

Sapphire Cay, Bahamas

Exceptional Island Living



Sapphire Cay Development Limited

Confidential Business Plan

TABLE OF CONTENTS

	<u>Page</u>
1. Introduction, Assignment and Methodology	3
2. Approach to the Study	4-5
3. Assumptions	6
4. Executive Summary	7-13
5. Economic Characteristics of Bahamas Market	14-15
6. Basic information about The Bahamas	16
7. Geography in The Bahamas	17
8. Tourism Info	18-28
9. Site Analysis	29
10. Target Markets	30
11. Project Description	31-34
12. Recommendations	35
13. Estimated Sales Pace and Rate Structure	35

Appendices

Appendix A – Construction Costs Phase I

Appendix B – Construction Costs Phase II

Appendix C – Sales Revenues Phase I

Appendix D – Sales Revenues Phase II

Appendix E – Sales Performa Phase I

Appendix F – Sales Performa Phase II

Appendix G – Return on Investment Phase I

Appendix H – Return on Investment Phase II

Appendix I – Resumes

Appendix J – Survey

Appendix K – Presentation

Appendix L – Travel Information from Tourist Board

1. INTRODUCTION, ASSIGNMENT AND METHODOLOGY

This introductory section provides the background for and the nature of the assignment that is the basis of this market study report. Included are a general description of the methodology undertaken to prepare the market analysis and a listing of the basic assumptions that were included as part of the analysis.

BACKGROUND

Sapphire Cay is a 120 acre Island which is currently named Egg Island and is located in the Northeast Bahamas, four islands West of North Eleuthera and directly West of Royal Island.

It is further positioned immediately East and South of the two most traveled cruising lanes to The Bahamas, its capital, Nassau and further the Southern Caribbean. Nassau and Paradise Island a mere 60-90 minutes away offer casinos, nightlife, culinary delights and shopping at any level.

With natural attributes comprising of three pristine beaches, two interior lagoons, forty five foot elevations and deep water proximity for yacht access and sport fishing, Sapphire Cay is the perfect Island for a yachting and residential enclave. Never having been impacted by development of any level this Island is a blank canvas for a sensitive, private, luxury destination.

Now, as the economy in the United States is beginning to show signs of recovery and as tourism in general has begun to show signs of growth, the Owners have completed the planning of the Resort, focused on the development of the resort project, with substantial landscaping, amenities, a major improvement of the island and inclusion of a marina and for the construction of a portion of the resort and marina villas and residential villas. The intention of the plan is a phased development, with initial construction of the first villas, marina, docks and infrastructure and the primary amenities including new pools, a new marina building, a tennis court and a secure gated infrastructure.

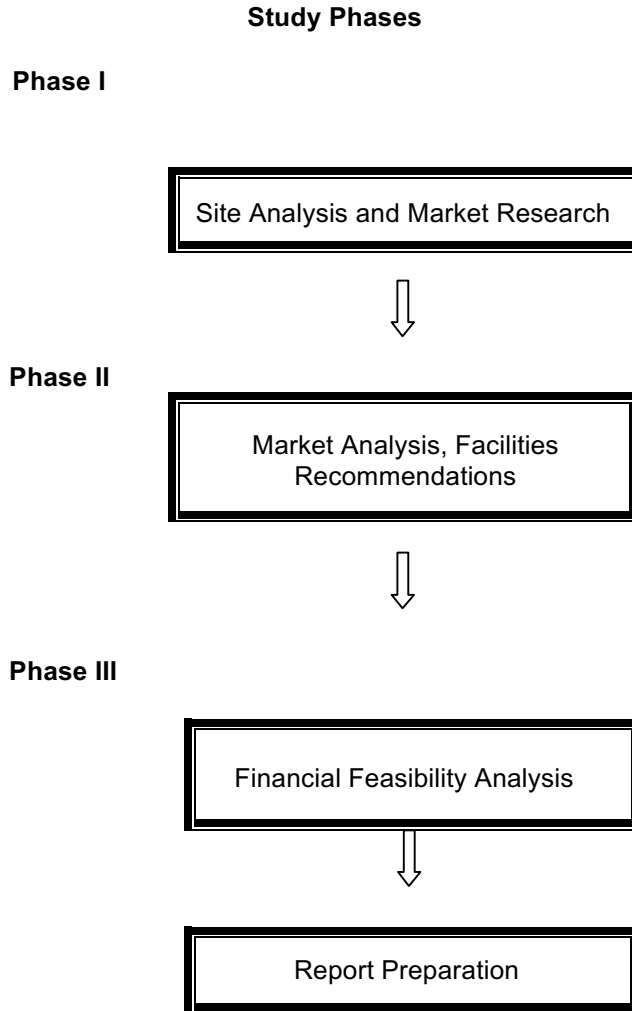
ASSIGNMENT

The purpose of the market study was to develop an analysis of the market conditions and the market feasibility of Sapphire Cay Marina & Resort. Tweraser Financial Group Inc. was asked, as experienced consultants in the hospitality, travel and tourism industry, to estimate the potential market support for the development under an assumed set of development conditions and plans that were strategically modified and upgraded during the course of the analysis.



2. APPROACH TO THE STUDY

Our approach to the market study was organized in sequential phases as follows:



The scope of the work, as described in the body of this report, included discussions with hotel management companies, travel professionals, local government authorities and other institutions relevant to the project. We have reviewed available demographic data and economic, tourism and other industry statistics for the Caribbean Region, and the Bahamas in particular. We conducted an extensive review of the proposed site and surrounding area and other rumored or announced site developments on Bahamas. The various sections of the report describe these phases in greater detail.

The fieldwork process included interviews with the Bahama Authority including the Port Authority Technical Department and the Port Authority Director, The Bahamas Tourism Department, the Director of Financial Services of the Prime Minister's Office for Bahamas, multiple real estate agency representatives, and management representatives for many of the Island's major resort and resort developments.

To accomplish the objectives of this engagement, the scope of the study included, but was not limited to the following tasks:

Sapphire Cay Resort, Bahamas

- Meetings and discussions with the owner of Sapphire Cay Marina & Resort who is the developer of the Sapphire Cay Project, to define the scope of the study and to determine the objectives and requirements to carry out the work.
- A review of economic, geographic and demographic factors of the area in general to determine the economic environment within which the proposed project would operate and likely market sources and demand generators. Particular attention was given to those economic indicators that are most relevant to the success of the proposed project.
- Interviews with local government officials and members of the private sector such as the regional Chamber of Commerce, as well as representatives of the Bahamas Office of Tourism. These interviews helped to provide a framework picture of the supplied infrastructure on Bahamas, as well as the potential market demand for the proposed Project.
- The primary on-site fieldwork was conducted from November 18 through December 12, 2009, during which Tweraser Financial Group Inc. compiled a majority of the primary market information on the site and available economic and tourism data. Additional research was subsequently conducted in January 2010 to supplement the initial information and strengthen the Tweraser Financial Group's conclusions.
- An examination of the site and surrounding area in local Bahama to determine its suitability of the Resort on the basis of accessibility and location, which included an evaluation of the site's layout and character/characteristics in relation to the planned facilities.
- Analyses of the future supply and demand characteristics in order to identify estimated needs and to establish the economic foundation of the expansion project. We analyzed the development in the Bahama resort/residential market within the last five years. Important sources were the Tweraser Financial Group International database as well as publications from institutions such as the Bahama Port Authority, the Bahama Tourist Board and the Financial Services office of the Prime Minister's Office on Bahamas. We also obtained information from the Caribbean Tourism Organization, other data available from the World Tourism Organization and other sources.
- We conducted in-depth interviews with managers of existing resorts and developments on Bahamas, as well as prominent real estate agencies in the Bahamas to obtain details on rate structures, sales pace performance, tourism and other relevant information.
- We estimated the market segmentation, overall sales pace and pricing structures for the various elements of the planned Sapphire Cay Project that the proposed expansion project will likely achieve during its phased development plan, anticipated to extend from the period beginning in late 2010 through approximately 2012.

3. ASSUMPTIONS

The conclusions of this report are based on an extensive number of sources, including the Owners, representatives of existing competitive properties, representatives of the Bahama Port Authority (the local

government organization), the Bahama Tourist Board and the Caribbean Tourism Organization, among others.

