bev Rev |
| Telecommunications | 40.0% | 60.0% | Phone Rev |
| Minor Operated Departments | 50.0% | 50.0% | MOR Rev |
| UNDISTRIBUTED OPERATING EXPENSES | | | |
| Administrative and General | 90.0% | 10.0% | Total Rev |
| Marketing | 70.0% | 30.0% | Total Rev |
| Property Operations and Maintenance | 70.0% | 30.0% | Total Rev |
| Utility Costs | 90.0% | 10.0% | Total Rev |
| Management Fee | 0.0% | 100.0% | Total Rev |
| FIXED CHARGES | | | |
| Property Taxes | 100.0% | 0.0% | N/A |
| Insurance | 100.0% | 0.0% | N/A |
| Reserve for Replacement | 0.0% | 100.0% | N/A |
| Source: CBRE | | | |

ROOMS DEPARTMENT REVENUES

The subject's and the comparable data revenues for this department as a percentage of total revenues, as a percentage of Rooms department revenues, and on a per occupied room basis are summarized as follows:

| ROOMS REVENUE | | | | |
|---|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject 2012 | \$11,931 | 44.5% | \$22,988 | \$118.83 |
| Subject 2013 | \$11,817 | 39.2% | \$21,842 | \$120.46 |
| Subject 2014 | \$12,581 | 37.0% | \$23,213 | \$112.14 |
| PKF Trend In The Caribbean 2011 - All Caribbean Hotels | \$16,125 | 53.4% | \$50,239 | \$202.91 |
| PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | \$20,763 | 53.0% | \$52,300 | \$206.84 |
| PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | \$24,171 | 49.9% | \$35,133 | \$142.78 |
| Host Report - Weighted Average | N/A | 58.7% | \$43,275 | \$176.90 |
| Host Report - Full-service Resort Location | N/A | 56.6% | \$48,955 | \$194.67 |
| Host Report - Full-service Independent | N/A | 54.9% | \$41,709 | \$184.48 |
| Host Report - Full-service South Atlantic | N/A | 64.5% | \$36,879 | \$147.13 |
| DCF Estimate - YR 1 | \$15,379 | 37.0% | \$28,375 | \$117.79 |
| DCF Stabilized Estimate - YR 3 | \$18,056 | 38.9% | \$33,314 | \$134.22 |
| Hypothetical Stabilized Estimate - Current Dollars | \$17,020 | 38.9% | \$31,402 | \$126.52 |
| Compiled by CBRE | | | | |

FOOD AND BEVERAGE REVENUE

Food and Beverage revenue is generated by a hotel's restaurants, coffee shops, snack bars, banquet rooms, and room service. In the case of the subject, food revenue is generated by the multiple food and beverage outlets. The subject's and the comparable data revenues for this department as a percentage of total revenues, on a per available room basis, and on a per occupied room basis are summarized as follows:

| FOOD AND BEVERAGE REVENUE | | | | |
|---|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject 2012 | \$7,506 | 28.0% | \$14,463 | \$74.76 |
| Subject 2013 | \$8,521 | 28.3% | \$15,751 | \$86.86 |
| Subject 2014 | \$8,037 | 23.7% | \$14,829 | \$71.64 |
| PKF Trend In The Caribbean 2011 - All Caribbean Hotels | \$8,720 | 28.9% | \$27,168 | \$109.73 |
| PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | \$11,862 | 30.3% | \$29,878 | \$118.17 |
| PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | \$15,822 | 32.6% | \$22,996 | \$93.46 |
| Host Report - Weighted Average | N/A | 31.4% | \$23,506 | \$96.37 |
| Host Report - Full-service Resort Location | N/A | 31.9% | \$27,495 | \$109.34 |
| Host Report - Full-service Independent | N/A | 33.2% | \$25,214 | \$111.52 |
| Host Report - Full-service South Atlantic | N/A | 29.4% | \$16,815 | \$67.09 |
| DCF Estimate - YR 1 | \$11,164 | 26.9% | \$20,597 | \$85.50 |
| DCF Stabilized Estimate - YR 3 | \$12,131 | 26.1% | \$22,381 | \$90.17 |
| Hypothetical Stabilized Estimate - Current Dollars | \$11,434 | 26.1% | \$21,096 | \$85.00 |
| Compiled by CBRE | | | | |

Minor Operating Department Revenues

Minor Operating Department revenues are those derived from garage and parking, guest laundry, gift shop, retail, newsstand, spa et cetera, when operated by the hotel. Also included are revenues generated from sources not included elsewhere, such as on-demand movie rentals, vending machines, fax and business services. The subject's and the comparable data revenues for this department as a percentage of total revenues, on a per available room basis, and on a per occupied room basis are summarized as follows:

MINOR OPERATED DEPARTMENTS REVENUE

| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
|---|------------------|-------------------|--------------------|-------------------|
| Subject 2012 | \$2,525 | 9.4% | \$4,865 | \$25.15 |
| Subject 2013 | \$2,375 | 7.9% | \$4,390 | \$24.21 |
| Subject 2014 | \$3,057 | 9.0% | \$5,641 | \$27.25 |
| PKF Trend In The Caribbean 2011 - All Caribbean Hotels | \$4,499 | 14.9% | \$14,016 | \$56.61 |
| PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | \$868 | 2.2% | \$2,186 | \$8.65 |
| PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | \$2,196 | 4.5% | \$3,192 | \$12.97 |
| Host Report - Weighted Average | N/A | 7.6% | \$5,903 | \$24.32 |
| Host Report - Full-service Resort Location | N/A | 8.8% | \$7,626 | \$30.32 |
| Host Report - Full-service Independent | N/A | 9.9% | \$7,522 | \$33.27 |
| Host Report - Full-service South Atlantic | N/A | 4.1% | \$2,323 | \$9.27 |
| DCF Estimate - YR 1 | \$3,689 | 8.9% | \$6,806 | \$28.25 |
| DCF Stabilized Estimate - YR 3 | \$3,997 | 8.6% | \$7,374 | \$29.71 |
| Hypothetical Stabilized Estimate - Current Dollars | \$3,767 | 8.6% | \$6,950 | \$28.00 |

Compiled by CBRE

RENTALS AND OTHER INCOME DEPARTMENTAL REVENUES

Rentals and Other Department revenues are those derived from the subject's ancillary operations which include a lease of approximately 522 units to Blue Diamond Grand Bahama Ltd., a leased out casino and various retail shops that are also leased out. Most of these leased out areas are subject to a 3.0% increase per year. In some cases, the rent can be variable based upon a percentage of revenue. Details of all of the leases were not provided to the appraiser. These income items have been expressed on a net of any expenses basis. The comparable data revenues for this department as a percentage of total revenues, on a per available room basis, and on a per occupied room basis are summarized as follows:

| RENTAL & OTHER INCOME REVENUE | | | | |
|---|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject 2012 | \$4,338 | 16.2% | \$8,358 | \$43.20 |
| Subject 2013 | \$7,015 | 23.3% | \$12,968 | \$71.51 |
| Subject 2014 | \$9,623 | 28.3% | \$17,755 | \$85.77 |
| PKF Trend In The Caribbean 2011 - All Caribbean Hotels | \$833 | 2.8% | \$2,597 | \$10.49 |
| PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | \$0 | 0.0% | \$0 | \$0.00 |
| PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | \$0 | 0.0% | \$0 | \$0.00 |
| Host Report - Weighted Average | N/A | 1.7% | \$1,342 | \$5.48 |
| Host Report - Full-service Resort Location | N/A | 2.1% | \$1,858 | \$7.39 |
| Host Report - Full-service Independent | N/A | 1.6% | \$1,243 | \$5.50 |
| Host Report - Full-service South Atlantic | N/A | 1.3% | \$726 | \$2.90 |
| DCF Estimate - YR 1 | \$10,506 | 25.3% | \$19,384 | \$80.46 |
| DCF Stabilized Estimate - YR 3 | \$11,416 | 24.6% | \$21,063 | \$84.86 |
| Hypothetical Stabilized Estimate - Current Dollars | \$10,761 | 24.6% | \$19,854 | \$79.99 |
| Compiled by CBRE | | | | |

Golf Revenue is that revenue that is attributed to the subject golf course, which includes all greens fees, cart rentals and other associated revenue.

| GOLF REVENUE REVENUE | | | | |
|---|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject 2012 | \$521 | 1.9% | \$1,003 | \$5.18 |
| Subject 2013 | \$426 | 1.4% | \$787 | \$4.34 |
| Subject 2014 | \$670 | 2.0% | \$1,236 | \$5.97 |
| PKF Trend In The Caribbean 2011 - All Caribbean Hotels | \$0 | 0.0% | \$0 | \$0.00 |
| PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | \$0 | 0.0% | \$0 | \$0.00 |
| PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | \$0 | 0.0% | \$0 | \$0.00 |
| Host Report - Weighted Average | N/A | N/A | N/A | N/A |
| Host Report - Full-service Resort Location | N/A | N/A | N/A | N/A |
| Host Report - Full-service Independent | N/A | N/A | N/A | N/A |
| Host Report - Full-service South Atlantic | N/A | N/A | N/A | N/A |
| DCF Estimate - YR 1 | \$792 | 1.9% | \$1,461 | \$6.07 |
| DCF Stabilized Estimate - YR 3 | \$856 | 1.8% | \$1,579 | \$6.36 |
| Hypothetical Stabilized Estimate - Current Dollars | \$807 | 1.8% | \$1,488 | \$6.00 |
| Compiled by CBRE | | | | |

EXPENSE PROJECTIONS

In order to estimate expenses for the subject, the following data has been reviewed and analyzed:

- available historical data for the subject;
- published industry averages for similar hotel segments and geographic regions; and

The individual expense categories applicable to the subject are discussed in the following sections.

Host report figures and information for the expense comparables are not shown for: Franchise Fee; Management Fee; Property Taxes; Reserves for Replacement; and Total Expenses as the data collection from this survey set is not consistent.

Departmental Expenses

Departmental expenses are typically occupancy sensitive and directly related to an associated revenue source. These expenses are therefore compared and estimated as a percentage of departmental revenues.

Rooms Expenses

Rooms expenses include labor costs such as salaries and wages for front desk, housekeeping, reservations, bell staff and laundry, plus employee benefits. Also included herein are linens, cleaning supplies, guest supplies, uniforms, central or franchise reservation fees, equipment leases and travel agent commissions. Payroll costs are typically the largest component. A hotel is labor-intensive, although relatively low-paying. Overall, wages typically account for 50% to 60% of the total departmental expense. The comparable data and projections for the subject are summarized as follows:

| ROOMS EXPENSES | | | | |
|---|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject 2012 | \$4,262 | 35.7% | \$8,212 | \$42.45 |
| Subject 2013 | \$4,614 | 39.0% | \$8,529 | \$47.03 |
| Subject 2014 | \$4,987 | 39.6% | \$9,201 | \$44.45 |
| PKF Trend In The Caribbean 2011 - All Caribbean Hotels | \$3,804 | 23.6% | \$11,852 | \$47.87 |
| PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | \$4,610 | 22.2% | \$11,613 | \$45.93 |
| PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | \$6,422 | 26.6% | \$9,335 | \$37.94 |
| Host Report - Weighted Average | N/A | 27.2% | \$11,768 | \$48.17 |
| Host Report - Full-service Resort Location | N/A | 27.3% | \$13,357 | \$53.11 |
| Host Report - Full-service Independent | N/A | 28.5% | \$11,898 | \$52.63 |
| Host Report - Full-service South Atlantic | N/A | 25.9% | \$9,535 | \$38.04 |
| DCF Estimate - YR 1 | \$4,620 | 30.0% | \$8,524 | \$35.38 |
| DCF Stabilized Estimate - YR 3 | \$4,958 | 27.5% | \$9,148 | \$36.86 |
| Hypothetical Stabilized Estimate - Current Dollars | \$4,674 | 27.5% | \$8,623 | \$34.74 |
| Compiled by CBRE | | | | |

Food and Beverage Expenses

Food and beverage expenses include the costs of goods sold (food and beverages), labor and related benefits, and other operating expenses. Labor costs include departmental management, cooks and kitchen personnel, service staff, banquet staff and bartenders. Other operating expenses include china, silverware, linens, restaurant and kitchen supplies, menus and printing, and special promotions. As with the rooms department, payroll costs are typically the largest component. The comparable data and projections for the subject are summarized as follows:

| FOOD & BEVERAGE EXPENSES | | | | |
|---|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject 2012 | \$6,843 | 91.2% | \$13,185 | \$68.15 |
| Subject 2013 | \$8,270 | 97.1% | \$15,287 | \$84.30 |
| Subject 2014 | \$8,150 | 101.4% | \$15,037 | \$72.64 |
| PKF Trend In The Caribbean 2011 - All Caribbean Hotels | \$6,769 | 77.6% | \$21,088 | \$85.17 |
| PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | \$9,091 | 76.6% | \$22,900 | \$90.57 |
| PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | \$11,776 | 74.4% | \$17,116 | \$69.56 |
| Host Report - Weighted Average | N/A | 72.9% | \$17,222 | \$70.70 |
| Host Report - Full-service Resort Location | N/A | 72.8% | \$20,021 | \$79.61 |
| Host Report - Full-service Independent | N/A | 76.7% | \$19,344 | \$85.56 |
| Host Report - Full-service South Atlantic | N/A | 70.2% | \$11,805 | \$47.10 |
| DCF Estimate - YR 1 | \$8,451 | 75.7% | \$15,592 | \$64.72 |
| DCF Stabilized Estimate - YR 3 | \$9,096 | 75.0% | \$16,782 | \$67.62 |
| Hypothetical Stabilized Estimate - Current Dollars | \$8,574 | 75.0% | \$15,819 | \$63.73 |
| Compiled by CBRE | | | | |

Minor Operating Departmental Expenses

Minor Operating Departmental expenses are those expenses (labor and other) which offset the revenue generated by other operated departments, such as garage, guest laundry, athletic facilities and gift shop, as well as rental activity. The comparable data and projections for the subject are summarized as follows:

MINOR OPERATED DEPARTMENTS EXPENSES

| Year | Total \$ ('000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
|---|-------------------|-------------------|--------------------|-------------------|
| Subject 2012 | \$1,580 | 62.6% | \$3,044 | \$15.73 |
| Subject 2013 | \$1,540 | 64.9% | \$2,847 | \$15.70 |
| Subject 2014 | \$1,660 | 54.3% | \$3,063 | \$14.80 |
| PKF Trend In The Caribbean 2011 - All Caribbean Hotels | \$3,359 | 74.7% | \$10,466 | \$42.27 |
| PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | \$3,928 | 452.6% | \$9,894 | \$39.13 |
| PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | \$5,109 | 232.7% | \$7,426 | \$30.18 |
| Host Report - Weighted Average | N/A | 66.1% | \$3,900 | \$16.06 |
| Host Report - Full-service Resort Location | N/A | 68.0% | \$5,186 | \$20.62 |
| Host Report - Full-service Independent | N/A | 65.4% | \$4,920 | \$21.76 |
| Host Report - Full-service South Atlantic | N/A | 59.1% | \$1,374 | \$5.48 |
| DCF Estimate - YR 1 | \$2,051 | 55.6% | \$3,784 | \$15.71 |
| DCF Stabilized Estimate - YR 3 | \$2,199 | 55.0% | \$4,057 | \$16.35 |
| Hypothetical Stabilized Estimate - Current Dollars | \$2,073 | 55.0% | \$3,824 | \$15.41 |

Compiled by CBRE

Golf Course Departmental Expenses

Golf Course Departmental Expenses are those expenses that are associated with the operation of the golf course department.

GOLF EXPENSES EXPENSES

| Year | Total \$ ('000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
|---|-------------------|-------------------|--------------------|-------------------|
| Subject 2012 | \$951 | 182.6% | \$1,832 | \$9.47 |
| Subject 2013 | \$876 | 205.8% | \$1,620 | \$8.93 |
| Subject 2014 | \$878 | 131.1% | \$1,620 | \$7.83 |
| PKF Trend In The Caribbean 2011 - All Caribbean Hotels | N/A | N/A | N/A | N/A |
| PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | N/A | N/A | N/A | N/A |
| PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | N/A | N/A | N/A | N/A |
| Host Report - Weighted Average | N/A | N/A | N/A | N/A |
| Host Report - Full-service Resort Location | N/A | N/A | N/A | N/A |
| Host Report - Full-service Independent | N/A | N/A | N/A | N/A |
| Host Report - Full-service South Atlantic | N/A | N/A | N/A | N/A |
| DCF Estimate - YR 1 | \$1,039 | 131.2% | \$1,917 | \$7.96 |
| DCF Stabilized Estimate - YR 3 | \$1,113 | 130.0% | \$2,053 | \$8.27 |
| Hypothetical Stabilized Estimate - Current Dollars | \$1,049 | 130.0% | \$1,935 | \$7.80 |

Compiled by CBRE

Undistributed Operating Expenses

Undistributed operating expenses are typically not directly related to an associated revenue source, but can be compared on the basis of total revenues for similar types of hotels. These expenses are therefore compared and estimated as a percentage of total revenues.

Administrative and General Expenses

Administrative and general expenses include payroll and related expenses for the general manager, human resources and training, security, clerical staff, controller and accounting staff. Other expenses include office supplies, computer services, accounting and legal fees, cash overages and shortages, bad debt expenses, travel insurance, credit card commissions, transportation (non-guest) and travel and entertainment. These payroll costs are significant. The comparable data and projections for the subject are summarized as follows:

| ADMINISTRATIVE AND GENERAL EXPENSES | | | | |
|---|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject 2012 | \$5,218 | 19.5% | \$10,054 | \$51.97 |
| Subject 2013 | \$5,647 | 18.7% | \$10,438 | \$57.56 |
| Subject 2014 | \$6,178 | 18.2% | \$11,398 | \$55.06 |
| PKF Trend In The Caribbean 2011 - All Caribbean Hotels | \$3,215 | 10.7% | \$10,017 | \$40.46 |
| PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | \$4,126 | 10.5% | \$10,394 | \$41.11 |
| PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | \$4,786 | 9.9% | \$6,956 | \$28.27 |
| Host Report - Weighted Average | N/A | 8.5% | \$6,273 | \$25.75 |
| Host Report - Full-service Resort Location | N/A | 8.0% | \$6,887 | \$27.39 |
| Host Report - Full-service Independent | N/A | 9.2% | \$6,956 | \$30.77 |
| Host Report - Full-service South Atlantic | N/A | 8.6% | \$4,915 | \$19.61 |
| DCF Estimate - YR 1 | \$4,325 | 10.4% | \$7,979 | \$33.12 |
| DCF Stabilized Estimate - YR 3 | \$4,600 | 9.9% | \$8,487 | \$34.19 |
| Hypothetical Stabilized Estimate - Current Dollars | \$4,336 | 9.9% | \$8,000 | \$32.23 |
| Compiled by CBRE | | | | |

For the estimate of this expense item, we have weighted the percentage of revenue at the larger resorts in the Caribbean and the amounts spent on a dollars per available room at the larger hotels in the Caribbean.

Marketing Expenses

Marketing expenses include payroll and related expenses for the sales and marketing staff, direct sales expenses, advertising and promotion, travel expenses for the sales staff and civic and community projects. This category may also include a national advertising fee or assessment paid to the franchise company, plus the cost of frequent guest stay programs. The comparable data and projections for the subject are summarized as follows:

| MARKETING EXPENSES | | | | |
|---|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject 2012 | \$3,796 | 14.2% | \$7,314 | \$37.81 |
| Subject 2013 | \$4,221 | 14.0% | \$7,802 | \$43.03 |
| Subject 2014 | \$4,579 | 13.5% | \$8,449 | \$40.82 |
| PKF Trend In The Caribbean 2011 - All Caribbean Hotels | \$2,214 | 7.3% | \$6,898 | \$27.86 |
| PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | \$3,016 | 7.7% | \$7,597 | \$30.04 |
| PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | \$3,745 | 7.7% | \$5,444 | \$22.12 |
| Host Report - Weighted Average | N/A | 6.7% | \$4,980 | \$20.35 |
| Host Report - Full-service Resort Location | N/A | 6.6% | \$5,711 | \$22.71 |
| Host Report - Full-service Independent | N/A | 6.2% | \$4,742 | \$20.97 |
| Host Report - Full-service South Atlantic | N/A | 7.3% | \$4,187 | \$16.71 |
| DCF Estimate - YR 1 | \$3,227 | 7.8% | \$5,954 | \$24.72 |
| DCF Stabilized Estimate - YR 3 | \$3,450 | 7.4% | \$6,365 | \$25.64 |
| Hypothetical Stabilized Estimate - Current Dollars | \$3,252 | 7.4% | \$6,000 | \$24.17 |
| Compiled by CBRE | | | | |

Property Operations & Maintenance

Property operations & maintenance expenses includes all payroll and related expenses for maintenance personnel, cost of maintenance supplies, cost of repairs and maintenance of the building, furniture and equipment, the grounds and the removal of waste matter. The comparable data and projections for the subject are summarized as follows:

PROPERTY OPERATIONS AND MAINTENANCE EXPENSES

| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
|---|------------------|-------------------|--------------------|-------------------|
| Subject 2012 | \$3,252 | 12.1% | \$6,267 | \$32.39 |
| Subject 2013 | \$3,354 | 11.1% | \$6,201 | \$34.19 |
| Subject 2014 | \$4,381 | 12.9% | \$8,083 | \$39.05 |
| PKF Trend In The Caribbean 2011 - All Caribbean Hotels | \$1,776 | 5.9% | \$5,533 | \$22.35 |
| PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | \$1,958 | 5.0% | \$4,931 | \$19.50 |
| PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | \$3,306 | 6.8% | \$4,806 | \$19.53 |
| Host Report - Weighted Average | N/A | 5.0% | \$3,732 | \$15.31 |
| Host Report - Full-service Resort Location | N/A | 5.0% | \$4,286 | \$17.04 |
| Host Report - Full-service Independent | N/A | 5.4% | \$4,071 | \$18.00 |
| Host Report - Full-service South Atlantic | N/A | 4.8% | \$2,724 | \$10.87 |
| DCF Estimate - YR 1 | \$2,958 | 7.1% | \$5,458 | \$22.66 |
| DCF Stabilized Estimate - YR 3 | \$3,162 | 6.8% | \$5,835 | \$23.51 |
| Hypothetical Stabilized Estimate - Current Dollars | \$2,981 | 6.8% | \$5,500 | \$22.16 |

Compiled by CBRE

It should be noted that we have decreased this amount slightly since the major renovation of the Reef hotel rooms is essentially over and it appears that was increasing the POM expenses.

Utility Costs

Utility expenses typically include electricity, fuel (oil, gas and coal), purchased steam and water. This category also includes any central plant and energy management systems. The comparable data and projections for the subject are summarized as follows:

UTILITY COSTS

| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
|---|------------------|-------------------|--------------------|-------------------|
| Subject 2012 | \$7,055 | 26.3% | \$13,593 | \$70.26 |
| Subject 2013 | \$6,272 | 20.8% | \$11,593 | \$63.93 |
| Subject 2014 | \$5,978 | 17.6% | \$11,029 | \$53.28 |
| PKF Trend In The Caribbean 2011 - All Caribbean Hotels | \$2,512 | 8.3% | \$7,827 | \$31.61 |
| PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | \$3,303 | 8.4% | \$8,321 | \$32.91 |
| PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | \$4,056 | 8.4% | \$5,896 | \$23.96 |
| Host Report - Weighted Average | N/A | 4.1% | \$3,031 | \$12.39 |
| Host Report - Full-service Resort Location | N/A | 4.2% | \$3,622 | \$14.40 |
| Host Report - Full-service Independent | N/A | 3.8% | \$2,924 | \$12.93 |
| Host Report - Full-service South Atlantic | N/A | 4.1% | \$2,323 | \$9.27 |
| DCF Estimate - YR 1 | \$5,406 | 13.0% | \$9,975 | \$41.41 |
| DCF Stabilized Estimate - YR 3 | \$5,750 | 12.4% | \$10,609 | \$42.75 |
| Hypothetical Stabilized Estimate - Current Dollars | \$5,420 | 12.4% | \$10,000 | \$40.29 |

Compiled by CBRE

Management Fees

The projection of income and expense assumes competent management by a professional management company. We assume that upon a sale, if the subject could be obtained free and clear of any prior management encumbrance, a prudent investor would retain competent management with fees structured at current rates. Some companies provide management services alone, while others offer both management services and a brand name affiliation. When a management company has no brand identification, the property owner can often acquire a franchise that provides the necessary image and recognition. Management fees have typically equated to roughly 3 to 5 percent of total revenues. The comparable data and projections for the subject are summarized as follows:

| MANAGEMENT FEE | | | | |
|---|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject 2012 | \$0 | 0.0% | \$0 | \$0.00 |
| Subject 2013 | \$0 | 0.0% | \$0 | \$0.00 |
| Subject 2014 | \$0 | 0.0% | \$0 | \$0.00 |
| DCF Estimate - YR 1 | \$1,038 | 2.5% | \$1,916 | \$7.95 |
| DCF Stabilized Estimate - YR 3 | \$1,161 | 2.5% | \$2,143 | \$8.63 |
| Hypothetical Stabilized Estimate - Current Dollars | \$1,095 | 2.5% | \$2,020 | \$8.14 |
| Compiled by CBRE | | | | |

Fixed Charges

Fixed charges are typically not directly related to an associated revenue source, and are typically not compared on the basis of total revenues for similar types of hotels. These expenses are therefore not typically compared and estimated as a percentage of total revenues.

Property Taxes

Property taxes were discussed in greater detail previously in this report.

Insurance

The insurance expense includes the cost of insuring the hotel building and contents against fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, or other perils such as terrorism. This category includes all insurance costs except workers' compensation. The comparable data and projections for the subject are summarized as follows:

| INSURANCE | | | | |
|---|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject 2012 | \$4,576 | 17.1% | \$8,817 | \$45.58 |
| Subject 2013 | \$3,939 | 13.1% | \$7,281 | \$40.15 |
| Subject 2014 | \$3,614 | 10.6% | \$6,668 | \$32.21 |
| PKF Trend In The Caribbean 2011 - All Caribbean Hotels | \$913 | 3.0% | \$2,844 | \$11.49 |
| PKF Trend In The Caribbean 2011 - Hotels Over 300 Rooms | \$816 | 2.1% | \$2,056 | \$8.13 |
| PKF Trend In The Caribbean 2011 - Hotels Over 500 Rooms | \$2,054 | 4.2% | \$2,985 | \$12.13 |
| Host Report - Weighted Average | N/A | 1.3% | \$1,008 | \$4.12 |
| Host Report - Full-service Resort Location | N/A | 1.4% | \$1,250 | \$4.97 |
| Host Report - Full-service Independent | N/A | 1.3% | \$956 | \$4.23 |
| Host Report - Full-service South Atlantic | N/A | 1.3% | \$723 | \$2.88 |
| DCF Estimate - YR 1 | \$3,523 | 8.5% | \$6,500 | \$26.98 |
| DCF Stabilized Estimate - YR 3 | \$3,738 | 8.0% | \$6,896 | \$27.78 |
| Hypothetical Stabilized Estimate - Current Dollars | \$3,523 | 8.0% | \$6,500 | \$26.19 |
| Compiled by CBRE | | | | |

Reserves for Replacement

Structural reserves account for the replacement of short-lived items, including the roof, building systems, and parking lot. FF&E reserves for replacement are typically included in hotel expense projections to account for the periodic replacement of the furniture, fixtures and equipment (FF&E). It does not reflect the value of existing FF&E. It is solely an expense to reflect future replacements of short-lived items. This expense can be based on the actual replacement cost of the FF&E, its projected economic life and a reasonable reinvestment rate for the reserve funds (essentially a sinking fund account). An alternative and more widely utilized method is to estimate FF&E reserves based on a percentage of total revenues. Using this method, the typical ratio ranges from 3 to 5 percent of total revenues. The comparable data and projections for the subject are summarized as follows:

RESERVE FOR REPLACEMENT

| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
|---|------------------|-------------------|--------------------|-------------------|
| Subject 2012 | \$0 | 0.0% | \$0 | \$0.00 |
| Subject 2013 | \$0 | 0.0% | \$0 | \$0.00 |
| Subject 2014 | \$0 | 0.0% | \$0 | \$0.00 |
| DCF Estimate - YR 1 | \$1,661 | 4.0% | \$3,065 | \$12.72 |
| DCF Stabilized Estimate - YR 3 | \$1,858 | 4.0% | \$3,428 | \$13.81 |
| Hypothetical Stabilized Estimate - Current Dollars | \$1,752 | 4.0% | \$3,232 | \$13.02 |

Compiled by CBRE

Total Operating Expenses

The subject's total expense estimates are detailed as follows:

TOTAL EXPENSES

| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
|---|------------------|-------------------|--------------------|-------------------|
| Subject 2012 | \$37,532 | 139.9% | \$72,316 | \$373.82 |
| Subject 2013 | \$38,734 | 128.5% | \$71,597 | \$394.84 |
| Subject 2014 | \$40,406 | 118.9% | \$74,549 | \$360.13 |
| DCF Estimate - YR 1 | \$38,300 | 92.2% | \$70,664 | \$293.33 |
| DCF Stabilized Estimate - YR 3 | \$41,086 | 88.4% | \$75,804 | \$305.41 |
| Hypothetical Stabilized Estimate - Current Dollars | \$38,727 | 88.4% | \$71,452 | \$287.88 |

Compiled by CBRE

NET OPERATING INCOME CONCLUSION

The subject's net operating income is detailed as follows:

NET OPERATING INCOME

| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
|---|------------------|-------------------|--------------------|-------------------|
| Subject 2012 | -\$10,712 | -39.9% | -\$20,639 | -\$106.69 |
| Subject 2013 | -\$8,580 | -28.5% | -\$15,859 | -\$87.46 |
| Subject 2014 | -\$6,437 | -18.9% | -\$11,876 | -\$57.37 |
| DCF Estimate - YR 1 | \$3,230 | 7.8% | \$5,959 | \$24.74 |
| DCF Stabilized Estimate - YR 3 | \$5,370 | 11.6% | \$9,907 | \$39.91 |
| Hypothetical Stabilized Estimate - Current Dollars | \$5,061 | 11.6% | \$9,338 | \$37.62 |

Compiled by CBRE

DISCOUNTED CASH FLOW ANALYSIS

The discounted cash flow analysis relies on a projection of net operating income over a fixed holding period and a future sale of the property at the end of the holding period. This is consistent with current investor trends for analyzing this property type. The discounted cash flow analysis takes into consideration the timing and degree of the projected changes in average daily rate, occupancy, and expenses for the subject.

FINANCIAL ASSUMPTIONS

SUMMARY OF DISCOUNTED CASH FLOW ASSUMPTIONS

General Assumptions

| | |
|-------------------|-------------------|
| Start Date | February 28, 2015 |
| Terms of Analysis | 10 Years |

Growth Rate Assumptions

| | |
|------------------------|-------|
| Income Growth | 3.00% |
| Expense Growth | 3.00% |
| Inflation (CPI) | 3.00% |
| Real Estate Tax Growth | 3.00% |

Financial Assumptions

| | |
|--|--------|
| As Complete Discount Rate | 11.00% |
| As Complete Terminal Capitalization Rate | 9.00% |
| As Stabilized Terminal Capitalization Rate | 9.00% |

Other Assumptions

| | |
|--------------|------|
| Cost of Sale | 2.0% |
|--------------|------|

Compiled by CBRE

Cash Flow Assumptions

The discounted cash flow analysis relies on the income and expense projections presented earlier in this section. Specific assumptions integral to the analysis are summarized as follows:

GENERAL ASSUMPTIONS

The DCF analysis utilizes a 10-year projection period with fiscal year inflation and discounting. This is consistent with current investor assumptions. The analysis is done with Excel software.

GROWTH RATE ASSUMPTIONS

The inflation and growth rates for the DCF analysis have been estimated by analyzing the expectations typically used by buyers and sellers in the local marketplace. Published investor surveys, an analysis of the Consumer Price Index (CPI), as well as CBRE's survey of brokers and investors active in the local market form the foundation for the selection of the appropriate growth rates.

| SUMMARY OF GROWTH RATES | | | | |
|--|-------|---------------|----------|-------------------|
| Growth Rate Indicator | ADR | Other Revenue | Expenses | General Inflation |
| U.S. Bureau of Labor Statistics (CPI-U) 10-Year Snapshot Average as of Nov-14 | | | | 2.15% |
| Surveyed Market Participants | 3.00% | 3.00% | 3.00% | 3.00% |
| CBRE Estimates | | | | |
| Year 1 | 5.50% | 3.00% | 3.00% | 3.00% |
| Year 2 | 6.50% | 3.00% | 3.00% | 3.00% |
| Year 3 | 7.00% | 3.00% | 3.00% | 3.00% |
| Year 4 | 3.00% | 3.00% | 3.00% | 3.00% |
| Year 5 | 3.00% | 3.00% | 3.00% | 3.00% |
| Year 6 | 3.00% | 3.00% | 3.00% | 3.00% |
| Stabilized | 3.00% | 3.00% | 3.00% | 3.00% |
| Source: PwC Real Estate Investment Survey & www.bls.gov | | | | |

OCCUPANCY ASSUMPTIONS

The occupancy rate over the holding period is based on the subject's estimated stabilized occupancy rate and estimated lease-up period to achieve a stabilized occupancy position. The complete discussion and analysis of occupancy is located in the Hotel Market Analysis.