The following are basic assumptions that are included within our conclusions and recommendations:

- The expansion of the competitive supply will be as predicted based on information provided by competitive resort developers and the Owners of the Sapphire Cay Marina & Resort;
- The expansion of the Resort will occur in the time-frame and overall scope that has been presented by Ownership, including the opening of the Sapphire Cay Marina.
- The development approach for Sapphire Cay has firstly considered the ecological and natural aspects with the master plan having respected the environment in great detail.
- With two natural lagoons on the islands interior the development will utilize the Eastern Lagoon of 20 acres which has minimal marine life to create the Sapphire Marina, Marina Village and Natural Harbor for residential sites. The Western Lagoon will remain untouched and is planned to be an ecological study location for marine life and a legacy for the future. There are also three land based Ecological preserves comprising of over twenty acres which provide nature walks and observation locations for residents.
- High quality prefabricated materials for construction shall be carefully implemented on most of the island for residential structures to marina post and planks thus reducing the major impact normally associated with traditional based construction means and methods. Sensitivity will be foremost in removing any vegetation with roads and pathways being created using green nontoxic stabilizing materials instead of normally used asphalt and concrete.
- A well-funded investment in a professional sales and marketing program will be maintained throughout the period of the projections;
- The evolving recovery from the extended worldwide economic downturn since 2007 will continue, as demonstrated by the late-year 2010 and early 2011 performance of the Bahamas resort market. It is further assumed that the economic recovery will continue at a moderate pace through the period of projections presented in this report;
- No significant terrorism acts will occur in the Caribbean region during the period of the projections;
- The growth in competitive supply, based on announced projects and long-term trends, will continue at the pace estimated, without a major change in mid-term trends in supply additions;
- The overall quality of the existing Sapphire Cay Marina & Resort and will be upgraded and maintained to be comparable to the new facilities that are included in the Sapphire Cay Condominium expansion plan;
- The development program will include the construction of a pedestrian drawbridge or rotating bridge over the canal behind the existing restaurant building;

4. EXECUTIVE SUMMARY

The planned development of the Sapphire Cay Marina & Resort represents a significant opportunity to extend the overall presence of this mid-market resort sufficiently to allow for a successful future. This executive summary and the related report present the background conditions, the underlying philosophy, and the market analysis that provides the basis for this overall conclusion.

Background

Two Hundred and Fifty Residences and Villas are planned for Sapphire Cay, Two Hundred and Twenty Nine are waterfront, simply stated...that's over ninety one percent, what a lifestyle this island has to offer.

The marriage of harmony between the environment, tropical design, complimenting Bahamian flora and tropical fruits, revered amenities and an internationally recognized marina will offer the residents of Sapphire Cay the greatest island luxury found in The Bahamas.

Residential:

- * 188 Residential lots the majority of which most are half of an acre or greater, 20 with private docks for yachts up to 220 ft. in length.
- * 41 Marina Villas with direct access to yachts or sports fishing boats.
- * 21 Eco Villas on the highest island's elevation.

Compass Marina and Villas:

- * 49 Marina slips Sapphire Cay residents for yachts up to 180 feet in length, 35 yacht slips at the Compass Marina and 14 at the Phase One Marina with full service Marine and Yacht Support Facilities for any need.

Resort:

- * 21 Villa Resort appointed with Club House, Restaurant, Bar and Amenities/Support areas offering the finest in accommodations, culinary and resort amenities.

The Sapphire Club:

An 8,000 square foot Private Club, Restaurant, Bar, Spa/Fitness Center, Pool and Amenities area solely for the use of the owners of Sapphire Cay properties

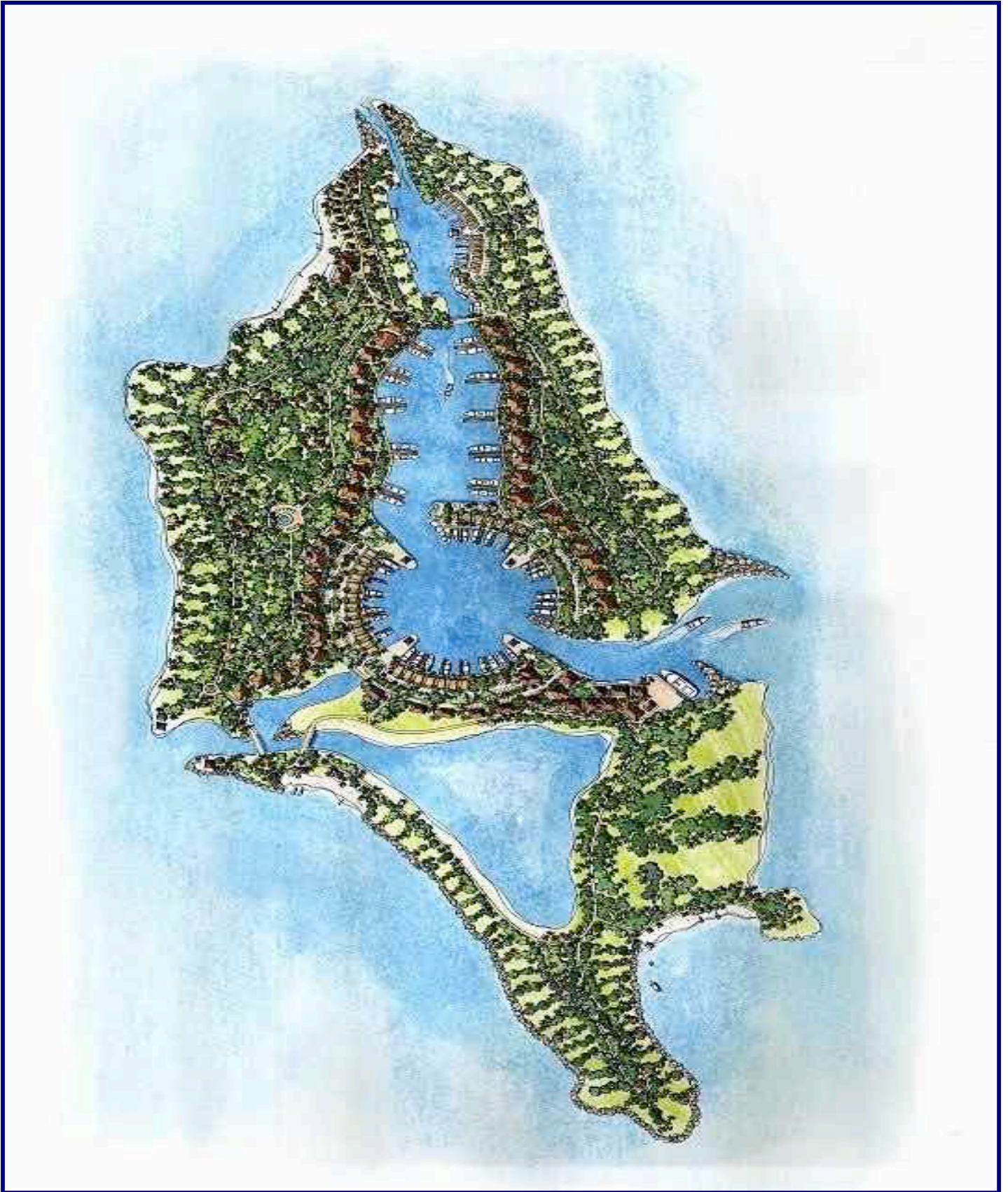
Sapphire Village:

Six Boutique Buildings will accommodate six to twelve businesses for convenience, water sports, fishing and provisioning.

Restaurants/Lounge/Entertainment:

- * Sapphire Club Restaurant and Bar
- * Sand Dollar Resort Restaurant and Bar
- * Compass Marina Restaurant and Bar
- * Turtle Beach/ Sunset Restaurant and Bar





Financial Feasibility Conclusions

Based on the assumptions and other information provided in this report, the Sapphire Cay Project, is believed to be a financially feasible real estate venture, with significant upside profit potential beyond the bottom line cash flow estimates included in this report. The summary of the financial feasibility analysis is presented at the end of the Executive Summary and in more detail as Appendix A to this report.

General Market Area Summary - Caribbean Basin

The principal economic sectors in the Caribbean are agriculture, mainly sugar cane and bananas, manufacturing, construction, tourism, and services. The region experienced a 4 percent growth rate in overall economy during the 1990s, but slowed beginning in 2000 due to the uncertain global economic situation. The current global outlook is one of cautious optimism, which is a good sign for the region.