HOTEL INVESTOR RATES

Provided on the following pages is a discussion of the direct capitalization, discount, and terminal capitalization rates.

Direct Capitalization

Direct capitalization is a method used to convert a single year's estimated stabilized net operating income into a value indication. The following subsections represent different techniques for deriving an overall capitalization rate for direct capitalization. This figure will be used in a direct capitalization table presented following the discounted cash flow analysis. It also impacts the terminal capitalization rate selection.

Capitalization Rate Conclusion

The following chart summarizes the OAR conclusions.

| OVERALL CAPITALIZATION RATE - CONCLUSION | |
|--|---------------|
| Source | Indicated OAR |
| <i>Hotel Investor Survey</i> | 8.50% |
| Market Participants | 8.50% |
| Band of Investment | 8.40% |
| CBRE, Inc. Estimate | 8.50% |
| Compiled by: CBRE | |

Direct Capitalization Summary

A summary of the direct capitalization at stabilized occupancy is illustrated in the chart on the following page.

| DIRECT CAPITALIZATION SUMMARY | | | | |
|--|---|-----------------------|----------------------------------|------------------------------------|
| Analysis Premise | Discounted Cash Flow Stabilized Income (YR 3) | | | |
| Number of Rooms: | 542 | | | |
| Annual Rooms Available: | 197,830 | | | |
| Occupied Rooms: | 134,524 | | | |
| Occupancy: | 68% | | | |
| Average Rate: | \$134.22 | | | |
| RevPAR: | \$91.27 | | | |
| | Total USD | Percent | USD Per Available (542 Rooms) | USD Per Available (1,271 Rooms) |
| REVENUE | | | | |
| Rooms | 18,056,258 | 38.9% | USD 33,314 | USD 14,206 |
| Food & Beverage | 12,130,562 | 26.1% | USD 22,381 | USD 9,544 |
| Minor Operated Departments | 3,996,589 | 8.6% | USD 7,374 | USD 3,144 |
| Rental & Other Income | 11,416,017 | 24.6% | USD 21,063 | USD 8,982 |
| Golf Revenue | 855,635 | 1.8% | USD 1,579 | USD 673 |
| Total Revenue | 46,455,061 | 100.0% | USD 85,710 | USD 36,550 |
| DEPARTMENTAL EXPENSES | | | | |
| Rooms | 4,958,240 | 27.5% | USD 9,148 | USD 3,901 |
| Food & Beverage | 9,095,898 | 75.0% | USD 16,782 | USD 7,156 |
| Minor Operated Departments | 2,199,025 | 55.0% | USD 4,057 | USD 1,730 |
| Golf Expenses | 1,112,570 | 130.0% | USD 2,053 | USD 875 |
| Total Departmental Expenses | 17,365,733 | 37.4% | USD 32,040 | USD 13,663 |
| DEPARTMENTAL INCOME (LOSS) | 29,089,329 | 62.6% | USD 53,670 | USD 22,887 |
| UNDISTRIBUTED OPERATING EXPENSES | | | | |
| Administrative and General | 4,599,913 | 9.9% | USD 8,487 | USD 3,619 |
| Marketing | 3,449,849 | 7.4% | USD 6,365 | USD 2,714 |
| Property Operations and Maintenance | 3,162,411 | 6.8% | USD 5,835 | USD 2,488 |
| Utility Costs | 5,750,336 | 12.4% | USD 10,609 | USD 4,524 |
| Total Undistributed Expenses | 16,962,509 | 36.5% | USD 31,296 | USD 13,346 |
| CASH FLOW AFTER UNDIST OPERATING EXP | 12,126,819 | 26.1% | USD 22,374 | USD 9,541 |
| Management Fee | 1,161,377 | 2.5% | USD 2,143 | USD 914 |
| INCOME BEFORE FIXED CHARGES | 10,965,443 | 23.6% | USD 20,231 | USD 8,627 |
| FIXED CHARGES | | | | |
| Insurance | 3,737,740 | 8.0% | USD 6,896 | USD 2,941 |
| Reserve for Replacement | 1,858,202 | 4.0% | USD 3,428 | USD 1,462 |
| Total Fixed Charges | 5,595,943 | 12.0% | USD 10,325 | USD 4,403 |
| NET OPERATING INCOME | 5,369,500 | 11.6% | | |
| OAR | | 8.50% | | |
| Rounded Indicated Capitalized Value (As Stabilized) | | USD 63,200,000 | | |
| Stabilization Discount | | (USD 6,100,000) | | |
| Indicated Capitalized Value (As Is) | | USD 57,100,000 | | |
| Rounded | | USD 57,100,000 | | |
| Per Room | | USD 105,351 | USD 105,351 | USD 44,925 |
| Compiled by CBRE | | | | |

DISCOUNTED CASH FLOW ANALYSIS (DCF)

The DCF assumptions concluded for the subject are summarized as follows:

| SUMMARY OF DISCOUNTED CASH FLOW ASSUMPTIONS | |
|--|-------------------|
| General Assumptions | |
| Start Date | February 28, 2015 |
| Terms of Analysis | 10 Years |
| Growth Rate Assumptions | |
| Income Growth | 3.00% |
| Expense Growth | 3.00% |
| Inflation (CPI) | 3.00% |
| Real Estate Tax Growth | 3.00% |
| Financial Assumptions | |
| As Complete Discount Rate | 11.00% |
| As Complete Terminal Capitalization Rate | 9.00% |
| As Stabilized Terminal Capitalization Rate | 9.00% |
| Other Assumptions | |
| Cost of Sale | 2.0% |
| Compiled by CBRE | |

Discounted Cash Flow Conclusion

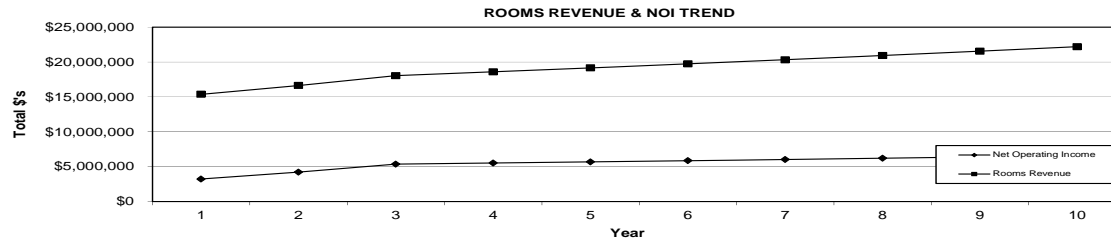
The DCF schedule(s) and value conclusions are depicted on the following page(s)

AS IS DISCOUNTED CASH FLOW ANALYSIS

CBRE

GRAND LUCAYAN BEACH AND GOLF RESORT - FREEPORT, GRAND BAHAMA ISLAND
DISCOUNTED CASH FLOW REPORT BEGINNING FEBRUARY 28, 2015

| 12 Months Ending: | 2/27/16 | 2/27/17 | 2/27/18 | 2/27/19 | 2/27/20 | 2/27/21 | 2/27/22 | 2/27/23 | 2/27/24 | 2/27/25 | 2/27/26 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Number of Rooms | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 |
| Annual Available Rooms | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 |
| Occupied Rooms | 130,568 | 132,546 | 134,524 | 134,524 | 134,524 | 134,524 | 134,524 | 134,524 | 134,524 | 134,524 | 134,524 |
| Occupancy | 66.0% | 67.0% | 68.0% | 68.0% | 68.0% | 68.0% | 68.0% | 68.0% | 68.0% | 68.0% | 68.0% |
| Average Rate | \$117.79 | \$125.44 | \$134.22 | \$138.25 | \$142.40 | \$146.67 | \$151.07 | \$155.60 | \$160.27 | \$165.08 | \$170.03 |
| REVENUE | | | | | | | | | | | |
| Rooms | \$15,379,045 | \$16,626,845 | \$18,056,258 | \$18,597,945 | \$19,155,884 | \$19,730,560 | \$20,322,477 | \$20,932,151 | \$21,560,116 | \$22,206,919 | \$22,873,127 |
| Food & Beverage | \$11,163,586 | \$11,637,869 | \$12,130,562 | \$12,494,479 | \$12,869,314 | \$13,255,393 | \$13,653,055 | \$14,062,646 | \$14,484,526 | \$14,919,062 | \$15,366,633 |
| Minor Operated Departments | \$3,688,919 | \$3,839,885 | \$3,996,589 | \$4,116,487 | \$4,239,982 | \$4,367,181 | \$4,498,197 | \$4,633,142 | \$4,772,137 | \$4,915,301 | \$5,062,760 |
| Rental & Other Income | \$10,506,000 | \$10,952,346 | \$11,416,017 | \$11,758,497 | \$12,111,252 | \$12,474,590 | \$12,848,828 | \$13,234,293 | \$13,631,321 | \$14,040,261 | \$14,461,469 |
| Golf Revenue | \$792,116 | \$823,296 | \$855,635 | \$881,304 | \$907,743 | \$934,975 | \$963,024 | \$991,915 | \$1,021,673 | \$1,052,323 | \$1,083,892 |
| Total Revenue | \$41,529,666 | \$43,880,242 | \$46,455,061 | \$47,848,713 | \$49,284,174 | \$50,762,700 | \$52,285,580 | \$53,854,148 | \$55,469,772 | \$57,133,866 | \$58,847,881 |
| Percent Change | | 5.7% | 5.9% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| DEPARTMENTAL EXPENSES | | | | | | | | | | | |
| Rooms | \$4,619,739 | \$4,786,078 | \$4,958,240 | \$5,106,987 | \$5,260,197 | \$5,418,003 | \$5,580,543 | \$5,747,959 | \$5,920,398 | \$6,098,010 | \$6,280,950 |
| Food & Beverage | \$8,450,835 | \$8,767,664 | \$9,095,898 | \$9,368,775 | \$9,649,838 | \$9,939,333 | \$10,237,513 | \$10,544,638 | \$10,860,977 | \$11,186,807 | \$11,522,411 |
| Minor Operated Departments | \$2,051,039 | \$2,123,773 | \$2,199,025 | \$2,264,996 | \$2,332,946 | \$2,402,934 | \$2,475,023 | \$2,549,273 | \$2,625,751 | \$2,704,524 | \$2,785,660 |
| Golf Expenses | \$1,039,256 | \$1,075,299 | \$1,112,570 | \$1,145,947 | \$1,180,325 | \$1,215,735 | \$1,252,207 | \$1,289,773 | \$1,328,466 | \$1,368,320 | \$1,409,370 |
| Total Departmental Expenses | \$16,160,868 | \$16,752,814 | \$17,365,733 | \$17,886,705 | \$18,423,306 | \$18,976,005 | \$19,545,285 | \$20,131,644 | \$20,735,593 | \$21,357,661 | \$21,998,390 |
| Percent Change | | 3.7% | 3.7% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| DEPARTMENTAL INCOME (LOSS) | \$25,368,798 | \$27,127,427 | \$29,089,329 | \$29,962,008 | \$30,860,869 | \$31,786,695 | \$32,740,296 | \$33,722,504 | \$34,734,180 | \$35,776,205 | \$36,849,491 |
| Percent Change | | 6.9% | 7.2% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| UNDISTRIBUTED OPERATING EXPENSES | | | | | | | | | | | |
| Administrative and General | \$4,324,829 | \$4,460,255 | \$4,599,913 | \$4,737,910 | \$4,880,048 | \$5,026,449 | \$5,177,243 | \$5,332,560 | \$5,492,537 | \$5,657,313 | \$5,827,032 |
| Marketing | \$3,227,008 | \$3,336,593 | \$3,449,849 | \$3,553,345 | \$3,659,945 | \$3,769,743 | \$3,882,836 | \$3,999,321 | \$4,119,300 | \$4,242,879 | \$4,370,166 |
| Property Operations and Maintenance | \$2,958,137 | \$3,058,591 | \$3,162,411 | \$3,257,283 | \$3,355,002 | \$3,455,652 | \$3,559,322 | \$3,666,101 | \$3,776,084 | \$3,889,367 | \$4,006,048 |
| Utility Costs | \$5,406,454 | \$5,575,749 | \$5,750,336 | \$5,922,846 | \$6,100,531 | \$6,283,547 | \$6,472,053 | \$6,666,215 | \$6,866,201 | \$7,072,188 | \$7,284,353 |
| Total Undistributed Expenses | \$15,916,428 | \$16,431,188 | \$16,962,509 | \$17,471,384 | \$17,995,526 | \$18,535,392 | \$19,091,453 | \$19,664,197 | \$20,254,123 | \$20,861,747 | \$21,487,599 |
| Percent Change | | 3.2% | 3.2% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| CASH FLOW AFTER UNDIST OPERATING EXP | \$9,452,370 | \$10,696,240 | \$12,126,819 | \$12,490,624 | \$12,865,343 | \$13,251,303 | \$13,648,842 | \$14,058,307 | \$14,480,057 | \$14,914,458 | \$15,361,892 |
| Management Fee | \$1,038,242 | \$1,097,006 | \$1,161,377 | \$1,196,218 | \$1,232,104 | \$1,269,067 | \$1,307,140 | \$1,346,354 | \$1,386,744 | \$1,428,347 | \$1,471,197 |
| INCOME BEFORE FIXED CHARGES | \$8,414,129 | \$9,599,233 | \$10,965,443 | \$11,294,406 | \$11,633,238 | \$11,982,236 | \$12,341,703 | \$12,711,954 | \$13,093,312 | \$13,486,112 | \$13,890,695 |
| Percent Change | | 14.1% | 14.2% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| FIXED CHARGES | | | | | | | | | | | |
| Insurance | \$3,523,179 | \$3,628,874 | \$3,737,740 | \$3,849,873 | \$3,965,369 | \$4,084,330 | \$4,206,860 | \$4,333,066 | \$4,463,058 | \$4,596,949 | \$4,734,858 |
| Reserve for Replacement | \$1,661,187 | \$1,755,210 | \$1,858,202 | \$1,913,949 | \$1,971,367 | \$2,030,508 | \$2,091,423 | \$2,154,166 | \$2,218,791 | \$2,285,355 | \$2,353,915 |
| Total Fixed Charges | \$5,184,366 | \$5,384,084 | \$5,595,943 | \$5,763,821 | \$5,936,736 | \$6,114,838 | \$6,298,283 | \$6,487,232 | \$6,681,848 | \$6,882,304 | \$7,088,773 |
| Percent Change | | 3.9% | 3.9% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| NET OPERATING INCOME | \$3,229,763 | \$4,215,150 | \$5,369,500 | \$5,530,585 | \$5,696,503 | \$5,867,398 | \$6,043,420 | \$6,224,722 | \$6,411,464 | \$6,603,808 | \$6,801,922 |
| Percent Change | | 30.5% | 27.4% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |



| Sale / Yield | Terminal Capitalization Rate | | |
|---------------|------------------------------|--------------|--------------|
| Discount Rate | 8.50% | 9.00% | 9.50% |
| 10.50% | \$60,487,885 | \$58,882,632 | \$57,446,353 |
| 11.00% | \$58,480,816 | \$56,946,423 | \$55,573,546 |
| 11.50% | \$56,560,134 | \$55,093,176 | \$53,780,635 |

Cost of Sale at Reversion: 2.00%
Property Size (Rooms): #NAME?
Percent Residual: 45.8%

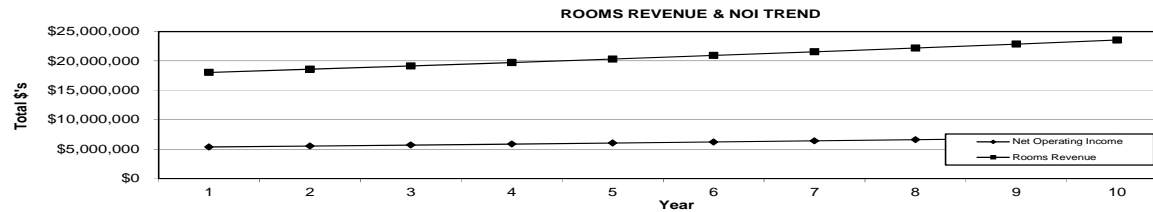
Renovated Value Indication (Rounded): \$56,900,000
Total Capital Expenditures (Rounded): \$0
As Is Value Indication (Rounded): \$56,900,000
Value Per Room (542 Rooms) \$104,982

AS STABILIZED DISCOUNTED CASH FLOW ANALYSIS



GRAND LUCAYAN BEACH AND GOLF RESORT - FREEPORT, GRAND BAHAMA ISLAND
STABILIZED CASH FLOW REPORT BEGINNING FEBRUARY 28, 2017

| 12 Months Ending: | 2/27/18 | 2/27/19 | 2/27/20 | 2/27/21 | 2/27/22 | 2/27/23 | 2/27/24 | 2/27/25 | 2/27/26 | 2/27/27 | 2/27/28 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Number of Rooms | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 | 542 |
| Annual Available Rooms | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 | 197,830 |
| Occupied Rooms | 134,524 | 134,524 | 134,524 | 134,524 | 134,524 | 134,524 | 134,524 | 134,524 | 134,524 | 134,524 | 134,524 |
| Occupancy | 68.0% | 68.0% | 68.0% | 68.0% | 68.0% | 68.0% | 68.0% | 68.0% | 68.0% | 68.0% | 68.0% |
| Average Rate | \$134.22 | \$138.25 | \$142.40 | \$146.67 | \$151.07 | \$155.60 | \$160.27 | \$165.08 | \$170.03 | \$175.13 | \$180.38 |
| REVENUE | | | | | | | | | | | |
| Rooms | \$18,056,258 | \$18,597,945 | \$19,155,884 | \$19,730,560 | \$20,322,477 | \$20,932,151 | \$21,560,116 | \$22,206,919 | \$22,873,127 | \$23,559,321 | \$24,266,100 |
| Food & Beverage | \$12,130,562 | \$12,494,479 | \$12,869,314 | \$13,255,393 | \$13,653,055 | \$14,062,646 | \$14,484,526 | \$14,919,062 | \$15,366,633 | \$15,827,632 | \$16,302,461 |
| Minor Operated Departments | \$3,996,589 | \$4,116,487 | \$4,239,982 | \$4,367,181 | \$4,498,197 | \$4,633,142 | \$4,772,137 | \$4,915,301 | \$5,062,760 | \$5,214,643 | \$5,371,082 |
| Rental & Other Income | \$11,416,017 | \$11,758,497 | \$12,111,252 | \$12,474,590 | \$12,848,828 | \$13,234,293 | \$13,631,321 | \$14,040,261 | \$14,461,469 | \$14,895,313 | \$15,342,172 |
| Golf Revenue | \$855,635 | \$881,304 | \$907,743 | \$934,975 | \$963,024 | \$991,915 | \$1,021,673 | \$1,052,323 | \$1,083,892 | \$1,116,409 | \$1,149,901 |
| Total Revenue | \$46,455,061 | \$47,848,713 | \$49,284,174 | \$50,762,700 | \$52,285,580 | \$53,854,148 | \$55,469,772 | \$57,133,866 | \$58,847,881 | \$60,613,318 | \$62,431,717 |
| Percent Change | | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| DEPARTMENTAL EXPENSES | | | | | | | | | | | |
| Rooms | \$4,958,240 | \$5,106,987 | \$5,260,197 | \$5,418,003 | \$5,580,543 | \$5,747,959 | \$5,920,398 | \$6,098,010 | \$6,280,950 | \$6,469,378 | \$6,663,460 |
| Food & Beverage | \$9,095,898 | \$9,368,775 | \$9,649,838 | \$9,939,333 | \$10,237,513 | \$10,544,638 | \$10,860,977 | \$11,186,807 | \$11,522,411 | \$11,868,083 | \$12,224,126 |
| Minor Operated Departments | \$2,199,025 | \$2,264,996 | \$2,332,946 | \$2,402,934 | \$2,475,023 | \$2,549,273 | \$2,625,751 | \$2,704,524 | \$2,785,660 | \$2,869,229 | \$2,955,306 |
| Golf Expenses | \$1,112,570 | \$1,145,947 | \$1,180,325 | \$1,215,735 | \$1,252,207 | \$1,289,773 | \$1,328,466 | \$1,368,320 | \$1,409,370 | \$1,451,651 | \$1,495,200 |
| Total Departmental Expenses | \$17,365,733 | \$17,886,705 | \$18,423,306 | \$18,976,005 | \$19,545,285 | \$20,131,644 | \$20,735,593 | \$21,357,661 | \$21,998,390 | \$22,658,342 | \$23,338,092 |
| Percent Change | | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| DEPARTMENTAL INCOME (LOSS) | \$29,089,329 | \$29,962,008 | \$30,860,869 | \$31,786,695 | \$32,740,296 | \$33,722,504 | \$34,734,180 | \$35,776,205 | \$36,849,491 | \$37,954,976 | \$39,093,625 |
| Percent Change | | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| UNDISTRIBUTED OPERATING EXPENSES | | | | | | | | | | | |
| Administrative and General | \$4,599,913 | \$4,737,910 | \$4,880,048 | \$5,026,449 | \$5,177,243 | \$5,332,560 | \$5,492,537 | \$5,657,313 | \$5,827,032 | \$6,001,843 | \$6,181,899 |
| Marketing | \$3,449,849 | \$3,553,345 | \$3,659,945 | \$3,769,743 | \$3,882,836 | \$3,999,321 | \$4,119,300 | \$4,242,879 | \$4,370,166 | \$4,501,271 | \$4,636,309 |
| Property Operations and Maintenance | \$3,162,411 | \$3,257,283 | \$3,355,002 | \$3,455,652 | \$3,559,322 | \$3,666,101 | \$3,776,084 | \$3,889,367 | \$4,006,048 | \$4,126,229 | \$4,250,016 |
| Utility Costs | \$5,750,336 | \$5,922,846 | \$6,100,531 | \$6,283,547 | \$6,472,053 | \$6,666,215 | \$6,866,201 | \$7,072,188 | \$7,284,353 | \$7,502,884 | \$7,727,970 |
| Total Undistributed Expenses | \$16,962,509 | \$17,471,384 | \$17,995,526 | \$18,535,392 | \$19,091,453 | \$19,664,197 | \$20,254,123 | \$20,861,747 | \$21,487,599 | \$22,132,227 | \$22,796,194 |
| Percent Change | | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| CASH FLOW AFTER UNDIST OPERATING EXP | \$12,126,819 | \$12,490,624 | \$12,865,343 | \$13,251,303 | \$13,648,842 | \$14,058,307 | \$14,480,057 | \$14,914,458 | \$15,361,892 | \$15,822,749 | \$16,297,431 |
| Management Fee | \$1,161,377 | \$1,196,218 | \$1,232,104 | \$1,269,067 | \$1,307,140 | \$1,346,354 | \$1,386,744 | \$1,428,347 | \$1,471,197 | \$1,515,333 | \$1,560,793 |
| INCOME BEFORE FIXED CHARGES | \$10,965,443 | \$11,294,406 | \$11,633,238 | \$11,982,236 | \$12,341,703 | \$12,711,954 | \$13,093,312 | \$13,486,112 | \$13,890,695 | \$14,307,416 | \$14,736,638 |
| Percent Change | | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| FIXED CHARGES | | | | | | | | | | | |
| Insurance | \$3,737,740 | \$3,849,873 | \$3,965,369 | \$4,084,330 | \$4,206,860 | \$4,333,066 | \$4,463,058 | \$4,596,949 | \$4,734,858 | \$4,876,904 | \$5,023,211 |
| Reserve for Replacement | \$1,858,202 | \$1,913,949 | \$1,971,367 | \$2,030,508 | \$2,091,423 | \$2,154,166 | \$2,218,791 | \$2,285,355 | \$2,353,915 | \$2,424,533 | \$2,497,269 |
| Total Fixed Charges | \$5,595,943 | \$5,763,821 | \$5,936,736 | \$6,114,838 | \$6,298,283 | \$6,487,232 | \$6,681,848 | \$6,882,304 | \$7,088,773 | \$7,301,436 | \$7,520,479 |
| Percent Change | | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| NET OPERATING INCOME | \$5,369,500 | \$5,530,585 | \$5,696,503 | \$5,867,398 | \$6,043,420 | \$6,224,722 | \$6,411,464 | \$6,603,808 | \$6,801,922 | \$7,005,980 | \$7,216,159 |
| Percent Change | | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |



| Sale / Yield | Terminal Capitalization Rate | | |
|---------------|------------------------------|--------------|--------------|
| Discount Rate | 8.50% | 9.00% | 9.50% |
| 10.50% | \$66,797,094 | \$66,094,081 | \$63,570,332 |
| 11.00% | \$64,652,079 | \$63,024,242 | \$61,567,756 |
| 11.50% | \$62,598,889 | \$61,042,593 | \$59,650,118 |

Cost of Sale at Reversion: 2.00%
Property Size (Rooms): #NAME?
Percent Residual: 43.9%

Reconciled Value Indication (Rounded): \$63,000,000
Value Per Room (542 Rooms) \$116,236

COST TO ACHIEVE STABILIZED OPERATIONS

The cost estimates employed for the cost approach and the reconciled value indications derived from the direct capitalization method of the income capitalization approach is reflective of a property operating at a stabilized level. A stabilized occupancy for the subject has been estimated to be 68% while the subject is projected to achieve a year 1 occupancy of 66.0% and is projected to be stabilized in Year 3 of the discounted cash flow analysis. Consequently, an adjustment is warranted.

The Stabilization Cost Analysis utilizes assumptions developed in the market analysis and income capitalization approach and has been deducted as a line item from the direct capitalization summary and the improved sales conclusion in order to render "As Is" value estimates. The DCF Value – "As Is" has been deducted from the DCF Value – "As Stabilized" in order to determine the stabilization cost discount.

| HYPOTHETICAL VALUE ESTIMATES | |
|---------------------------------------|--|
| DCF Value - As Stabilized: | |
| DCF Value - As Is: | |
| Cost to Achieve Stabilized Operations | |
| Compiled by CBRE | |

CONCLUSION OF INCOME CAPITALIZATION APPROACH

The conclusions via the valuation methods employed for this approach are as follows:

| INCOME CAPITALIZATION APPROACH VALUES | | |
|---------------------------------------|-----------------------|---------------------------|
| Appraisal Premise | As Is | Prospective As Stabilized |
| Direct Capitalization Method | USD 57,100,000 | USD 63,200,000 |
| Discounted Cash Flow Analysis | USD 56,900,000 | USD 63,000,000 |
| Reconciled Value | USD 57,000,000 | USD 63,100,000 |
| Compiled by CBRE | | |

RECONCILIATION OF VALUE

The value indications from the approaches to value are summarized as follows:

| SUMMARY OF VALUE CONCLUSIONS | | |
|---|----------------------|------------------------------|
| Appraisal Premise | Prospective As Is | Prospective As Stabilized |
| Sales Comparison Approach | USD 63,300,000 | USD 69,400,000 |
| Income Capitalization Approach | USD 57,000,000 | USD 63,000,000 |
| Reconciled Value | USD 57,000,000 | USD 63,100,000 |
| * Value indications expressed in current dollars. Compiled by CBRE | | |

In valuing the subject property, the Income Approach is considered most reliable and has been given primary emphasis, with secondary emphasis placed on the Sales Comparison Approach. Based on the foregoing, the market value of the subject property has been concluded as follows:

| MARKET VALUE CONCLUSION | | | | | |
|---------------------------|--------------------|------------------|---------------|------------------|------------|
| Appraisal Premise | Interest Appraised | Date of Value | Exposure Time | Value Conclusion | |
| Prospective As Is | Leased Fee | 28 February 2015 | 12 Months | USD | 57,000,000 |
| Prospective As Stabilized | Leased Fee | 28 February 2017 | 12 Months | USD | 63,100,000 |
| Compiled by CBRE | | | | | |

As advised by the owner of the subject, the potential tax liability which would arise on the direct disposal of the subject property at the amount valued by us is the Bahamian stamp duty at progressive rates from 4% to 10% of the transaction amount of which both the seller and the buyer are jointly and severally liable.

The likelihood of the tax liability being crystallized is remote as the owner has no plans for the disposal of the Property yet.

ASSUMPTIONS AND LIMITING CONDITIONS

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE, Inc. is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, Inc., however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. CBRE, Inc. professionals are not engineers and are not competent to judge matters of an engineering nature. CBRE, Inc. has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of CBRE, Inc. by ownership or management; CBRE, Inc. inspected less than 100% of the entire interior and exterior portions of the improvements; and CBRE, Inc. was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, CBRE, Inc. reserves the right to amend the appraisal conclusions reported herein.

3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. CBRE, Inc. has no knowledge of the existence of such materials on or in the property. CBRE, Inc., however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to CBRE, Inc. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, CBRE, Inc. has no reason to

believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, CBRE, Inc. reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE, Inc. of any questions or errors.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, CBRE, Inc. will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. CBRE, Inc. assumes no private deed restrictions, limiting the use of the subject in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
9. CBRE, Inc. is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE, Inc. does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE, Inc.
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE, Inc. to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
14. This study may not be duplicated in whole or in part without the specific written consent of CBRE, Inc. nor may this report or copies hereof be transmitted to third parties without said consent, which consent CBRE, Inc. reserves the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its

contents shall not be published, in whole or in part, in any public document without the express written consent of CBRE, Inc. which consent CBRE, Inc. reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. CBRE, Inc. shall have no accountability or responsibility to any such third party.

15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to CBRE, Inc. unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. CBRE, Inc. assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor CBRE, Inc. assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
20. CBRE, Inc. assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient or super-efficient.
21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
23. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, CBRE, Inc. has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since CBRE, Inc. has no specific information relating to this issue, nor is CBRE, Inc. qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.

24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client approximately result in damage to Appraiser. Notwithstanding the foregoing, Appraiser shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by Appraiser. Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover, from the other, reasonable attorney fees and costs.

ADDENDA

ADDENDUM A
QUALIFICATIONS

QUALIFICATIONS OF

SCOTT L WEBB
Senior Appraiser
Hospitality Specialist

CBRE, Inc., Valuation and Advisory Services
 5100 Town Center Circle, Suite 600
 Boca Raton, Florida 33486
 (561) 393-1609

EDUCATIONAL

BS, Economics, Florida State University, Tallahassee, Florida - 1986
 Appraisal Institute

Standards of Professional Practice, Part A & B
 Real Estate Appraisal Principles
 Basic Valuation Procedures
 Capitalization Theory and Techniques, IB-A
 Capitalization Theory and Techniques, IB-B
 Case Studies in Real Estate Valuation
 Highest and Best Use Analysis
 General Appraiser Report Writing and Case Studies
 Advanced Concepts and Case Studies

Attended numerous educational seminars sponsored by the Appraisal Institute.

LICENSE(S)/CERTIFICATION(S)

Certified General Appraiser; State of Florida (No. RZ2002)

PROFESSIONAL AFFILIATIONS

Appraisal Institute

Candidate for Designation - Appraisal Institute South Florida Caribbean Chapter

South Broward Board of Realtors

Realtor

National Association of Realtors

GAA - National Association of Realtors Appraisal Section

EMPLOYMENT EXPERIENCE

Twenty Seven years of Real Estate Appraisal and Consulting experience throughout the Southeastern United States, Florida and in the Caribbean.

1987 to 1989
 1989 to 1990
 1990 to 1991
 1991 to 1996
 1996 to 2001
 4/01 to 9/01
 9/01 to Present

TRW Appraisal, Inc.
 Pardue, Heid, Church, Smith & Waller, Inc.
 Hewitt, Olson, Smoker & Associates
 PKF Consulting
 Tropical Appraisal Corporation
 PRIMIS Appraisal
 CBRE, Inc. Valuation and Advisory Service -

Boca Raton, FL
 Ft. Lauderdale, FL
 Ft. Lauderdale, FL
 Miami, FL
 Coconut Creek, FL
 Fort Lauderdale, FL
 Boca Raton, FL



Name of Property

Description

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RICK SCOTT, GOVERNOR

KEN LAWSON, SECRETARY

| STATE OF FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION FLORIDA REAL ESTATE APPRAISAL BD | |
|---|----------------------------|
| LICENSE NUMBER | |
| RZ2002 | |
| The CERTIFIED GENERAL APPRAISER Named below IS CERTIFIED Under the provisions of Chapter 475 FS. Expiration date: NOV 30, 2016 | |
| WEBB, SCOTT L 5100 TOWN CENTER CIRCLE TOWNER II SUITE 600 BOCA RATON FL 33486 | |
|  | |
|  | |
| ISSUED: 11/13/2014 | DISPLAY AS REQUIRED BY LAW |
| SEQ # L1411130002084 | |

QUALIFICATIONS**QUALIFICATIONS OF**

JAMES E. AGNER, MAI, SGA, MRICS
Managing Director – Florida/Caribbean
National Director – Net Lease Valuation Group
National Director – Golf Valuation Group

CBRE, Inc., Valuation and Advisory Services
 777 Brickell Avenue, Suite 910
 Miami, Florida 33131
 (305) 381-6480

EDUCATIONAL

BS, Marketing, Florida State University, Tallahassee, Florida - 1981

Real Estate Major, Florida Atlantic University - 1984

Appraisal Institute

Appraisal Institute Courses 1A and 1B. Attended numerous educational seminars sponsored by the Appraisal Institute including Standards of Professional Practice, Market and Feasibility Studies for Shopping Centers, USPAP Florida State Law, Public Safety and Property Values and Real Estate Valuation in the Appraisal Industry.