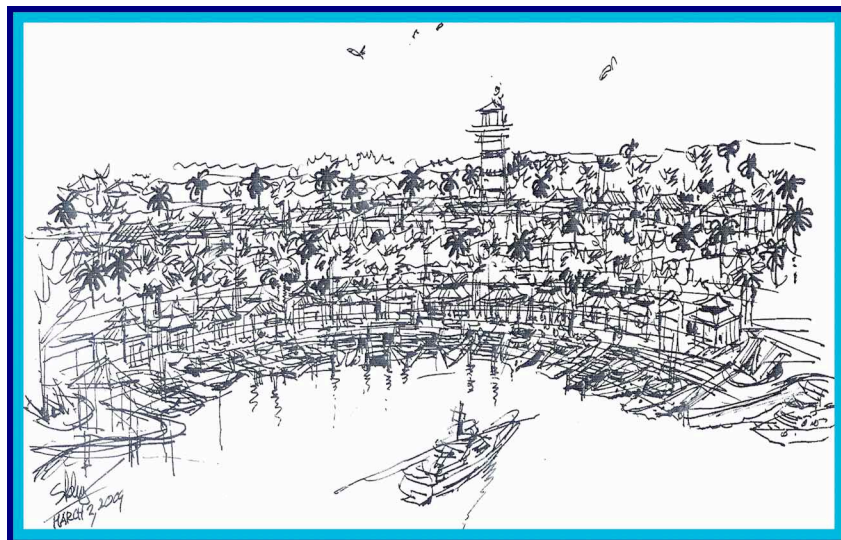
The situation in the Bahamas has been somewhat less positive as a result of a lengthy period of reduced tourism service image in the 1980s and 1990s. With the major investments on Bahamas, the addition of cruise ship terminals and significant industrial development in the Bahamas, the overall situation has shown the beginnings of a turnaround that is expected to be significantly improved over the next two to four years.

Site Analysis Summary

The subject 120-acre site, known as the Sapphire Cay Marina & Resort, represents one of Bahamas's small number of ports of entry. This existence as one of a limited and non-expanding number of ports of entry on Bahamas is considered to be a significant advantage to the Project.

The Island which is currently named Egg Island and is located in the Northeast Bahamas, four islands West of North Eleuthera and directly West of Royal Island.

It is further positioned immediately East and South of the two most traveled cruising lanes to The Bahamas, its capital, Nassau and further the Southern Caribbean. Nassau and Paradise Island a mere 60-90 minutes away offer casinos, nightlife, culinary delights and shopping at any level.



COMPETITIVE ENVIRONMENT

The Residential Market

The overall residential market currently consists of four different segments, namely a) foreigners working in the Bahamas on a long term basis b) retirees and those approaching retirement age looking for lifestyle change c) early investors consisting of buyers who are "getting their feet wet" and looking for a real estate investment that they will hold for approximately three to five years; local professionals including doctors, lawyers, accountants and other business people. It should be noted that boating and fishing is an integral part of the Bahamas lifestyle and many people own boats.

According to local real estate brokers, after 9/11 the market for homes and condominiums over \$500,000 essentially dropped out, with the exception of the extremely affluent market looking for homes of well over \$1,000,000, which has shown strong demand for offshore homes. However, real estate agents are now beginning to see a resurgence of interest as more buyers are considering the Bahamas for a second home.

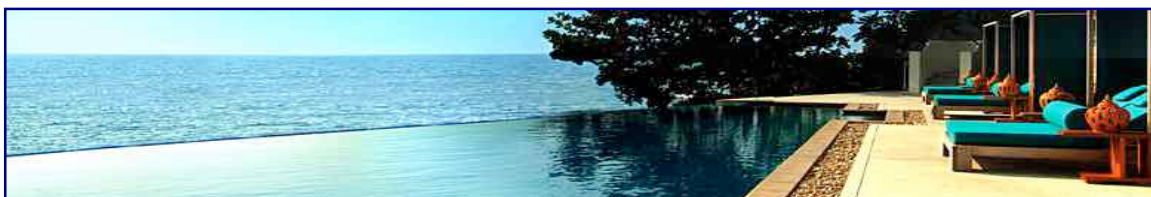
The most recent research involving conversations with the primary real estate companies and operators of comparable resort condominium projects in the Bahamas was conducted in May 2009. There was a consistent message from all sources, as follows: The pace of sales in the price ranges from \$300,000 to \$1,000,000 on Bahamas has picked up significantly since the late fall of 2008 and more particularly in the March/April 2009 period. At the same time, the pricing of new homes has continued to rise compared to the pricing of similar units (size, quality and location) in late 2009. Finally, there is a general agreement that there is a significant lack of supply of new in the price range between \$250,000 and \$400,000, the specific price positioning of the Sapphire Cay units.

The other consistent story is that "tourism is booming" on Bahamas. This is the result of a combination of many factors, some of the most significant of which are the recovering economy in the United States and the impact of other significant investments.

Very little product has been built in the \$175,000 to \$400,000 price range. As such, re-sales at the Silver Cove Villas project, an older two-bedroom beachfront condominium townhome development priced in the \$285,000 to \$320,000 range in Freeport, sold quickly.

Our research indicates also that due to the high cost of home ownership in Nassau as well as growing congestion issues, Bahamians currently residing outside of Grand Bahama seeking a higher quality of living could likely be attracted to Sapphire Cay.

Oceanfront property is the most desirable location; however, it is prohibitively expensive. Canal-front property is the most popular location for buyers and, provided there is a slip, provides owners the ability to watch over their boats. The provision of a secure environment at the upgraded and expanded Sapphire Cay Community should be a noticeable positive factor in sales potential.



Comparable Supply

The most comparable supply of residential projects includes the following developments:

Oceanview

Lucayan Marina Village

Marina Gardens

Port of Call

Bell Channel Club and Marina Old

Bahamas Bay

Fortune on the Bay

TARGET MARKETS

The primary target markets for the condominium project are expected to have two conceptual focuses. From a geographical standpoint, the primary market will be the southeast coast of Florida (the Florida Gold Coast), with significant secondary market potential from the major metropolitan areas along the east coast of the United States, as well as Europe, Canada and South America.

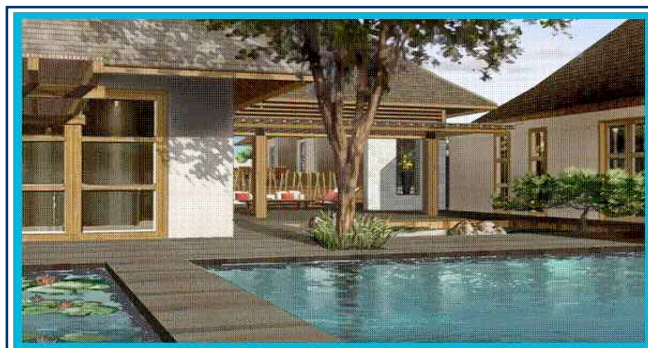
From a market segment standpoint the primary target market is expected to be yacht owners from the Gold Coast of Florida, with a primary focus on anglers and a secondary focus on party boat owners. The inclusion of ownership rights of a marina slip to villa owners who are yacht owners will drive the strength and pace of this market.

Other significant market segments include ex-patriot residents, citizens of Bahamas, Bahamian citizens of Nassau/New Providence Island, affluent American second-family homeowners, European investors and Canadian retirees.

PLANNED FACILITIES

The overall development of the Sapphire Cay Marina & Resort involves a two phased construction program Phase One including all marinas, main buildings, restaurants, beach cabanas and gazebos, all amenities, docks, infrastructure, 11 resort villas, 28 marina villas and 6 residential villas. The developer will also sell 114 land lots with docks during the construction period of Phase One.

Phase Two consists of construction of the other 205 villas, club house and spa/fitness center and to complete the landscaping for the entire island.



SUMMARY CONCLUSIONS

Based on an interrelated combination of factors including the improving economy, the improvement in the tourism image and performance in the Bahamas in general and on Bahamas in particular, the planned the facilities and related surrounding infrastructure and service improvements, and the subsequently recommended pricing structure, Tweraser Financial Group Inc. believes that the Sapphire Cay project, in connection with the operations at Sapphire Cay Marina and Resort, has an excellent chance for financial success.

The developer and Tweraser Financial Group Inc. conservatively estimate that the overall pace of sales of the units will be between five to ten units per month on average, resulting in an overall development and sales absorption pace that will cover approximately two years from the beginning of the sales process. The beginning of construction is scheduled to occur once there has been a 40 percent pre-sales performance. This is estimated to occur in August 2010. This timing assumes an extensive sales and marketing program that begins in January of 2010.

Rate Strategy

Based on overall market conditions, the most attractive positioning in terms of the largest market potential is a price structure in the range between \$200,000 to \$350,000 for land lots, and \$950,000 and \$400,000 for two bedroom villas. A majority of buyers in this market will be looking for the tax-shelter advantage of property ownership on the Island. Potential markets for this project in addition to the primary market of affluent citizens of the east coast of Florida and the major metropolitan areas of the east coast of the United States include Canada, Europe and South America.

Financial Feasibility Summary

The financial feasibility of the overall Sapphire Cay project will depend on a complicated set of interacting factors. Key elements of this balancing act are the overall quality of the development, the costs of construction and marketing, the success of the sales campaign and the overall timing of the sales.

Based on the information provided in this report, the following is a summary of key conclusions related to the financial feasibility of the Project:

- The Sapphire Cay sales period will begin on January 10, 2010, and will extend through December 31, 2011, at which time it has been estimated that the combined 114 lots and villas will be sold-out.



The major project components' total sales over the specified periods are estimated as follows:

- Overall Project development value including existing facilities/property and investment:

Phase One: **\$ 11.6 million**

Phase Two: **\$ 13.4 million**

- Estimated Loan Terms:

Phase One: 2 Years with 8% p.a.

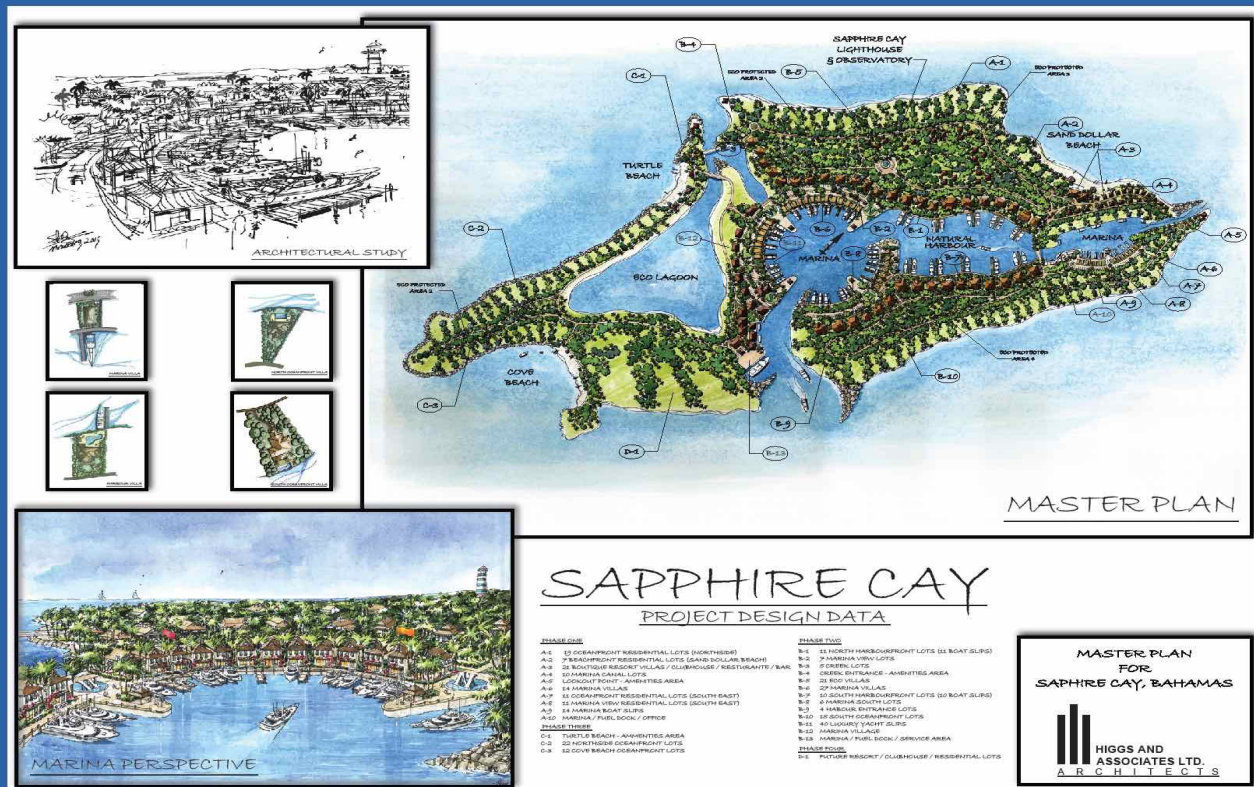
Phase Two: 50% of Revenues

- Return on investment for the first two full years, after set-aside of a construction loan pay-off reserve each year during the period of the loan. The significant increase in revenues and return on investment in 2012 and 2013 justifies that investor will receive revenue sharing instead of interest payments.

2010	no repayment
2011	\$ \$ 13,456,000.00
2012	No repayment
2013	\$ 29,000.000.00

Note

1. Operating costs of Sapphire Cay Resort during the 24 months construction / sales period are paid out of sales revenues (majority of sales are land lots)



5. ECONOMIC CHARACTERISTICS OF THE BAHAMAS MARKET

The Bahamas is a stable, relatively prosperous nation of some 314,000 people inhabiting an archipelago of approximately 700 islands off the coast of the southeastern United States. An independent, parliamentary democracy and member of the British Commonwealth, its economy depends on tourism (60 percent of GDP) and offshore banking (15 percent of GDP). Construction of hotels, second homes, and large projects such as the Freeport container port will continue to add jobs to the economy. **There is a shortage of skilled workers, but unskilled labor abounds.** Thus, the unemployment rate remains at about 9 percent. The government remains the largest employer with a total workforce close to 22,000. Other advantages offered by Bahamas compared to most of the Caribbean region include:

- Political stability, arguably the best in the Caribbean region
- Offshore banking with many large, prominent international banking firms
- A modern, state-of-the-art telecommunications system
- Modern and extensive medical facilities
- Non-taxable income who has made the Bahamas their permanent residence

No serious political movement in Bahamian history has ever advocated the nationalization of foreign property. There is little history of political violence or instability in The Bahamas, although semi-violent labor union protests erupted in early 1999 over Government plans to downsize the phone company. The political issue of most interest to the business community is openness to foreign investment -- both intellectual and financial capital -- which is the driving force behind the Bahamian economy.

Trade Policy Score: 5.0

According to the World Bank, the Bahamas had an average tariff rate of 34 percent in 2010. The U.S. Department of Commerce reports that the government "charges a 7 percent 'stamp tax' on most imports. Higher stamp taxes are charged on some duty free goods, including tourist items such as china, crystal, wristwatches, clocks, jewelry, table linens, leather goods, perfume, wine and liquor." The government also restricts imports of some agricultural goods through import permits.

Fiscal Burden Score: 1.5

The Bahamas has no income tax, no corporate income tax, no capital gains tax, no inheritance tax, and no value-added tax. As a result, tariff rates (or "duties") are very high; the Bahamas raises some 60 percent of its revenues from import tariffs. The general rate of duty charges on imports is 30 percent. In addition to high tariffs, the Bahamas also charges a 7 percent stamp tax on imported goods. There are no other significant barriers to trade.

Government Intervention Score: 2.0

According to the Central Bank of The Bahamas, the government consumed 12.6 percent of GDP in 2008. In 2008, based on data from the International Monetary Fund, the Bahamas received 4.2 percent of its revenues from state-owned enterprises and government ownership of property.

Foreign Investment Score: 3.0

The Bahamas seeks increased foreign investment. However, the **government restricts foreign investment in a number of sectors:** wholesale and retail operations; commission agencies engaged in import-export trade; real estate and domestic property management agencies; media and advertising; nightclubs and restaurants (except specialty, gourmet, and ethnic restaurants); security services; domestic distribution and building supplies; most construction companies; personal cosmetics and beauty establishments; some fishing operations; auto and appliance service operations; and public transportation.