LICENSE(S)/CERTIFICATION(S)

Registered Real Estate Broker-Salesman; State of Florida (No. BL0404088)

Certified General Appraiser; State of Florida (No. RZ382)

Certified General Real Property Appraiser; State of Georgia (No.345321)

PROFESSIONAL

Appraisal Institute - Designated Member (MAI), Certificate No. 7791 (1988)

South Florida Chapter of Appraisal Institute Board of Directors (Past Director)

Society of Golf Appraisers – Designated Member (SGA) – 2005

Royal Institution of Chartered Surveyors - Designated Member (MRICS), Cert. No. 7505662 (2014)

Qualified Expert Witness

Circuit Courts - State of Florida

United States Bankruptcy Courts

EMPLOYMENT EXPERIENCE

Thirty-four years of Real Estate Appraisal and Consulting experience throughout the State of Florida and in the Caribbean.

| | | |
|---------------|---|--------------------|
| 1995-Present | CBRE, Inc. - | Miami, FL |
| | Valuation and Advisory Services – Managing Director Florida/Caribbean | |
| 4/95 to 10/95 | Coastal Appraisal Services | Naples, FL |
| 1985 to 1995 | Quinlivan Appraisal & Consulting | South Miami, FL |
| 1984 to 1985 | Raymond Kaiser Engineer | Ft. Lauderdale, FL |
| 1981 to 1984 | Florida Dept. of Transportation | Ft. Lauderdale, FL |

RICK SCOTT, GOVERNOR

KEN LAWSON, SECRETARY

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

LICENSE NUMBER

RZ2002

The CERTIFIED GENERAL APPRAISER
Named below IS CERTIFIED
Under the provisions of Chapter 475 FS.
Expiration date: NOV 30, 2016

WEBB, SCOTT L
5100 TOWN CENTER CIRCLE TOWNER II
SUITE 600
BOCA RATON FL 33486



ISSUED: 11/13/2014

DISPLAY AS REQUIRED BY LAW

SEQ # L1411130002084

ADDENDUM B
ENGAGEMENT LETTER

VALUATION & ADVISORY SERVICES

CBRE

CBRE, Inc.
777 Brickell Avenue, Suite 910
Miami, Florida 33131

February 14, 2015

James E. Agner, MAI, SGA
Managing Director – Florida/Caribbean

Chow Wai Kam Raymond
Director

Cheung Kong Property Holdings Limited (HWPL)
c/o - 7/F Cheung Kong Center, 2 Queens Road Central
Hong Kong
Email: GTarode@gbpa.com and bettykwleung@hwpg.com

RE: Assignment Agreement
Lucayan Resort Hotels and 2 Golf Courses,
Freeport, Grand Bahamas

Dear Mr. Chow Wai Kam Raymond:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

PROPOSAL SPECIFICATIONS

| | |
|--------------------------|---|
| Purpose: | To estimate the Market Value of the referenced real estate as of February 28, 2015. This would include the Lucayan Grand Resort, The (Leased Out) Memories Resort and two associated Golf Courses. |
| Premise: | As Is |
| Rights Appraised: | Fee Simple |
| Intended Use: | For use in public document(s) and submitted to the HKEx as part of the Cheung Kong Property Holdings Limited/Hutchison Ports Properties Limited group's restructuring plans. An Indemnification Agreement will also be signed by Cheung Kong Properties Holdings Limited/Hutchison Ports Properties Limited, covering all these properties and allowing for the intended use of these appraisals. The Indemnification Agreement is part of this engagement herein. |
| Intended User: | The intended user is Cheung Kong Property Holdings Limited/Hutchison Ports Properties Limited, and such other parties and entities (if any) expressly recognized by CBRE as "Intended Users" (as further defined herein). |
| Reliance: | Reliance on any reports produced by CBRE under this Agreement is extended solely to the client signing below and to other parties and entities qualified by CBRE as Intended Users, and identified in this Agreement or in client's reliance language indicated in the Appraisal Report once prepared and issued. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof, whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible |

CBRE

Chow Wai Kam Raymond
 Assignment Agreement
 Page 2 of 7
 February 14, 2015

for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

| | |
|---|--|
| Inspection: | CBRE will conduct a physical inspection of both the interior and exterior of the subject property, as well as its surrounding environs on the effective date of appraisal. |
| Valuation Approaches: | All three traditional approaches to value will be considered and utilized as applicable. |
| Report Type: | Appraisal Report (Concise Format) |
| Appraisal Standards: | Client Guidelines/USPAP/IVS |
| Appraisal Fee: | \$20,000 |
| Expenses: | Fee includes all associated expenses |
| Retainer: | A retainer of 100% of the fee or \$20,000 is required in advance |
| Delivery Instructions: | CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report. |
| An Adobe PDF file via email will be delivered to GTorode@gbpa.com and bettykwleung@hwpq.com. The client has requested Two (2) bound final copy (ies). | |
| Delivery Schedule: | |
| Preliminary Value: | January 29, 2015 |
| Draft Report: | January 29, 2015 |
| Final Report: | Upon Client's request and or before February 21, 2015 |
| Start Date: | The appraisal process will start upon receipt of your signed agreement, the retainer, and the property specific data. |
| Acceptance Date: | These specifications are subject to modification if this proposal is not accepted within 20 business days from the date of this letter. |

When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties hereto.

Chow Wai Kam Raymond
Assignment Agreement
Page 3 of 7
February 14, 2015


TERMS AND CONDITIONS

The attached Terms and Conditions and Specific Property Data Request are deemed a part of this agreement as though set forth in full herein.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

CBRE, Inc.
Valuation & Advisory Services



James E. Agner, MAI, SGA, MRICS
Managing Director – Florida/Caribbean
As Agent for CBRE, Inc.
Cert. Gen. RZ382
T 305.381.6480 Phone
james.agner@cbre.com

Chow Wai Kam Raymond
Assignment Agreement
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February 14, 2015

AGREED AND ACCEPTED

**FOR CHEUNG KONG PROPERTY HOLDINGS LIMITED AND ON BEHALF OF
HUTCHISON PORTS PROPERTIES LIMITED:**


Signature

Date

Chow Wai Kam Raymond

Name

Director

Title

Phone Number

E-Mail Address

Chow Wai Kam Raymond
 Assignment Agreement
 Page 5 of 7
 February 14, 2015

TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for appraisal services (the "Agreement") between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the appraisal services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the appraisal office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the appraisal fee and preparation of an appraisal report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the prorated share of the fee based upon the work completed and expenses incurred (including travel expenses to and from the job site), with a minimum charge of \$500. Additional copies of the Appraisal Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Appraiser is subpoenaed to give testimony or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.
8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to the best of the Appraiser's knowledge and belief. Appraiser does not make any representation or

Chow Wai Kam Raymond
 Assignment Agreement
 Page 6 of 7
 February 14, 2015

warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others.

9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.
13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.
15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF USED, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY'S TOTAL LIABILITY TO THE OTHER FOR DAMAGES UNDER THE AGREEMENT EXCEED, IN THE AGGREGATE, THE GREATER OF EITHER THE AMOUNT OF THE TOTAL FEES PAID TO APPRAISER UNDER THIS AGREEMENT, OR TEN THOUSAND DOLLARS (\$10,000). BY SIGNING THIS AGREEMENT, CLIENT INDICATES ITS UNDERSTANDING OF THE LIABILITY LIMITATION HEREIN AND AGREES TO ABIDE BY SUCH LIMITATION. THIS LIABILITY LIMITATION SHALL NOT APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT.
16. Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party approved in writing by Appraiser and identified herein as an "Intended User" of the Appraisal Report, (ii) any third party service provider (including rating agencies and Client's auditors) using the Appraisal Report in the course of providing services for the sole benefit of Client, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended

Chow Wai Kam Raymond
Assignment Agreement
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February 14, 2015

User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and Appraiser shall have no liability for such unauthorized use and reliance on any Appraisal Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed, sustained or incurred by any party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.

17. In the event Client incorporates or references the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the appraisal or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iii) an actual or alleged violation of applicable law by Client (including, without limitation, securities laws) or the negligent or intentional acts or omissions of Client (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising there from, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.

SPECIFIC PROPERTY DATA REQUEST

In order to complete this assignment under the terms outlined, CBRE, Inc., Valuation & Advisory Services, will require the following specific information for the property:

1. Current title report and title holder name
2. Legal description
3. Survey and/or plat map
4. Site plan for proposed or entitled development, if applicable
5. Current county property tax assessment or tax bill
6. Details on any sale, contract, or listing of the property within the past three years
7. Engineering studies, soil tests or environmental assessments if available
8. Ground lease, if applicable
9. Planning/Zoning application or approval, if applicable
10. Current Rent roll and YTD operating statements and Historical operating statements for the Retail Center
11. Any previous market/demand studies or appraisals
12. Name and telephone number of property contact for physical inspection and additional information needed during the appraisal process
13. Any other information that might be helpful in valuing this property

Any other information that might be helpful in valuing this property

If any of the requested data and information is not available, CBRE, Inc., reserves the right to extend the delivery date by the amount of time it takes to receive the requested information or make other arrangements. Please have the requested information delivered to the following:

James E. Agner, MAI, SGA, MRICS
Managing Director – Florida/Caribbean
CBRE, Inc.
Valuation & Advisory Services
777 Brickell Avenue, Suite 910
Miami, Florida 33131

Valuation and Advisory Services
INDEMNIFICATION AGREEMENT

This INDEMNIFICATION AGREEMENT is entered into as of February 14, 2015 between Cheung Kong Property Holdings Limited/Hutchison Ports Properties Limited (collectively, the "Indemnifying Parties") and CBRE, Inc., a Delaware corporation ("CBRE").

WHEREAS CBRE has conducted market value appraisals (the "Appraisals") of the properties listed and known as Lucayan Resort Hotels & 2 Golf Courses, Freeport, Grand Bahamas hereto for the benefit of one or more of the Indemnifying Parties; and

WHEREAS one or more of the Indemnifying Parties would like to include information from the Appraisals in connection with use in public document(s) and submitted to the HKEx as part of the Cheung Kong Property Holdings Limited/Hutchison Ports Properties Limited group's restructuring plans, and

WHEREAS CBRE's consent to any use of the Appraisals or any information therein in connection with any Offering is conditioned on the execution of this Agreement by the Indemnifying Parties.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Use of Appraisals. Each of the Indemnifying Parties agrees that neither it nor any of its affiliates will use any Appraisal or any other information contained in the Appraisal in any Offering, without first (i) providing the relevant portion or portions of the Offering document or documents to CBRE for its review and, (ii) obtaining the prior written consent of CBRE to such use, which consent shall not be unreasonably withheld; provided that CBRE shall have the right to require that any Offering document which uses or references the Appraisals or any information contained therein includes the conditions, qualifications and assumptions of such Appraisal and such other disclosure concerning the Appraisals as CBRE shall reasonably require.

2. Indemnification. The Indemnifying Parties agree, jointly and severally, to indemnify and hold harmless CBRE and its parent and direct and indirect subsidiaries, and all of their respective directors, officers, employees, agents and affiliates (collectively, the "Indemnified Parties"), from and against any and all losses, claims, damages, liabilities and reasonable out-of-pocket expenses (including without limitation, costs of investigating, preparing or defending any claim or action), arising out of or in connection with any Offering which references or uses any information from the Appraisals (individually a "Loss" and collectively, "Losses"); provided, however, that the Indemnifying Parties shall not be liable to an Indemnified Party hereunder if a court of competent jurisdiction determines by final judgment not subject to appeal that such Loss resulted solely (a) from the, gross negligence, fraud or willful misconduct of such Indemnified Party or any of such Indemnified Party's directors, officers, employers, agents or affiliates or (b) from a material factual error in any Appraisal or summary description thereof which was previously approved by CBRE for inclusion in the Offering Materials.

If any action or proceeding (including any governmental or regulatory investigation) is brought or asserted against any Indemnified Party, such Indemnified Party shall notify the Indemnifying Parties in writing, and the Indemnifying Parties shall promptly assume the defense thereof, including the employment of counsel reasonably satisfactory to CBRE and the Indemnified Parties, and the payment of all reasonable out-of-pocket fees and expenses incurred in connection with the defense thereof. All such fees and expenses (including any fees and expenses incurred in connection with investigating or preparing to defend such action or proceeding) shall be paid to the Indemnified Party as incurred (subject to a written undertaking by the Indemnified Party that if it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder, such Indemnified Party shall promptly reimburse the Indemnifying Parties for all such fees and expenses paid to such Indemnified Party). The Indemnifying Parties shall not

Indemnification Agreement
 Cheung Kong/Hutchison Ports Properties Ltd
 02/14/15
 Page 2

settle any such action or proceeding without the prior written consent of CBRE, which consent shall not be unreasonably withheld or delayed. Each Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party unless (a) an Indemnifying Party has agreed, in writing, to pay such fees and expenses; or (b) the Indemnifying Parties failed promptly to assume the defense of such action or proceeding and to employ counsel reasonably satisfactory to CBRE and the Indemnified Party in any such action or proceeding; or (c) the named parties to any such action or proceeding (including any impleaded parties) include both an Indemnified Party and an Indemnifying Party, and such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to such Indemnified Party that are different from or additional to those available to the Indemnifying Party, in which case, if such Indemnified Party notifies the Indemnifying Parties in writing that it elects to employ separate counsel at the expense of the Indemnifying Parties, other than by reason of clause (a), the Indemnifying Parties shall not assume the defense of such action or proceeding on behalf of such Indemnified Party, it being understood, however, that the Indemnifying Parties shall not, in connection with any such action or proceeding, or in connection with separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (together with appropriate local counsel) at any time for all Indemnified Parties, which firm shall be designated in writing by CBRE. No Indemnifying Party shall be liable for any settlement of any such action or proceeding effected without its written consent (which shall not be unreasonably withheld), but if any such action or proceeding is settled with the written consent of CBRE, or if there is a judgment against an Indemnified Party in any such action or proceeding, the Indemnifying Parties agree to indemnify and to hold harmless such Indemnified Party from and against any loss (to the extent stated above) by reason of such settlement or judgment.

The indemnity obligations of the Indemnifying Parties contained herein shall be in addition to any liability or obligation the Indemnifying Parties may otherwise have to the Indemnified Parties.

In the event that any Indemnified Party is called on to testify in any proceeding relating to the Offering, the Indemnified Parties agree to pay the standard hourly rate established by CBRE for the time spent preparing for and attending such proceeding (or, if no such hourly rate has been established by CBRE, a reasonable hourly rate), plus reasonable out-of-pocket expenses incurred in connection therewith.

The indemnity of the Indemnifying Parties contained herein shall remain operative and in full force and effect regardless of (a) any investigation made by or on behalf of any Indemnified Party, (b) any termination of the agreement pursuant to which CBRE has conducted and provided the Appraisals, or (c) any termination of the transactions contemplated by this Agreement, including the Offering, and shall be binding upon and inure to the benefit of any successor, assign, heir or personal representative of each Indemnified Party.

4. General. This Agreement contains the full agreement between the parties hereto regarding the subject matter, and all prior agreements, discussions and negotiations are merged herein. If any provision of this Agreement is held invalid by a court of competent jurisdiction, the remainder of this Agreement shall remain in effect and the invalid provision shall be deemed amended to the extent

Indemnification Agreement
Hutchison Ports Properties Ltd 02/14/15
Page 3

necessary to make it valid while still giving effect to the agreement of the parties. No waiver or amendment of any provision of this Agreement shall be binding on either party unless it is in writing. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

CBRE, INC.