All outward capital transfers and inward transfers by non-residents require **exchange control approval**, and outward transfers by residents are restricted. Lifting these exchange controls could improve the Bahamas' capital flows and foreign investment score in future editions of the Index. According to the U.S. Department of Commerce, "Large foreign investors may be held to higher labor, health and safety standards than our local entrepreneurs." Foreigners purchasing real estate for commercial purposes or purchasing more than five acres must obtain a permit from the Investments Board, and non-residents must receive approval to sell real estate locally.

Banking and Finance Score: 2.0

The U.S. Department of Commerce reports that as of May 2009, 321 banks and trust companies were licensed, down from 410 in 2008. The contraction is a result of stricter regulation and supervision that has led the government to suspend licenses for a large number of licensed banks that could not show proof of an actual physical presence. The financial sector accounts for 7 percent of GDP and employs about 3 percent of the labor force. The government maintains ownership of the Bahamas Development Bank, which primarily provides financing for commercial, industrial, and agricultural development projects. The financial sector is extremely open to foreigners. 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 significantly reduce the level of economic freedom. The Financial Action Task Force, an intergovernmental body, made up of 29 countries, that is designed to combat money laundering, removed the Bahamas from its list of jurisdictions with a non-cooperative record on money laundering in June 2001.

Wages and Prices Score: 3.0

According to the central bank, "Price controls exist on 25 food items, 11 drug items, as well as lead free gasoline, diesel oil, liquefied propane gas, batteries, new & used automobiles, automobile parts and accessories, and public transportation." A minimum wage for all non-salaried public-sector workers was established in 1996, and legislation establishing a minimum wage for the private sector was passed in 2001.

Property Rights Score: 1.0

Private property is easy to acquire and protect in the Bahamas, which has an advanced and efficient legal system based on English common law. The judiciary is independent, and the likelihood of expropriation is low. According to the U.S. Department of Commerce, however, "while generally fair, the Bahamian judicial process tends to be much slower than the norm in the United States and the [U.S.] Embassy has received occasional reports of malfeasance on the part of court officials."

Labor laws can be burdensome, especially for domestic business. According to the U.S. Department of State, "The Fair Labor Standards Act requires at least one 24-hour rest period per week, paid annual vacations, and employer contributions to National Insurance (social security). The Act also requires overtime pay (time and a half) for hours in excess of 48 or on public holidays. A 1988 law provides for maternity leave and the right to re-employment after childbirth.... Local business leaders complain that some of the laws are too restrictive...." In addition, "allegations of improper conduct on the part of Government officials surface regularly...."

6. BASIC INFORMATION ABOUT THE BAHAMAS

Country name	Commonwealth of The Bahamas (<i>long form</i>)
Government type	Constitutional parliamentary democracy
Capital	Nassau
Administrative divisions	21 districts as follows: Acklins and Crooked Islands, Bimini, Cat Island, Exuma, Freeport, Fresh Creek, Governor's Harbour, Green Turtle Cay, Harbour Island, High Rock, Inagua, Kemps Bay, Long Island, Marsh Harbour, Mayaguana, New Providence, Nicholls town and Berry Islands, Ragged Island, Rock Sound, Sandy Point, San Salvador and Rum Cay
Independence	10 July 1973 (from the United Kingdom)
Legal system	Based on English common law
Suffrage	18 years of age to vote; Universal
Executive branch	Head of government: Prime Minister Perry CHRISTIE (since 3 May 2002) and Deputy Prime Minister Cynthia PRATT (since 7 May 2002) Nominal chief of state: Queen ELIZABETH II (since 6 February 1952), represented by Governor General Ivy DUMONT (since NA May 2002) Cabinet: Cabinet appointed by the governor general on the prime minister's recommendation
Legislative branch	Bicameral Parliament consists of: (1) the Senate (16-member body <i>appointed</i> by the governor general upon the advice of the prime minister and the opposition leader for five-year terms) (2) the House of Assembly (40 seats; members <i>elected</i> by direct popular vote to serve five-year terms)
Elections	Last held March 2002 (next to be held by March 2007)
Election results	Percent of vote by party: PLP 50.8%, FNM 41.1%, independents 5.2% Seats by party: PLP 29, FNM 7, Independents 4
Judicial branch	Supreme Court; Court of Appeal; Magistrates Courts
Political parties	Free National Movement or FNM (minority); Progressive Liberal Party or PLP (majority)

7. GEOGRAPHY IN THE BAHAMAS

Location:	Caribbean, chain of islands in the North Atlantic Ocean, southeast of Florida; strategic location adjacent to US
Geographic coordinates:	24 15 N, 76 00 W
Area:	total: 13,940 sq km; water: 3,870 sq km land: 10,070 sq km
Area - comparative:	land area is slightly smaller than Connecticut total area is slightly larger than Connecticut and Rhode Island combined.
Land boundaries:	0 km
Coastline:	3,542 km
Maritime claims:	exclusive economic zone: 200 NM territorial sea: 12 NM
Climate:	semi-tropical marine; moderated by warm waters of Gulf Stream
Terrain:	long, flat coral formations with some low rounded hills
Elevation extremes:	lowest point: Atlantic Ocean 0 m highest point: Mount Alvernia, on Cat Island 63 m
Natural resources:	salt, aragonite, timber, arable land
Land use:	arable land: 1% permanent crops: <1% other: 99%
Environment - international agreements:	party to: Biodiversity, Climate Change, Climate Change-Kyoto Protocol, Desertification, Endangered Species, Hazardous Wastes, Law of the Sea, Nuclear Test Ban, Ozone Layer Protection, Ship Pollution, Wetlands signed, but not ratified: none of the selected agreements

8. TOURISM INFO

The Bahamas in general and Bahamas in particular are considered to be the South Florida "playground", with a significant percentage of owners/visitors using their yachts or the new high-speed Bahamas Florida Express ferry shuttle from Port Everglades (Fort Lauderdale) for overseas surface transportation. In contrast, the USA's east coast Mid-Atlantic and northern metro area citizens fly in, a trend that should significantly improve.

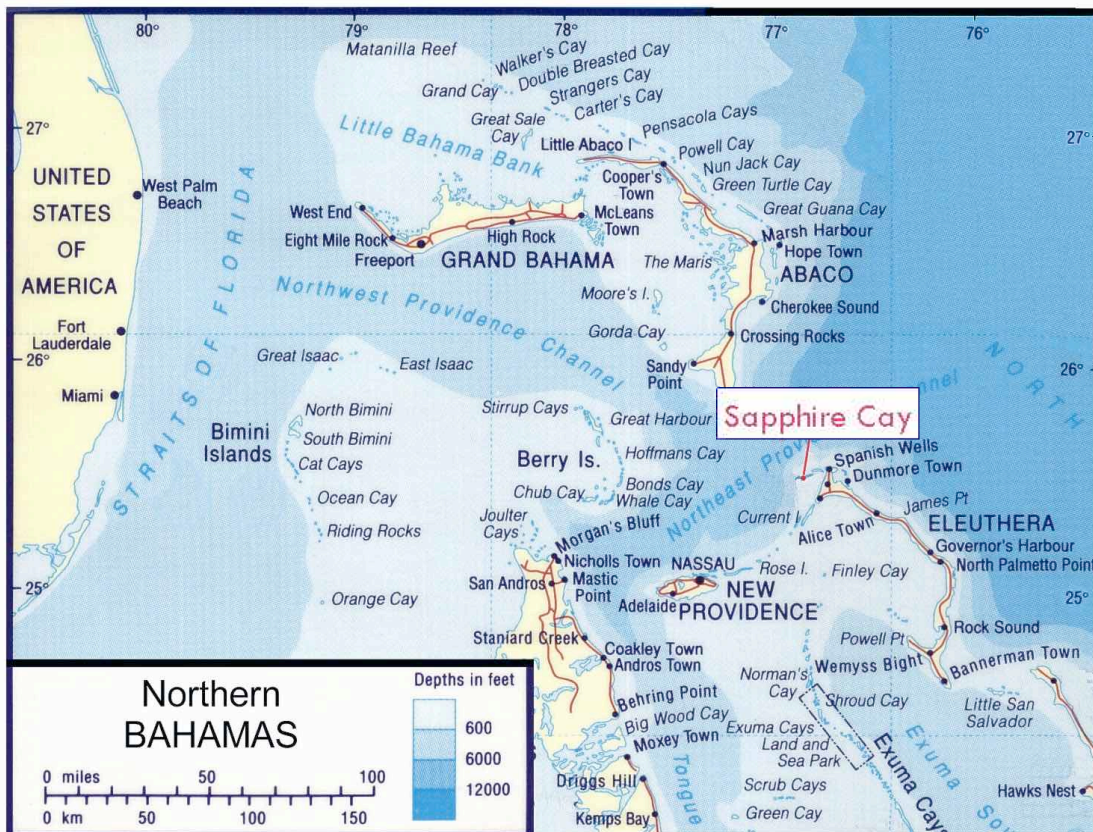
Air service to the Islands has significantly improved over the last two years. Initially, the government provided revenue guarantees to attract USAirways and Air Tran, which both began service during the past two years ago. USAirways and Air Tran now fly to the Island daily from several points along the eastern coast including Charlotte, Philadelphia and New York (USAirways) and Atlanta and Baltimore (Air Tran). Some of these routes are expected to upgrade their aircraft to larger planes by February 2011. Delta Airlines recently began twice-daily service with 50-seat aircraft from Atlanta and on December 15, 2008 Continental began providing jet service out of Newark. Both of these airlines reportedly plan to upgrade to 125-seat jets.

CARIBBEAN: Airline official predicts increased tourist arrivals for next year

Posted by admin on 11/09/09 • Categorized as Caribbean, Tourism

LONDON, England, CMC – Caribbean countries are likely to record an increase in visitor arrivals from the United Kingdom next year, a senior British Airways official has said.

"Compared to the same period of last year, we are really pleased with the early bookings that are taking place. We are talking double digit growth as far as early bookings. We are reasonably optimistic in a very tough environment about the situation in the Caribbean next year," said the airline's corporate sales manager, Simon Brooks.



Commercial air service to the Bahamas Airports has improved significantly in the past twenty four months. As stated above, commercial airlines that now serve Bahamas include:

INTERNATIONAL AIRLINE SERVICE TO THE OUT ISLANDS

ISLAND	CARRIER	ROUTE	TOLL-FREE OUT ISLANDS RESERVATIONS NUMBER
ABACO	AMERICAN EAGLE (AA)	MIAMI-MARSH HARBOUR (MIA-MHH)	c/o American Airlines 800-433-7300 Tel: 242-367-2231
	BAHAMASAIR (UP)	WEST PALM BEACH-MARSH HARBOUR (PBI-MHH)	800-222-4262 Fx: 305-718-9115
	CONTINENTAL CONNECTION (GULFSTREAM)	FT. LAUDERDALE-MARSH HARBOUR (FLL-MHH) MIAMI-MARSH HARBOUR (MIA-MHH) FT. LAUDERDALE-TREASURE CAY (FLL-TCB) MIAMI-TREASURE CAY (MIA-TCB)	c/o Continental Airlines 800-231-0856 Tel: 305-871-1200 Fx: 305-871-2476 Tel: 242-367-3415(MHH) Tel: 242-3658615(TCB)
	ISLAND EXPRESS (2S)	FT. LAUDERDALE-MARSH HARBOUR (FLL-MHH) FT. LAUDERDALE-TREASURE CAY (FLL-TCB)	Tel: 954-359-0380 Fx: 954-359-7944 Tel: 367-3597(MHH) Tel: 242-367-8697 (TCB)
	TWIN AIR	FT. LAUDERDALE-TREASURE CAY (FLL-TCB)	Tel: 954-359-8266
	U.S. AIR EXPRESS (US)	WEST PALM BEACH-MARSH HARBOUR (PBI-MHH) WEST PALM BEACH-TREASURE CAY (PBI-TCB) ORLANDO-TREASURE CAY (MCO-TCB)	Tel: 242-367-2231(MHH)
	WALKER'S INTERNATIONAL (XW)	FT. LAUDERDALE-WALKER'S CAY (FLL-WKR)	800-925-5377 Tel: 954-359-1400 Fx: 954-359-1414
BIMINI	PAN AM AIR BRIDGE (OP) (CHALKS) Offers charter service to other Out Islands from Miami	MIAMI-NORTH BIMINI (MIA-NSB) MIAMI-WALKER'S CAY (MIA-WKR)	800-FLY-PANAM 305-373-1120 Tel: 242-363-1687 Fx: 242-363-3649

Sapphire Cay Resort, Bahamas

	BIMINI ISLAND AIR No Schedule. Only fly when have passengers on a regular basis	MIAMI-SOUTH BIMINI (MIA-BIM) FT. LAUDERDALE-SOUTH BIMINI (MIA-BIM)	Tel: 954-938-9524
	ISLAND AIR CHARTERS No Schedule. Only fly when have passengers on a regular basis	FT. LAUDERDALE-SOUTH BIMINI (FLL-BIM)	Tel: 305-359-9942
ELEUTHERA	AIR EUROPE	MILAN-ROCK SOUND (MXP-RSD) MILAN-GOVERNOR'S HARBOUR (MXP-GHB)	
	AIRWAYS INTERNATIONAL		
	AMERICAN EAGLE (AA)	MIAMI-GOVERNOR'S HARBOUR (MIA-GHB)	c/o American Airlines 800-433-7300
	BAHAMASAIR (UP)	MIAMI-GOVERNOR'S HARBOUR (MIA-GHB)	800-222-4262 Tel: 242-332-2648 (GHH)
	CAN AIR	TORONTO-GOVERNOR'S HARBOUR (YYZ-GHB)	
	FALCON AIR		Tel: 242-335-1420
	NORTH AMERICAN	NEW YORK-GOVERNOR'S HARBOUR (?- GHB)	
	TWINAIR	FT. LAUDERDALE-GOVERNOR'S HARBOUR	
	U.S.AIR EXPRESS (US)	FT. LAUDERDALE-GOVERNOR'S HARBOUR (FLL-GHB)	800-428-4322
	CONTINENTAL CONNECTION (GULFSTREAM)	MIAMI-NORTH ELEUTHERA (MIA-ELH) FT.LAUDERDALE-NORTH ELEUTHERA (MIA-ELH)	c/o Continental Airlines 800-231-0861 Tel: 305-871-1200
EXUMA	BAHAMASAIR (UP) AMERICAN EAGLE	MIAMI-EXUMA (MIA-GGT) MIAMI-EXUMA (MIA-GGT)	800-222-4262 Tel: 242-345-0035 Fx: 242-345-0095 800-222-4262 Tel: 242-345-0124
SAN SALVADOR	BAHAMASAIR (UP)	MIAMI-SAN SALVADOR (MIA-ZSA)	800-222-4262

TOURISM TRENDS

World and Caribbean Tourism Overview

The October 2008 report on the outlook for the global economy and Caribbean tourism prepared by the Caribbean Tourism Organization (CTO) and released recently indicates that Guyana's 6 per cent increase in visitor arrivals this year was the highest among a group of Caribbean countries that include several regional destinations including Jamaica, Cuba, St. Lucia, the US Virgin Islands, Curacao, Puerto Rico and Belize. Only two of the other countries listed in the report Jamaica (4 per cent) and Cuba (4 1/2 per cent) recorded an increase in visitor arrivals this year.

Several of the traditionally popular tourist destinations in the region recorded declines in visitor arrivals of more than 10 per cent. Barbados, Trinidad and Tobago, St. Martin, the Cayman Islands, Antigua and Barbuda and The Bahamas all recorded between 10 and 15 per cent downturns in visitor arrivals while other destinations including Grenada, Bermuda and St. Vincent and the Grenadines recorded declines in visitor arrivals totaling up to 20 per cent in some instances. According to the CTO report Anguilla and the British Virgin Islands fared the worst in terms of visitor arrivals in the region this year with visitors to those countries dipping by between 40 and 45 per cent this year.

So far this year visitor arrivals to the Caribbean from Europe have been down by more than 8 per cent while arrivals from the United States dipped by more than 6 per cent. For this year, however, visitor arrivals from Canada increased by more than 8 per cent. The report says that Cuba, the Dominican Republic and St. Lucia are the three Caribbean destinations that benefited disproportionately from the increase in visitor arrivals in the region from Canada.

With data available up to July this year for most markets the CTO has reported that fourteen Caribbean destinations have suffered declines exceeding ten per cent with eight of these exceeding fifteen per cent. Europe's sharp decline among the region's traditional source markets is attributed to weakening exchange rates, particularly sterling rates and the relatively higher cost of transportation to the region.