By:

Name: James E. Agner

Title: Managing Director

Hutchison Ports Properties Ltd



By:

Name: Chow Wai Kam Raymond

Title: Director

J:\na\HVAS - Indemnification Agmt - Ref\03-01-12- Securitization Form\Doc

ADDENDUM C

HOTEL SALE AND RENT COMPARABLE DATA SHEETS

| Comparable | | Hotel - Full Service Hotel | No. 1 |
|---|------------------------|--|--------|
| Melia Nassau Beach West Bay Street Nassau, Bahamas | |   | |
| Govt./Tax Agency Govt./Tax ID | | | |
| Improvements | | | |
| Status | Existing | | |
| Land Area | ac | | |
| Gross Building Area | sf | | |
| Floor Count | | | |
| Year Built | 1983 | | |
| Year Renovated | | | |
| Construction Type | Good | | |
| Parking Type | Open Aggregate Surface | | |
| Unique Physical Data | | | |
| Class | Upscale | | |
| # of Units | 694 Room | | |
| Standard Room Size | sf | | |
| Affiliation | Melia | | |
| Lounge Seats | | | |
| Restaurant Seats | | | |
| Amenities | | | |
| 24-hour Security, Flat Roofs, Laundry Facility, On-Site Bar / Lounge , On-Site Restaurant / Deli, On-Site Security Personnel, Outdoor Amenity , Pool, Spa Services, Video Monitored Security | | | |
| Rental Survey | | | |
| Financial Data | | Demand Segmentation | |
| Occupancy | 70% | Commercial | 5.00% |
| Year of Occupancy | 2014 | Group | 15.00% |
| Avg Daily Rate | \$145.00 | Leisure | 80.00% |
| Published Rates | | Discount | % |
| Survey Date | 01/2015 | Other | % |
| Survey Notes | | | |
| Comments | | | |
| Meliá Nassau Beach is situated on a 1,000-foot stretch of beach along the Atlantic Ocean on Nassau's Cable Beach area. The property has 694 rooms and has several food and beverage outlets. The property is situated near many of Nassau's major attractions, local restaurants, cafes and shops. Meliá Nassau Beach features 694 guestrooms, including 32 suites. Amenities include a resort pool, fitness center, spa, beach activities, and a childrens playground. | | | |

| Comparable | Hotel - Resort | No. 2 |
|------------|----------------|-------|
|------------|----------------|-------|

Wyndham Resort Nassau
PO Box N-8306
West Bay Street
Nassau,
Bahamas
Govt./Tax Agency
Govt./Tax ID



Improvements

| | |
|---------------------|------------------------|
| Status | Existing |
| Land Area | ac |
| Gross Building Area | sf |
| Floor Count | 14 |
| Year Built | 1988 |
| Year Renovated | |
| Construction Type | Good |
| Parking Type | Open Aggregate Surface |

Unique Physical Data

| | |
|--------------------|----------|
| Class | Upscale |
| # of Units | 559 Room |
| Standard Room Size | sf |
| Affiliation | Wyndham |
| Lounge Seats | |
| Restaurant Seats | |



Amenities

24-hour Security, Childcare Center, Complimentary Breakfast, Concierge, Conference Facility, Controlled Access, Private Balcony / Patio, On-Site Bar / Lounge, On-Site Restaurant / Deli, On-Site Security Personnel, Outdoor Amenity, Video Monitored Security

Rental Survey

Financial Data

| | |
|-------------------|------------|
| Occupancy | 50% |
| Year of Occupancy | 2014 |
| Avg Daily Rate | BS\$120.00 |
| Published Rates | |
| Survey Date | 01/2015 |
| Survey Notes | |

Demand Segmentation

| | |
|------------|--------|
| Commercial | 5.00% |
| Group | 15.00% |
| Leisure | 80.00% |
| Discount | % |
| Other | % |

Comments

This resort is located on Cable Beach in Nassau. The property stopped operating towards the end of 2014 in order to become the training hotel for the new Baha Mar hotels that are being constructed nearby. The property was in average condition at the time of operation. The property has 559 rooms, a resort style pool, spa, several food and beverage facilities and a casino.

| Comparable | Hotel - Full Service Hotel | No. 3 |
|------------|----------------------------|-------|
|------------|----------------------------|-------|

Comfort Suites Paradise Island
Paradise Island Drive
Nassau,
Bahamas

Govt./Tax Agency

Govt./Tax ID

Improvements

| | |
|---------------------|----------|
| Status | Existing |
| Land Area | ac |
| Gross Building Area | sf |
| Floor Count | 4 |
| Year Built | 1991 |
| Year Renovated | |
| Construction Type | Good |
| Parking Type | |

Unique Physical Data

| | |
|--------------------|------------------------|
| Class | Upscale |
| # of Units | 223 Room |
| Standard Room Size | sf |
| Affiliation | Cofort Suites / Choice |
| Lounge Seats | |
| Restaurant Seats | |



Amenities

24-hour Security, Complimentary Breakfast, Flat Roofs, Private Balcony / Patio, On-Site Bar / Lounge, On-Site Restaurant / Deli, Pool, Public Business Center

Rental Survey

Financial Data

| | |
|-------------------|----------|
| Occupancy | 65% |
| Year of Occupancy | 2014 |
| Avg Daily Rate | \$135.00 |
| Published Rates | |
| Survey Date | 01/2015 |
| Survey Notes | |

Demand Segmentation

| | |
|------------|--------|
| Commercial | 5.00% |
| Group | 5.00% |
| Leisure | 90.00% |
| Discount | % |
| Other | % |

Comments

This Nassau hotel offers a resort style vacation with accommodations like a separate living area with a sofa sleeper in each room, a refrigerator, a safe, a hair dryer, a TV and an iron and ironing board. Guests can walk to Atlantis and can buy passes to allow them access to all of the amenities. The property has a restaurant, lounge, swimming pool and tennis courts. The property was in good condition at the time of inspection.

| Comparable | Hotel - Full Service Hotel | No. 4 |
|------------|----------------------------|-------|
|------------|----------------------------|-------|

British Colonial Hilton Nassau
One Bay Street
Nassau,
Bahamas

Govt./Tax Agency

Govt./Tax ID

Improvements

| | |
|---------------------|--------------|
| Status | Existing |
| Land Area | ac |
| Gross Building Area | sf |
| Floor Count | 7 |
| Year Built | 1999 |
| Year Renovated | |
| Construction Type | Good |
| Parking Type | Open Asphalt |

Unique Physical Data

| | |
|--------------------|----------|
| Class | Upscale |
| # of Units | 288 Room |
| Standard Room Size | sf |
| Affiliation | Hilton |
| Lounge Seats | |
| Restaurant Seats | |

Amenities

24-hour Security, Concierge, Conference Facility, Flat Roofs, Institutional Quality, Private Balcony / Patio, On-Site Bar / Lounge , On-Site Restaurant / Deli, On-Site Security Personnel, Outdoor Amenity , Pool, Public Business Center, Trophy Building

Rental Survey

Financial Data

| | |
|-------------------|----------|
| Occupancy | 65% |
| Year of Occupancy | 2014 |
| Avg Daily Rate | \$155.00 |
| Published Rates | |
| Survey Date | 01/2015 |
| Survey Notes | |

Demand Segmentation

| | |
|------------|--------|
| Commercial | 5.00% |
| Group | 15.00% |
| Leisure | 80.00% |
| Discount | % |
| Other | % |



Comments

Situated on downtown Nassau's only private beach and the site of Old Fort Nassau, the British Colonial Hilton has undergone a multi-million renovation throughout all areas of the hotel. The property is approximately 25 minutes from (Lynden Pindling International) Airport. The hotel has a marble-tiled lobby and with palm trees under a skylight ceiling. There are 288 guest rooms with harbor or island views. All rooms have access to the private white sand beach use of kayaks and snorkeling gear and an expansive sundeck with lounge chairs and umbrellas. Both the sundeck and beach offer views of cruise ships moored nearby, and of the western tip of Paradise Island. Guests can play tennis or go scuba diving from the beach. The property has several food and beverage outlets and a resort style pool.

| | | |
|-------------|-----------------------------------|--------------|
| Sale | Hotel - Full Service Hotel | No. 1 |
|-------------|-----------------------------------|--------------|

San Juan Marriott Resort and Stellaris Casino
 1309 Ashford Avenue
 San Juan, PR 00907
 United States

Govt./Tax Agency San Juan

Govt./Tax ID

Improvements

Status
 Land Area ac
 Gross Building Area 0 sf
 Floor Count 20
 Year Built 1964
 Year Renovated 1995
 Construction Type
 Parking Type Garage

Unique Physical Data

Class
 # of Units 525 Room
 Standard Room Size 0 sf
 Affiliation Marriott
 Lounge Seats 0
 Restaurant Seats 0



Amenities

Sale Summary

| | | | |
|----------------------|---------------------|----------------------|---|
| Recorded Buyer | Rockwood Capital | Marketing Time | 0 Month(s) |
| True Buyer | | Buyer Type | Corporation |
| Recorded Seller | AIG | Seller Type | |
| True Seller | | Primary Verification | Real Capital Analytics / Rockwood Press Release |
| Interest Transferred | Fee Simple/Freehold | Type | Sale |
| Current Use | | Date | 3/1/2011 |
| Proposed Use | | Sale Price | \$133,000,000 |
| Listing Broker | Eastdil Secured | Financing | Cash to Seller |
| Selling Broker | Eastdil Secured | Cash Equivalent | \$133,000,000 |
| Doc # | | Dev. Costs | \$0 |
| | | Adjusted Price | \$133,000,000 |


History

| Transaction Date | Transaction Type | Buyer | Seller | Price |
|---|------------------|-------|--------|-------|
| No sales history available for this property. | | | | |

CBRE

CBRE

| Sale | | Hotel - Full Service Hotel | | No. 1 |
|--|--|----------------------------|-----------|-------|
| Units of Comparison | | | | |
| Static Analysis Method | Trailing Actuals | Price / sf | \$ | |
| Buyer's Primary Analysis | Static and Yield Capitalization Analyses | Price / Room | \$253,333 | |
| Overall Cap Rate (OAR) | 4.60% | | | |
| Actual Occupancy at Sale | 85% | | | |
| Financial | | | | |
| Revenue Type | Trailing Actuals | | | |
| Period Ending | N/A | | | |
| Source | Appraiser | | | |
| Price | \$133,000,000 | | | |
| Economic Occupancy | N/A | | | |
| ADR (Avg Daily Rate) | N/A | | | |
| Room Revenue | \$0 | | | |
| Gross Revenue | \$0 | | | |
| Expenses | N/A | | | |
| Net Operating Income | \$6,118,000 | | | |
| NOI / Room | \$11,653 | | | |
| NOI Ratio | N/A | | | |
| OAR (Cap Rate) | 4.60% | | | |
| GRM (Gross Rev Mult) | 0.00 | | | |
| RRM (Room Rev Mult) | 0.00 | | | |
| RevPAR | \$0.00 | | | |
| Comments | | | | |
| This resort is located beachfront and features a casino. There is also game room, business center, spa, 5 restaurant and bars, and fitness center. There is also 10,783 square feet of meeting space and an attached parking garage. | | | | |

| Sale | | Hotel - Resort | | No. 2 | | | | | |
|--|--|-------------------------|--|--|--|--|--|-------|--|
| Breezes Runaway Bay 58 Main Street Runaway Bay, 6 00000 Jamaica | | | |  | | | | | |
| Govt./Tax Agency Saint Ann | | | | | | | | | |
| Govt./Tax ID | | | | | | | | | |
| Improvements | | | | | | | | | |
| Status | | | | | | | | | |
| Land Area | | 0.000 ac | | | | | | | |
| Gross Building Area | | 0 sf | | | | | | | |
| Floor Count | | 5 | | | | | | | |
| Year Built | | 1980 | | | | | | | |
| Year Renovated | | | | | | | | | |
| Construction Type | | | | | | | | | |
| Parking Type | | Surface | | | | | | | |
| Unique Physical Data | | | | | | | | | |
| Class | | | | | | | | | |
| # of Units | | 266 Room | | | | | | | |
| Standard Room Size | | 0 sf | | | | | | | |
| Affiliation | | Superdubs | | | | | | | |
| Lounge Seats | | 0 | | | | | | | |
| Restaurant Seats | | 0 | | | | | | | |
| Amenities | | | | | | | | | |
| Pool | | | | | | | | | |
| Sale Summary | | | | | | | | | |
| Recorded Buyer | | Sagior Life of Jamaica | | Marketing Time | | 0 Month(s) | | | |
| True Buyer | | | | Buyer Type | | Developer | | | |
| Recorded Seller | | Superdubs International | | Seller Type | | | | | |
| True Seller | | | | Primary Verification | | Real Capital Analytics and Sagior Life Press Release | | | |
| Interest Transferred | | Fee Simple/Freehold | | Type | | Sale | | | |
| Current Use | | | | Date | | 4/1/2012 | | | |
| Proposed Use | | | | Sale Price | | \$24,800,000 | | | |
| Listing Broker | | CBRE | | Financing | | Cash to Seller | | | |
| Selling Broker | | CBRE | | Cash Equivalent | | \$24,800,000 | | | |
| Doc # | | | | Dev. Costs | | \$ | | | |
| | | | | Adjusted Price | | \$24,800,000 | | | |
| History | | | | | | | | | |
| Transaction Date | | Transaction Type | | Buyer | | Seller | | Price | |
| No sales history available for this property. | | | | | | | | | |

| Sale | | Hotel - Resort | | No. 2 |
|---|-----------------------|----------------|----------|-------|
| Units of Comparison | | | | |
| Static Analysis Method | Other (see comments) | Price / sf | \$ | |
| Buyer's Primary Analysis | Other | Price /Room | \$93,233 | |
| Overall Cap Rate (OAR) | 0.00% | | | |
| Actual Occupancy at Sale | % | | | |
| Financial | | | | |
| Revenue Type | Other See Comments | | | |
| Period Ending | N/A | | | |
| Source | Other (See Comments) | | | |
| Price | \$24,800,000 | | | |
| Economic Occupancy | N/A | | | |
| ADR (Avg Daily Rate) | N/A | | | |
| Room Revenue | \$0 | | | |
| Gross Revenue | \$0 | | | |
| Expenses | N/A | | | |
| Net Operating Income | \$0 | | | |
| NOI /Room | \$0 | | | |
| NOI Ratio | 0.00 | | | |
| OAR (Cap Rate) | 0.00% | | | |
| GRM (Gross Rev Mult) | 0.00 | | | |
| RRM (Room Rev Mult) | 0.00 | | | |
| RevPAR | \$0.00 | | | |
| Comments | | | | |
| This property was recently purchased by Sagior Life Jamaica as the Breezes Runaway Bay Resort and is currently being rebranded as a branch of Jewel Resorts, Aimbridge Hospitality's all-inclusive brand. The all-inclusive, 266-rooms and suites property is tucked away on more than 22 lush oceanfront acres on Jamaica's famed North Coast. Each room and suite features private balconies overlooking tropical gardens or pool. The resort plans to include add family features for guests by the end of 2012 in addition to the all-inclusive experience, which incorporates all meals and snacks at a variety of restaurants and bars, including sushi, Italian, Jamaican and teppanyaki cuisines. The new property will include the three freshwater pools, including a beachfront infinity edge pool with a swim-up bar; four tennis courts; a game room with ping pong and pool tables; a fitness center with both equipment and aerobics classes; meeting space for up to 200 people; a water sports operation center that offers snorkeling, ski boats, windsurfing and kayaking; and PGA-rate 18-hole, par 72 Golf Course. | | | | |

Sale Hotel - Resort No. 3

ME by Melia Cancun
Boulevard Kukulcan Km 12
Cancun, 77500
Mexico

Govt./Tax Agency Quintana Roo

Govt./Tax ID

Improvements

Status
Land Area 0.000 ac
Gross Building Area 0 sf
Floor Count 11
Year Built 1999
Year Renovated 2007
Construction Type
Parking Type Garage

Unique Physical Data

Class
of Units 417 Room
Standard Room Size 0 sf
Affiliation Melia
Lounge Seats 0
Restaurant Seats 0



Amenities

Pool

Sale Summary

| | | | |
|----------------------|----------------------------|----------------------|--|
| Recorded Buyer | Confidential | Marketing Time | 0 Month(s) |
| True Buyer | | Buyer Type | Corporation |
| Recorded Seller | Melia Hotels International | Seller Type | |
| True Seller | | Primary Verification | Real Capital Analytics and Melia Press Release |
| Interest Transferred | Fee Simple/Freehold | Type | Sale |
| Current Use | | Date | 7/1/2012 |
| Proposed Use | | Sale Price | \$77,488,380 |
| Listing Broker | None | Financing | Cash to Seller |
| Selling Broker | None | Cash Equivalent | \$77,488,380 |
| Doc # | | Dev. Costs | \$ |
| | | Adjusted Price | \$77,488,380 |