The CTO report, however, is less than gloomy about this year's performance by the regional tourism sector so far, pointing out that the rate of decline "appears to be moderating across the region." It notes that average performances of 5 per cent in July and 7 per cent in August were significantly better than the double digit declines of May and June.

Introduction

Tourism activities represent approximately one quarter of the Caribbean's Gross Domestic Product (GDP), making it the most tourism-dependent region in the world. It continues to be the leading economic sector in many of the 34 countries that make up the region, including the Mexican Caribbean (Cancun and Cozumel). The Caribbean's market share of world tourism has been steadily maintained at a level of between 2.3% and 3.0% since 1960. Despite the September 11th terrorist attacks in 2001, international conflicts in Afghanistan and Iraq, the SARS outbreak and an uncertain international economic climate, the number of international tourist arrivals worldwide in the period 2000 to 2003 showed an overall increase of seven million to reach 694 million arrivals. A challenging 2003 resulted in a global fall of 1.2% in arrivals. The Caribbean, however, experienced an increase of 8% in 2003 with an estimated 21.2 million international arrivals excluding cruise ship passengers. The region has historically experienced growth higher than the world average with an annual average growth in tourist arrivals of 4.4% between 1991 and 2007.

The Caribbean Tourism Product

The region is blessed with many characteristics that make the Caribbean a very attractive tourist destination. In geographical terms it is close to the important market sources of the United States and Canada with direct charter flights taking as little as 1 to 4 hours from the East Coast. Additionally European tourists have increasingly become more accepting of long haul flights. In turn the region's geographical location in fairly close proximity to the equator ensures a tropical climate with warm and sunny weather, with average temperatures of between 20°C-30°C (68°F - 86°F) throughout the year.

In terms of regions of the world that accommodate large numbers of visitors, the Caribbean is the only region in the world of this size that is entirely composed of relatively small islands. The islands are characterized by sandy beaches and coastline palm trees. In comparison to the visitors' origins, the islands are typically more tranquil, offering plenty of natural beauty.

The need for change is a primary motivation for traveling and the region's inherited characteristics satisfy this motivation. The diversity of cultures found in the region builds upon the natural beauty in the region. Indigenous people and cultures, combined with the influences from Europe, Africa, East India and the United States, mean that many international tourists are likely to find a destination in the region that speaks their language and has connections with their homelands. Puerto Rico is especially popular with American tourists (accounting for 85% of arrivals in 2001) because of strong economic connections and geographical proximity. In turn Barbados is very popular with British tourists (43% of arrivals in 2001 were from the United Kingdom) because of connections through the Commonwealth and its former British colonial status.

The familiarity that these connections bring, combined with the differences created by the recipe of cultures, create a unique experience for all international visitors. The region's diversity has the advantage of appealing to different types of tourists. Each of the region's 34 countries has its own unique appeal. Some visitors may have a favorite destination that they visit on an annual basis while others prefer to sample a variety. Jamaica, for example, is the home of a large group of Afro-Caribbean's in the region and this is reflected in food, language, ideologies and cultural artifacts originating from the African slave trade. Other Caribbean destinations such as Guyana, Surinam, Dominica and Belize still exhibit active presence of Taino, Arawak and Carib cultures contrasting with the countries that have a stronger European presence.

Additionally, the tourist product offered by the region has evolved so as to cater to different types of travelers. Destinations in the region such as the Dominican Republic cater to the high-end tourists and business travelers in resorts like Casa de Campo, while also being able to offer reasonably priced packaged 'all-inclusive' vacations in specially designed resorts. Cultural tours offer the opportunity for visitors to explore the rich heritage, while golfing and water sport facilities are available for the people who wish to be more active abroad. In turn, the Dominican Republic is home to Pico Duarte, the highest peak in the Caribbean Sea and this mountainous region provides more adventurous visitors with opportunity to hike, mountain-bike and experience white-water rafting.

The Bahamas is another example of a location that has diversified its offering to the international visitor with the targeting of the niche markets of conventions, weddings and sport, the latter being this destination's prime focus.

The Out Islands of The Bahamas

The rich history of the Out Islands of The Bahamas isn't just for history books—although you'll find plenty of it there—it shapes the way the Bahamians live, how they work and especially how they celebrate. From the spot where Christopher Columbus landed on The Bahamas in 1492 to the tales of rum runners and pirates, the history of The Bahamas Out Islands is very much alive!

What makes The Bahamas especially unique is the diverse history of settlers on the island. Like travelers, searching for a different kind of vacation experience, many who chose to live on The Bahamas were seeking a different way of life. Beginning with the Lucayan tribe seeking peaceful refuge on the islands, the English Puritans who sought religious freedom and skilled craftsman and boat makers seeking to make a living from the Atlantic Ocean and Caribbean Sea— they all sought a better way of life.

Famous and infamous names of history all make up the colorful past and present of The Out Islands of The Bahamas. Christopher Columbus' landing on the islands in 1492 gives locals and visitors plenty to talk about. While history shows Columbus landed on San Salvador, there is evidence his first landing actually may have been on Cat Island.

Historical influences continue to shape the islands and the culture of The Bahamas. Visitors can hear about the history on the quaint village of New Plymouth on Green Turtle Cay from ancestors of the Revolutionary War loyalists, who settled Abacos Island in 1783.

Welcome to the Out Islands of The Bahamas

There's a collection of islands in The Bahamas with over 55 world-class resorts and boutique hotels that appeal to true connoisseurs of Caribbean island life and unique vacation destinations. These are quiet islands ideal for relaxing and reconnecting, for fantasy weddings and honeymoons, for the ultimate in fishing, diving and eco-travel vacations. These are The Bahamas Out Islands – and there's one that's perfect for you. Come explore "The Real Bahamas" and learn more about our "Island of the Month".

An Out Islands Bahamas vacation is about the beautiful beaches. It's about the warm gin-clear water. It's about unspoiled nature and real encounters with wildlife. It's about lively music, friendly locals and amazing sunsets. But mainly it's about you. The Out Islands of The Bahamas provide an opportunity to disengage from the daily slog and then to reconnect with what's important: Your relationship with loved ones, with the natural environment and most of all with yourself.

The Out Islands of The Bahamas offer absolute relaxation, with endless pristine beaches and blue vistas perfect for immersing yourself into the sea and sun scenery. Once your batteries are recharged though, the Out Islands are ready to bring you back to life, to engage you in the natural environment by putting some of the world's finest snorkeling, diving, fishing, kayaking, nature hiking, flying, golfing, bird-watching, boating and sailing at your fingertips.

Travelling Between Islands

Air Transportation

Since there are so many islands in such close proximity in The Bahamas, many visitors choose to visit more than one. Bahamas Air operates scheduled flights to all major Out Islands. In addition, charter companies operate scheduled flights, and private airplanes are also available for hire.

Out Island Mail boats

Inter-island mail boats run weekly to/from all islands. The mail boats are a leisurely way to get around--one-way passage to just about anywhere is to be had for around \$35. Remember, these mail boats run on Bahamas time; they're a great way to slow down to the steady rhythm of the islands.

THE ABACOS

Located Marsh Harbor, Green Turtle Cay
Departs Nassau every Tuesday
Departure: Call for departure time
Return: Thursday
Sailing Time: 5 1/2 hours
Phone: (242) 393-1064

Located: Sandy Point, Moore's Island
Departs Nassau every Friday
Departure: Call for departure time
Return: Sunday
Sailing Time: 6 hours
Telephone: (242) 393-1064

ACKLINS/CROOKED ISLAND

United Star
Located: Abrahams Bay
Departs Nassau: Call
Departure: Call
Frequency: Once a week
Phone: (242) 393-1064

United Star
Located: Landrill Point, Spring Point
Departs Nassau: Call
Departure: Call
Frequency: Once a week
Phone: (242) 393-1064

ANDROS

Captain Moxey
Located: Kemp's Bay Bluff, Long Bay Cays
Departs Nassau every Monday
Departure: Call for departure time
Return: Call
Sailing Time: 7 1/2 hours

Lady D

Fresh Creek, Stafford Creek, Blanket Sound, Staniard Creek, Behring Point

Departs Nassau every Tuesday

Departure: Call for departure times

Return: Call

Sailing Time: 5 hours

Phone: (242) 393-106

Lisa J II

Located: Nicholl's Town, Mastic Point, Morgans Bluff

Departs Nassau every Wednesday

Time of Departure: Call

Return: Tuesday

Sailing Time: 5 hours

Phone: (242) 393-1064

Lady Margo

Departs Nassau every Tuesday

Time of Departure: Call

Return: Call

Sailing Time: 7 1/2 hours

Mangrove Cay Express

Located: Lisbon Creek

Departs Nassau every Wednesday

Time of Departure: Call

Return: Call

Sailing Time: 5 1/2 hours

Phone: (242) 393-1064

THE BERRY ISLANDS

Located: Bullocks Harbour

Departs Nassau every Friday

Time of Departure: Call.