History

| Transaction Date | Transaction Type | Buyer | Seller | Price |
|---|------------------|-------|--------|-------|
| No sales history available for this property. | | | | |

| Sale | | Hotel - Resort | No. 3 |
|--|-----------------------|----------------|-----------|
| Units of Comparison | | | |
| Static Analysis Method | Other (see comments) | Price / sf | \$ |
| Buyer's Primary Analysis | Other | Price / Room | \$185,823 |
| Overall Cap Rate (OAR) | 0.00% | | |
| Actual Occupancy at Sale | % | | |
| Financial | | | |
| Revenue Type | Other See Comments | | |
| Period Ending | N/A | | |
| Source | Other (See Comments) | | |
| Price | \$77,488,380 | | |
| Economic Occupancy | N/A | | |
| ADR (Avg Daily Rate) | N/A | | |
| Room Revenue | \$0 | | |
| Gross Revenue | \$0 | | |
| Expenses | N/A | | |
| Net Operating Income | \$0 | | |
| NOI / Room | \$0 | | |
| NOI Ratio | 0.00 | | |
| OAR (Cap Rate) | 0.00% | | |
| GRM (Gross Rev Mult) | 0.00 | | |
| RRM (Room Rev Mult) | 0.00 | | |
| RevPAR | \$0.00 | | |
| Comments | | | |
| <p>Meliá Hotels International reported to the Spanish Stock Market Commission the sale of the ME Cancun Hotel, located in the major tourist destination in the Mexican Caribbean. The company also announced that it will continue to operate the hotel under a management contract, maintaining the same quality standards already delivered by the hotel. With 417 rooms, the ME Cancun is one of two resorts operated by the prestigious ME by Meliá brand in Mexico, together with the ME Cabo Hotel in Los Cabos, Baja California. Formerly known as the Meliá Turquesa, the ME Cancun was fully renovated in 2007 and relaunched under the company's younger luxury brand, including a portfolio of hotels with a special personality in which the customer experience, cutting edge design, international cuisine, the latest technology and music all play a key role. The property is located twenty minutes from the Cancun International Airport. The property amenities features a fitness center, outdoor pool, whirlpool, water sports, shops, spa, business center, beauty salon, gift shop, food & beverage outlets, tennis courts, kids activities, games room and approximately 10,000 square feet of meeting space.</p> | | | |

| Sale | | Hotel - Resort | | No. 4 |
|--|-----------------------|----------------------|---------------------------------------|-------|
| Renaissance La Concha San Juan Resort 1077 Ashford Avenue san Juan PR 00907 United States | | | | |
| Govt./Tax Agency | | United States | | |
| Govt./Tax ID | | | | |
| Improvements | | | | |
| Status | Existing | | | |
| Land Area | ac | | | |
| Gross Building Area | sf | | | |
| Floor Count | | | | |
| Year Built | 1958 | | | |
| Year Renovated | | | | |
| Construction Type | | | | |
| Parking Type | Above Grade Structure | | | |
| Unique Physical Data | | | | |
| Class | | | | |
| # of Units | 483 Room | | | |
| Standard Room Size | sf | | | |
| Affiliation | Marriott | | | |
| Lounge Seats | | | | |
| Restaurant Seats | | | | |
| Amenities | | | | |
| Pool | | | | |
| Sale Summary | | | | |
| Recorded Buyer | Paulson & Company | Marketing Time | Month(s) | |
| True Buyer | | Buyer Type | Other | |
| Recorded Seller | GDB - Puerto Rico | Seller Type | | |
| True Seller | | Primary Verification | Real Capital Analytics, Press Release | |
| Interest Transferred | Fee Simple/Freehold | Type | Sale | |
| Current Use | | Date | 3/1/2014 | |
| Proposed Use | | Sale Price | \$205,000,000 | |
| Listing Broker | N/A | Financing | Cash to Seller | |
| Selling Broker | N/A | Cash Equivalent | \$184,660,000 | |
| Doc # | | Dev. Costs | \$ | |
| | | Adjusted Price | \$184,660,000 | |
| History | | | | |
| Transaction Date | Transaction Type | Buyer | Seller | Price |
| No sales history available for this property. | | | | |



| Sale | | Hotel - Resort | | No. 4 |
|---|------------------|----------------|-----------|-------|
| Units of Comparison | | | | |
| Static Analysis Method | Trailing Actuals | Price /sf | \$ | |
| Buyer's Primary Analysis | Other | Price /Room | \$382,319 | |
| Overall Cap Rate (OAR) | % | | | |
| Actual Occupancy at Sale | 90% | | | |
| Financial | | | | |
| Revenue Type | Trailing Actuals | | | |
| Period Ending | NA | | | |
| Source | Appraiser | | | |
| Price | \$184,660,000 | | | |
| Economic Occupancy | NA | | | |
| ADR (Avg Daily Rate) | \$180.00 | | | |
| Room Revenue | \$28,559,790 | | | |
| Gross Revenue | NA | | | |
| Expenses | NA | | | |
| Net Operating Income | NA | | | |
| NOI /Room | NA | | | |
| NOI Ratio | NA | | | |
| OAR (Cap Rate) | NA | | | |
| GRM (Gross Rev Mult) | NA | | | |
| RRM (Room Rev Mult) | 6.47 | | | |
| RevPAR | \$162.00 | | | |
| Comments | | | | |
| The property is a full-service resort with a casino, 30,000 square feet of meeting space and a beach. The sale represented a purchase of a 90% interest for approximately \$184,500,000 with the seller retaining approximately 10% interest. The property underwent \$220M renovation in 2007. The transaction included the hotel (248 units) plus an all-suite hotel/bondo tower (235 units). The beachfront property was considered to be in good condition at the time of sale due to recent renovations. | | | | |

ADDENDUM D
LEGAL DESCRIPTION

7-1-17-2007
9/12/07

COMMONWEALTH OF THE BAHAMAS

Grand Bahama

Dated: 9th July, A.D., 1997

PREPORT OFFICE

Vol. 7068 no. 500

TOWNE REALTY OF THE
BAHAMAS LIMITED

AND

SUN & SEA ESTATES LIMITED

AND

BAHAMA REEF LIMITED

Lodged for Record by
McKinnley Joycecraft & Co
This 25th day of August
A.D. 1997
for Registrar General



CONVEYANCE OF ALL THAT piece
parcel or lot of land in the
Island of Grand Bahama one of the
islands of the said Commonwealth
situate in Bahama Reef Yacht and
Country Club Subdivision Section
One (1) and known as the Golf
Course and Tract "R"

Consideration: \$1,310,000.00

HIGGS & JOHNSON
83 Shirley Street
Nassau, Bahamas
18486/101 RJL 1092E

COMMONWEALTH OF THE BAHAMAS
REGISTRAR GENERAL'S DEPARTMENT
I certify the within to be duly proved
and recorded in book 7068 pages
500 to 509 in accordance
with the provisions of the Registration
of Records Act, Chapter 193
25th day of August 1997.

REGISTRAR GENERAL



9/15/31

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grants and conveys and the Purchaser AS BENEFICIAL OWNER hereby grants conveys and confirms unto the Sub-Purchaser ALL THAT the said hereditaments TOGETHER WITH the appurtenances thereunto belonging AND TOGETHER WITH the benefit of the Rights of Way contained in the said Conveyance TO HOLD the same unto the Sub-Purchaser in fee simple freed from all right of redemption and from all claims whatsoever under the Mortgage but subject to the said covenants conditions stipulations restrictions and reservations.

2. The Sub-Purchaser with the object and intention of affording to the Vendor a full and sufficient indemnity but not further or otherwise hereby covenant with the Vendor that the Purchaser and its assigns will henceforth duly observe and perform the restrictive covenants insofar as the same are subsisting and capable of taking effect and affect the said hereditaments and will indemnify and keep indemnified the Vendor and its assigns against all actions proceedings costs claims and demands in respect of any future breach or non-observance thereof so far as aforesaid.

THE SCHEDULE HEREINBEFORE REFERRED TO

ALL THAT piece parcel or lot of land in the Island of Grand Bahama one of the Islands of the said Commonwealth and situate in Bahama Reef Yacht and Country Club Subdivision Section One (1) and known as the Golf Course and Tract "R" which said piece parcel or lot of land has such position boundaries shape marks and dimensions as are shown on the diagram or plan attached to the said Conveyance and thereon coloured Pink and Green.

IN WITNESS WHEREOF the
Vendor has caused its
Common Seal to be

COMMONWEALTH OF THE BAHAMAS
GRAND BAHAMA ISLAND
DATED: this 16th day of July, A.D., 1997.

FREEPORT 04444,
Vol. 7068 No. 468



SUN AND SEA ESTATES LIMITED
and
ELSBETH MINDER
and
PAUL MATWENBERGER
TO
HUTCHISON LUCAYA LIMITED

C O N V E Y A N C E

ALL THAT piece parcel or part of
a Tract of land known as Tract "B"
situate in the area known as "Lucaya"
Freeport, Grand Bahama,
Consideration: US\$11,000,000.00
McKINNEY, BANCROFT & HUGHES,
Chambers,
Chancery House,
The Mall,
Freeport, Grand Bahama.

Lodged for Record by
McKinney Bancroft & Co
This 25th day of November
A.D. 1997
for Registrar General

COMMONWEALTH OF THE BAHAMAS
REGISTRAR GENERAL'S DEPARTMENT
I certify the within to be duly proved
and recorded in book 7068 pages
468 to 479 in accordance
with the provisions of the Registration
of Records Act, Chapter 193
25th day of November 1997
[Signature]
REGISTRAR GENERAL

CEH/13

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restrictions and conditions TO HOLD the same unto and to the use of the Purchaser in fee simple subject to the said restrictions and conditions and the said exceptions and reservations but otherwise free from encumbrances

2. By way of affording to the Vendors a good and sufficient indemnity but not further or otherwise and so as not to be liable under this covenant after it has parted with possession of the said hereditaments the Purchaser hereby covenants with the Vendor that it the Purchaser for itself and its assigns will henceforth duly observe and perform the said restrictions and conditions and will indemnify and keep indemnified the Vendors its effects and his or her Personal Representatives from and against all actions proceedings costs claims and demands in respect of any future breach or non-observance thereof insofar as the same affect the said hereditaments and are capable of being enforced

3. The Vendors hereby acknowledge the right of the Purchaser at the expense of the Purchaser to the production of all documents of title in its or their possession relating to the said hereditaments and at like expense to the delivery of copies thereof and hereby undertakes for the safe custody thereof damage by fire hurricane storm tempest or other inevitable accident excepted

THE SCHEDULE HEREINBEFORE REFERRED TO

ALL THAT piece parcel or part of a Tract of land known as Tract "B" situate in the area known as "Lucaya" in the City of Freeport in the Island of Grand Bahama comprising Four and Sixty-seven Hundredths (4.67) Acres more or less and which said piece parcel or part of a Tract of land has such position boundaries shape marks

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and dimensions as are shown on the diagram or Plan attached to the said Indenture of Conveyance and is thereon coloured Pink and marked Tract "B".

IN WITNESS WHEREOF SUN AND SEA ESTATES LIMITED has caused its Common Seal to be hereunto affixed the day month and year first hereinbefore written

E. Minder

The Common Seal of SUN AND SEA ESTATES LIMITED was affixed hereto by ELSEBETH MINDER the President of the said Company and the said ELSEBETH MINDER subscribed her signature hereto in the presence of:

K. Healey

IN WITNESS WHEREOF ELSEBETH MINDER has hereunto set her hand and seal the day month and year first hereinbefore written

E. Minder

SIGNED SEALED and DELIVERED by the above-named ELSEBETH MINDER in the presence of:-

[Signature]

IN WITNESS WHEREOF PAUL MATTENBERGER has hereunto

COMMONWEALTH OF THE BAHAMAS

GRAND BAHAMA ISLAND

DATED: the 16th day of July, A.D., 1997.

FREEPORT OFFICE

Vol. 7068 No. 483

THE HOTEL CORPORATION OF THE BAHAMAS

AND

THE LUCAYAN BEACH CASINO HOTEL LIMITED

TO

HUTCHISON LUCAYA LIMITED

CONVEYANCE

ALL THOSE properties comprising Lucayan Beach Hotel & Resort, Grand Bahama Beach Hotel and Vacant Property situate on the Southern Shore of the Island of Grand Bahama.

Consideration: \$22,000,000.00
Stamp Duty: \$

Office of The Attorney General,
Post Office Building,
East Hill Street,
Nassau, New Providence,
Bahamas.



Lodged for Record by
McBride + Co
this 25th day of 7/1997
A.D. 1997
for Registrar General

COMMONWEALTH OF THE BAHAMAS
REGISTRAR GENERAL'S DEPARTMENT
I certify the within to be duly proved
and recorded in book 7068 pages
483 to 499 in accordance
with the provisions of the Registration
of Records Act, Chapter 193
25th day of 7/1997

REGISTRAR GENERAL



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THE FIRST SCHEDULE HEREINBEFOREREFERRED TO

ALL THAT piece or parcel or part of a tract of land situate on the Southern shore of the Island of Grand Bahama one of the Islands of the Commonwealth of The Bahamas and containing an area of Twenty-one and Seven Tenths (21.7) acres more or less and which said piece or parcel or part of a tract of land has such position boundaries shape marks and dimensions as are shown on the diagram or plan marked "A" attached to the said First Indenture and is delineated on that part which is coloured pink on the said diagram or plan.

THE SECOND SCHEDULE HEREINBEFORE REFERRED TO**Firstly:**

ALL THAT piece or parcel or part of a tract of land of irregular shape situate in the area known as Lucaya in the City of Freeport in or near an area known as "Bell Channel Bay" on the Island of Grand Bahama and which said piece or parcel or part of a tract of land is bounded on the NORTH and NORTHEAST by a waterway known as Bell Channel SOUTHEAST by the sea at High Water Mark and SOUTHWEST and WEST by land the property of the Corporation and containing in whole an area of Sixteen and Seven tenths (16.7) acres more or less and which said piece parcel or part of a tract of land has such position boundaries shape marks and dimensions as are shown on the diagram or plan Marked 'A' attached to the said Indenture of Conveyance dated the eighteenth day of January, A.D., 1964 made between The Grand Bahama

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Development Company Limited of the first part The Royal Bank of Canada of the second part and The Lucayan Beach Hotel Company Limited of the third part and now of record in the said Registry of Records in Book 698 at pages 92 to 108 and is thereon coloured Pink

Secondly:

ALL THOSE two pieces or parcels or parts of a tract of land situate in the said area known as Lucaya in the City of Freeport in or near the said area known as "Bell Channel Bay" being portions of the original roundabout of the road known as Sea Horse Road containing Firstly an area of Five Thousand Eight Hundred and Twenty-one and Forty-four hundredths (5,821.44) square feet secondly an area of Fifty-nine Thousand Five Hundred and Six and Fifty hundredths (59,506.50) square feet respectively and together totaling Sixty-five Thousand Three Hundred and Twenty-seven and Ninety-four Hundredths (65,327.94) square feet which said pieces parcels or parts of a tract of land have such positions boundaries shapes marks and dimensions as are shown on Chee-a-Tow diagram or plan No. L-1557-79 attached to an Indenture of Conveyance dated the twenty-eight day of August, A.D., 1980 made between the Grand Bahama Development Company of the one part and the Corporation of the other part and recorded in the said Registry of Records in Book 3441 at pages 409 to 418 and are delineated on those parts which are coloured pink on the said diagram or plan.

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Thirdly:

ALL THAT piece or parcel or part of a tract land situate inside the original roundabout hereinbefore mentioned and containing an area of One and Twelve Hundredths (1.12) acres which said piece or parcel of land is bounded on all sides by land herein Secondly and Fourthly described and having the position boundaries shape marks and dimensions as shown on the diagram or plan Marked 'A' attached to the hereinbefore recited Indenture of Conveyance dated the eighteenth day of January A. D., 1964 and delineated on that part of the said diagram or plan which is coloured Green.

Fourthly:

ALL THAT piece or part of a tract of land situate in the said area known as "Bell Channel Bay" near the Southern Shore of the said island of Grand Bahama and containing by admeasurement One and Four Hundred and Twenty-nine thousandths (1.429) acres and which said piece parcel or part of a tract of land has such position boundaries shape marks and dimensions as are shown on the diagram or plan attached to the said Indenture of Conveyance dated the twenty-seventh day of March, A.D., 1986 made between The Grand Bahama Development Company Limited of the one part and the Corporation of the other part and now of record in the said Registry of Records in Book 4582 at pages 225 to 232 and is thereon coloured pink.

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THE THIRD SCHEDULE HEREINBEFORE MENTIONED

ALL THAT piece parcel or part of a tract of land situate on the Southern shore of the Island of Grand Bahama one of the islands of the said Commonwealth and containing an area of Six and Ninety-nine Hundredths (6.99) acres more or less and which said piece parcel or part of a tract of land known as Tract "A" and has such position boundaries shape marks and dimensions as are shown on the diagram or plan attached to an Indenture of Conveyance dated the tenth day of January, 1979 made between The Grand Bahama Development Company Limited of the one part and the Corporation of the other part and now of record in the said Registry of Records in Book 3045 at pages 462 to 473 and marked Exhibit "A" and is delineated on that part which is coloured pink on the said diagram or plan.

IN WITNESS WHEREOF HOTEL CORPORATION OF THE
BAHAMAS has hereunto caused its seal to be hereunto affixed by:

Hubert A. Whelan
Dr. Thomas Bastian P.O.B.

The Common Seal of the Hotel Corporation of The Bahamas was
hereunto affixed the day and the year first hereinbefore
and M. THOMAS BASTIAN in the presence of:

Bastian



1210

COMMONWEALTH OF THE BAHAMAS
New Providence

DATED: 1st April, A.D. 1986

THE HOTEL CORPORATION OF THE
BAHAMAS

-:TO:-

THE LUCAYAN BEACH CASINO
HOTEL LIMITED

CONVEYANCE

OF several parcels of land
in Lucaya in the Island of
Grand Bahama

ROLLE, KNOWLES & CO.
CHAMBERS
ELIZABETH AVENUE
NASSAU, BAHAMAS

41690/86
27/10/86

VGL 4583 PAGE 239

Hodged for Record by
The Bahamas Chamber of Commerce
This 27th day of October
A.D. 1986
J. F. Moody
Registrar

Bahamas Islands
REGISTRAR GENERAL'S OFFICE
I hereby declare that the above
document is a true and correct
copy of the original as presented
to me for registration
2396254
J. F. Moody, Registrar
REGISTRAR GENERAL (Seal)

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particularly set out or referred to in the Conveyances relating to the said hereditaments short particulars of which are set out in the Schedule hereto (hereinafter called "the said Conveyances") TO HOLD the same unto and to the use of the Company and its assigns in fee simple subject to the said exceptions and reservations and restrictive covenants;

(b) hereby assigns the said personalty other than the gaming equipment situate in the said Lucayan Beach Casino unto the Company absolutely.

2. The Company as to the said hereditaments (and with intent to bind all persons to whom the said hereditaments or any part thereof shall for the time being be vested but not so as to be personally liable under this covenant after it has parted with the same) hereby covenants with the Corporation that all persons deriving title under the Company will at all times hereafter comply with and observe all of the said restrictive covenants contained in the Indentures referred to in the Schedule hereto.

THE SCHEDULE HEREINBEFORE REFERRED TO

PART I

Land comprising the property known as "The Lucayan Beach Hotel and the Lucayan Beach Casino"

FIRSTLY:

ALL THAT piece parcel or part of a tract of land of irregular shape situate in the area known as Lucaya in Freeport in or near an area known as "Bell Channel Bay" on the said Island of Grand Bahama and which said piece parcel or part of a tract of land is bounded on the NORTH and NORTHEAST by a waterway known as Bell Channel SOUTHEAST by the Sea at High Water Mark and SOUTHWEST and WEST by land the property of the

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Corporation and containing in whole an area of Sixteen and Seven tenths (16.7) acres more or less and which said piece parcel or part of a tract of land has such position boundaries shape marks and dimensions as are shown on the diagram or plan attached an Indenture of Conveyance dated the 18th day of January, A.D. 1964 and made between The Grand Bahama Development Company Limited (hereinafter called "the Development Company") of the first part The Royal Bank of Canada of the second part and The Lucayan Beach Hotel Company Limited of the third part and recorded in the Registry of Records for the said Commonwealth in the City of Nassau in Volume 698 at pages 92 to 105 and marked "A" and is delineated on that part which is coloured Pink.

SECONDLY:

ALL THAT piece or parcel of land situate near to and lying to the West of the piece or parcel of land hereinbefore Firstly described in this Schedule and containing One and Seven hundred and Eighty-two thousandths (1.782) acres which said piece or parcel or lot of land is bounded NORTHEASTWARDLY by land the property of the Corporation and known as the Lucayan Bay Hotel Property (formerly the Oceanus Inn and Hotel) and running thereon One Hundred and Forty-eight and Three hundredths (148.03) feet SOUTHEASTWARDLY by land the property of the Corporation and formerly a road reservation and running thereon in an arc One Hundred and Fifty and Ninety-four hundredths (150.94) feet SOUTHWARDLY by a road known as Sea Horse Road and running thereon in an arc One Hundred and Fifty-two and Eighty-three hundredths (152.83) feet WESTWARDLY by land now or formerly the property of Colony Rentals Limited and running thereon One Hundred and Twenty-eight and Eighty-six hundredths (128.86) feet SOUTHWARDLY again by the said land now or formerly the property of Colony Rentals Limited and running thereon Sixty (60) feet WESTWARDLY again by land now or formerly the

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property of the Development Company and running thereon Two Hundred and Seventy-four and Forty-two hundredths (274.42) feet and NORTHWARDLY by land the property of the Corporation and known as the Lucayan Bay Hotel Property and running thereon Two Hundred and Eighty and Fifty-seven hundredths (280.57) feet which said piece parcel or lot of land has such position shape marks boundaries and dimensions as are shown on the diagram or plan attached to an Indenture of Conveyance dated the 22nd day of October A. D. 1976 made between The Lucayan Beach Hotel and Development Limited of the first part Montreal Trust Company (Bahamas) Limited of the second part and the Corporation of the third part and recorded in the said Registry of Records in Volume 2769 at pages 80 to 92 and is thereon coloured Pink.

THIRDLY

ALL THOSE two pieces parcels or parts of a tract of land situate in the said area known as Lucaya in Freeport in or near the said area known as "Bell Channel Bay" being portions of the original roundabout of the road known as Sea Horse Road containing Firstly an area of Five Thousand Eight Hundred and Twenty-one and Forty-four hundredths (5,821.44) square feet Secondly an area of Fifty-nine Thousand Five Hundred and Six and Fifty hundredths (59,506.50) square feet respectively and together totalling Sixty-five Thousand Three Hundred and Twenty-seven and Ninety-four Hundredths (65,327.94) square feet which said pieces parcels or tracts of land have such positions boundaries shapes marks and dimensions as are shown on Chee-a-Tow diagram or plan No. L-1557-79 attached to an Indenture of Conveyance dated the 28th day of August, A.D. 1980 made between the Development Company of the one part and the Corporation of the other part and recorded in the said Registry of Records in Volume 3441 at pages 409 to 418 and are delineated on those parts which are coloured Pink on the said diagram or plan.

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FOURTHLY

ALL THAT piece or parcel of land being the land situate inside the original roundabout hereinbefore mentioned and containing an area of One and Twelve Hundredths (1.12) acres which said piece or parcel of land is bounded on all sides by land herein Thirdly and Fifthly described and having the position boundaries shape marks and dimensions as shown on the diagram or plan attached to the hereinbefore recited Indenture of Conveyance dated the 18th day of January, A.D. 1964 and recorded in the said Registry of Records in Volume 698 at pages 92 to 105 and marked "A" and delineated on that part of the said diagram or plan which is coloured Green and which said land includes the property containing Twenty Thousand Three Hundred and Two and Forty-six hundredths (20,302.46) square feet which was conveyed by the Corporation to the Development Company by a Conveyance dated the 28th day of August, A.D. 1980 and recorded in the said Registry of Records in Volume 3854 at pages 182 to 188 and subsequently reconveyed to the Corporation by the Development Company by an Indenture of Conveyance dated the 27th day of March, A.D. 1986 and now about to be lodged for recording in the said Registry of Records.

FIFTHLY

ALL THAT piece parcel or part of a tract of land situate in the said area known as "Bell Channel Bay" near the Southern Shore of the said Island of Grand Bahama and containing by admeasurement One and Four Hundred and Twenty-nine thousandths (1.429) acres and which said piece parcel or part of a tract of land has such position boundaries shape marks and dimensions as are shown on the diagram or plan attached to the hereinbefore mentioned Conveyance dated the 27th day of March, A.D. 1986 and is thereon coloured Pink.

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PART II

Land comprising the property known as "The Lucayan Bay Hotel"

FIRSTLY:

ALL THAT piece parcel or tract of land situate at Bell Channel Bay Subdivision Unit 3, Lucaya, on the said Island of Grand Bahama known as Tract "M" and containing by admeasurement Five Acres and Thirty-one Hundredths of an Acre (5.31 acres) or thereabouts; and

SECONDLY:

ALL THAT piece parcel or tract of land situate at Bell Channel Bay Unit 3, Lucaya known as Tract "L" and containing by admeasurement Sixty-eight Hundredths of an Acre (0.68 acre) or thereabouts;
both of which aforementioned pieces parcels or tracts of land have such position boundaries shapes marks and dimensions as are shown on the diagram or plan attached to an Indenture of Conveyance dated the 27th day of March, A.D. 1986 and made between the Development Company of the one part and the Corporation of the other part and now about to be lodged for recording in the said Registry of Records and more particularly delineated on those parts which are coloured Pink on the said diagram or plan.

PART III

Land comprising the property known as "The Lucayan Harbour Inn and Marina"

All of the land hereinafter described in this Part has been conveyed to the Corporation by two separate Indentures of Conveyance made between the Lucayan Beach Hotel and Development Limited of the first part and Montreal Trust Company (Bahamas) Limited of the second part and the Corporation of the third part and recorded in the said

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Registry of Records in Volume 2769 at pages 57 to 68 and Volume 2769 at pages 69 to 79 respectively.

FIRSTLY:

ALL THAT piece or parcel of land situate in the area known as "Lucaya" in Freeport in or near the said area known as "Bell Channel Bay" on the said Island of Grand Bahama containing an area of Six and Eleven Hundredths (6.11) acres more or less which is more particularly delineated on the diagram or plan attached to an Indenture of Conveyance dated the 30th day of December, A.D. 1966 and made between the Development Company of the one part and Bell Channel Villas and Marina Company Limited of the other part and recorded in the said Registry of Records in Volume 1319 at pages 170 to 181 and has endorsed thereon (inter alia) the words letters and figures "Parcel D 6.11 Acres" and is thereon edged with the colour Yellow.

SECONDLY:

ALL THAT piece parcel or strip of land situate as aforesaid and being a portion of a road reservation and being Thirty (30) feet wide and which is more particularly delineated on the diagram or plan attached to an Indenture of Conveyance dated the 28th day of December, A.D. 1966 and made between the said parties immediately hereinbefore mentioned and recorded in the said Registry of Records in Volume 1319 at pages 182 to 192 and has endorsed thereon (inter alia) the words letters and figures "Parcel E-1 0.180 Acs." and is thereon hatched in Red.

THIRDLY:

ALL THAT piece parcel or strip of land situate as aforesaid firstly mentioned in this Part and being a portion of a road reservation and being Thirty (30) feet wide which is more particularly delineated on the diagram or plan attached to the said Indenture of Conveyance dated the 28th day of

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December, A.D. 1966 which is recorded in the said Registry of Records in Volume 1319 at pages 182 to 192 and has endorsed thereon (inter alia) the words letters and figures "Parcel D-1 0.061 Acs." and is thereon hatched in Yellow.

FOURTHLY:

ALL THAT piece or parcel of land situate as aforesaid firstly mentioned in this Part and containing an area of One and Sixty-nine Hundredths (1.69) acres more or less and which is more particularly delineated on the diagram or plan attached to an Indenture of Conveyance dated the 28th day of December, A.D. 1966 and made between the same parties to the Conveyance of the hereditaments hereinbefore Firstly mentioned in this Part and recorded in the said Registry of Records in Volume 1307 at pages 505 to 516 and having thereon endorsed (inter alia) the words letters and figures "Parcel E 1.69 Acs." and is thereon edged with the colour Red.

FIFTHLY:

All that piece parcel or strip of land situate as aforesaid firstly mentioned in this Part being a portion of a road reservation and being Thirty (30) feet wide which is more particularly delineated on the diagram or plan attached to an Indenture of Conveyance dated the First day of October, A.D. 1966 and made between the Development Company of the one part and Lucayan Marina Limited of the other part and now of record in the said Registry of Records in Volume 1319 at pages 282 to 292 and has endorsed thereon (inter alia) the words letters and figures "Parcel A-1 0.188 Acs." and is delineated on that part of the said diagram or plan which is hatched with the colour Green.

SIXTHLY:

ALL that piece parcel or strip of land situate as aforesaid firstly mentioned in this Part and being a portion of a road

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reservation and being Thirty (30) feet wide which is more particularly delineated on the diagram or plan attached to the aforesaid Conveyance dated the First day of October, A.D. 1966 and now of record in the said registry of Records in Volume 1319 at pages 282 to 292 and has endorsed thereon (inter alia) the words letters and figures "Parcel B-1 0.063 Ac." and is delineated on that part of the said diagram or plan which is hatched with the colour Orange.

SEVENTHLY:

ALL that piece parcel or strip of land situate as aforesaid firstly mentioned in this Part containing an area of approximately Four Hundred and Ninety-eight thousandths (0.498) of an acre and which is more particularly delineated on the diagram or plan attached to an Indenture of Conveyance dated the First day of October A.D. 1966 and made between the Development Company of the one part and the said Lucayan Marina Limited of the other part and now of record in the said Registry of Records in Volume 1319 at pages 260 to 268 having endorsed thereon (inter alia) the words letters and figures "Parcel B 0.498 Ac." and is delineated on that part of the said diagram or plan which is coloured Orange.

EIGHTHLY

ALL THAT piece or parcel or part of a tract of land situate in the area known as "Lucaya" in Freeport on the Northerly side of "Bell Channel Bay" on the said Island of Grand Bahama and containing an area of Eight Hundred and Sixty-two thousandths (0.862) of an acre more or less and which said piece parcel or part of a tract of land has such position boundaries shape marks and dimensions as are shown on the diagram or plan attached to an Indenture of Conveyance dated the 1st day of December, A.D. 1966 and made between the Development Company of the one part and Daylite of Grand Bahama Company Limited (In Liquidation) of the other part

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which said Indenture is attached as Exhibit "A" to an Indenture of Confirmation dated the 27th day of March A.D. 1986 and made between the Development Company of the one part and the Corporation of the other part and now about to be lodged for recording in the said Registry of Records and is delineated on that part of the said diagram or plan which has endorsed thereon (inter alia) the words letters and figures "Parcel A 0.862 Acs." and is thereon edged with the colour Green.

PART IV

Other land owned by the Corporation

ALL THAT piece parcel or part of a tract of land situate on the Southern Shore of the said Island of Grand Bahama and containing an area of Six and Ninety-nine Hundredths (6.99) acres more or less and which said piece parcel or part of a tract of land is known as Tract "A" and has such position boundaries shape marks and dimensions as are shown on the diagram or plan attached to an Indenture of Conveyance dated the 10th day of January, A.D. 1979 and made between the Development Company of the one part and the Corporation of the other part and now of record in the said Registry of Records in Volume 3045 at pages 462 to 473 and marked Exhibit "A" and is delineated on that part which is coloured Pink on the said diagram or plan.

IN WITNESS WHEREOF the Corporation has caused its Common Seal to be hereunto affixed.

P. H. O'Connell
Chairman

Barth S. Bell
Member

COMMONWEALTH OF THE BAHAMAS

GRAND BAHAMA ISLAND

DATED: this 16th day of July, A.D., 1997.

REGISTERED OFFICE

VOL 7068 INC 459

LUCAYA COUNTRY CLUBS, LIMITED

TO

LUCAYA GOLF CLUB LIMITED



CONVEYANCE

FIRSTLY ALL THAT piece parcel or tract of land comprising 195.61 Acres more or less situate to the East of Freeport and SECONDLY ALL THAT piece parcel or lot of land known as Lot No. 21, Block No. 5, Greening Glade Subdivision, Unit 2, Freeport, Grand Bahama.

Consideration: US\$3,500,000.00

MCKINNEY, BANCROFT & HUGHES,
Chancery House,
The Mall,
Freeport, Grand Bahama.

Lodged for Record by
McKinney Bancroft & Hughes
This 25th day of 7/1997
A.D. 1997
A. H. Hughes
Registrar General

COMMONWEALTH OF THE BAHAMAS
REGISTRAR GENERAL'S DEPARTMENT

I certify the within to be duly proved
and recorded in book 7068 pages
459 to 467 in accordance
with the provisions of the Registration
of Records Act, Chapter 193
25th day of 7/1997

REGISTERED OFFICE

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relating to the said hereditaments and at like expense to the delivery of copies thereof and hereby undertakes for the safe custody thereof damage by fire hurricane storm tempest or other inevitable accident excepted

THE SCHEDULE HEREINBEFORE REFERRED TO

FIRSTLY ALL THAT piece parcel or tract of land located to the East of Freeport on the Island of Grand Bahama containing an area of One Hundred and Ninety-five and Sixty-one Hundredths (195.61) Acres more or less which said piece parcel or tract of land has such position boundaries shape marks and dimensions as are shown on the diagram or plan marked "AA" attached to the said Deed of Rectification and is thereon coloured Blue.

SECONDLY ALL THAT piece parcel or lot land known as Lot Number Twenty-one (21) in Block Number Five (5) Greening Glade Subdivision Unit Two (2) situate in the City of Freeport aforesaid and which said piece parcel or lot of land has such position boundaries shape marks and dimensions as are shown on the diagram or plan marked "AA" attached to the said Deed of Rectification and is thereon coloured Pink.

IN WITNESS WHEREOF the Vendor has caused its Common Seal to be hereunto affixed the day month and year first hereinbefore written

E. Minder

The Common Seal of LUCAYA COUNTRY CLUBS, LIMITED was affixed hereto by ELSBETH MINDER the President of the

(Appraiser Recommends Reader Order Independent Surveyor)