Day/Time of Return: Sunday

Sailing Time: 6 hours

Phone: (242) 393-1064

BIMINI

Bimini Mack

Located: Cat Cay & Bimini

Departs Nassau: Call

Time of Departure: Call

Sailing Time: 12 hours

Phone: (242) 393-1064

CAT ISLAND

Sea Hauter
Located: Smith's Bay Bight, Old Bight
Departs Nassau every Tuesday
Time of Departure: Call
Return: Monday
Sailing Time: 12 hours
Phone: (242) 393-1064

North Cat Island Special
Located: Arthur's Town, Bennett's Harbour, New Bight
Departs Nassau every Tuesday
Time of Departure: Call
Return: Thursday
Sailing Time: 14 hours
Phone: (242) 393-1064

ELEUTHERA/HARBOUR ISLAND

Bahamas Day Break III
Located: Rock Sound, Davis Harbour, South Eleuthera
Departs Nassau every Monday
Time of Departure: Call
Return: Tuesday
Sailing Time: 5 hours
Phone: (242) 393-1064
(242) 335-1163

Captain Fox
Located: Governor's Harbour, Hatchet Bay
Departs Nassau every Friday
Time of Departure: Call
Return: Tuesday
Sailing Time: 6 hours
Phone: (242) 393-1064

Current Pride
Located: Current Island, Hatchet Bay Bluff
Departs Nassau every Thursday
Time of Departure: Call
Return: Call
Sailing Time: 5 1/2 hours
Phone: (242) 393-1064

Eleuthera Express
Located: Spanish Wells
Departs Nassau every Thursday
Departure: Call
Phone: (242) 393-1064

Eleuthera Express
Located: Governor's Harbour

Departs Nassau every Monday
Time of Departure: Call
Return: Call
Sailing Time: 5 1/2
Phone: (242) 393-1064

GRAND BAHAMA ISLAND

Marcella III
Located: Freeport
Departs Nassau every Wednesday
Time of Departure: Call
Return: Call Sailing Time: 12 hours
Sailing Time: 12 hours
Phone: (242) 393-1064

INAGUA

United Star
Departs Nassau: Call
Time of Departure: Call
Return: Call
Frequency: Once a week
Phone: (242) 393-1064

LONG ISLAND

Sherice M
Located: Salt Pond, Deadman's Cay, Seymour's
Departs Nassau every Monday
Time of Departure: Call
Return: Thursday
Phone: (242) 393-1064

Mia Dean
Located: Clarence Town
Departs Nassau every Tuesday
Time of Departure: Call
Return: Call
Sailing Time: 12 hours
Phone: (242) 393-1064

MAYAGUANA

United Star
Located: Abraham Bay
Departs Nassau: Call
Time of Departure: Call
Day/Time of Return: Call
Frequency: Once a week
Phone: (242) 393-1064

SAN SALVADOR

Lady Francis

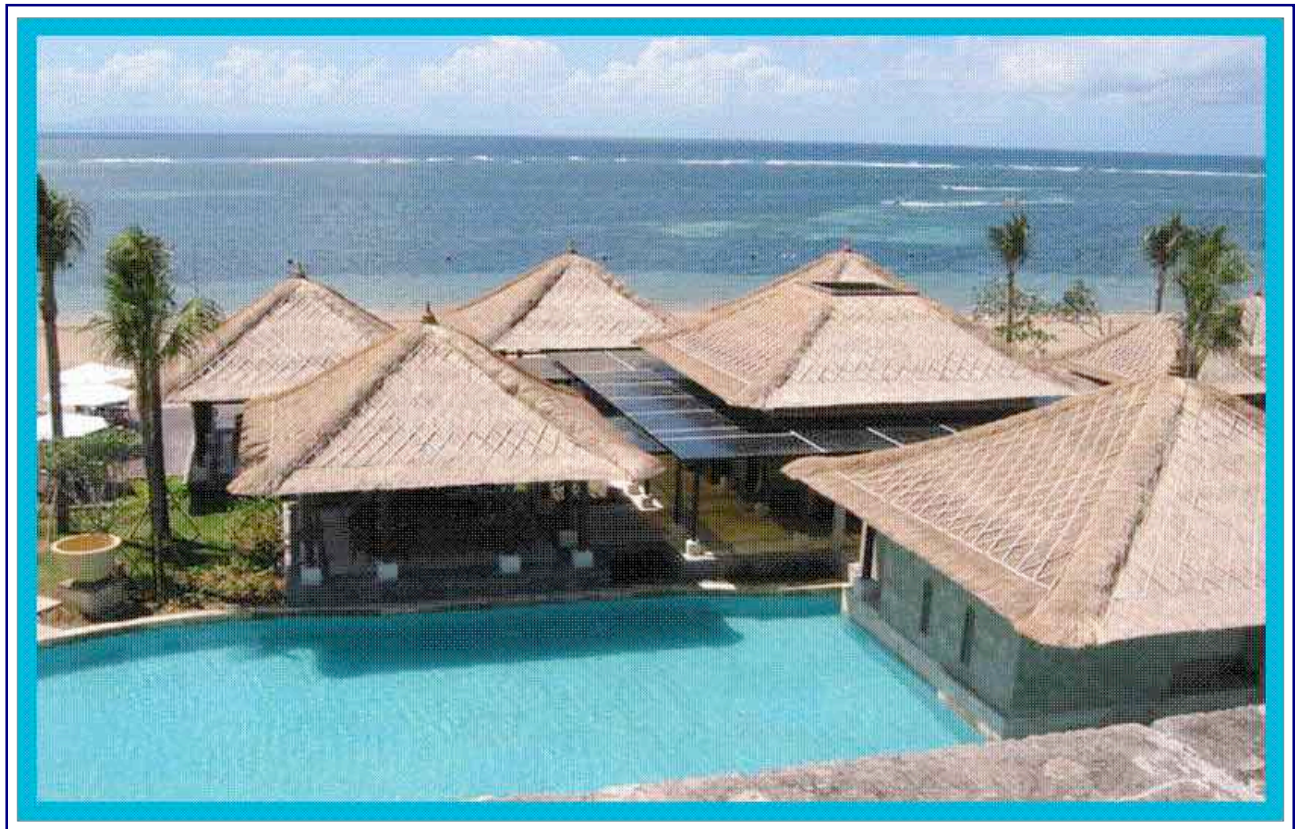
Service: United Estates, Rum Cay, Cockburn Town

Departs Nassau every: Tuesday

Time of Departure: Call

Return: Friday

Sailing Time: 12 hours



9. SITE ANALYSIS AND AREA DESCRIPTION

The development approach for Sapphire Cay has firstly considered the ecological and natural aspects with the master plan having respected the environment in great detail.

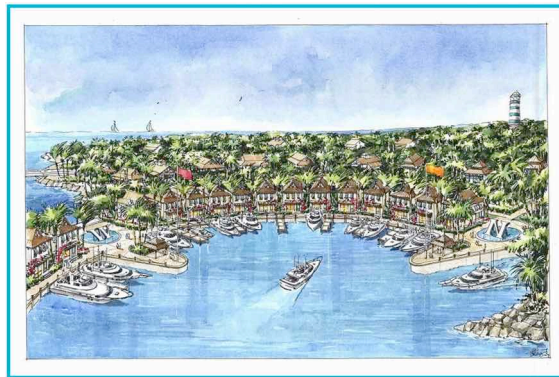
With two natural lagoons on the islands interior the development will utilize the Eastern Lagoon of 20 acres which has minimal marine life to create the Sapphire Marina, Marina Village and Natural Harbor for residential sites. The Western Lagoon will remain untouched and is planned to be an ecological study location for marine life and a legacy for the future. There are also three lands based Ecological preserves comprising of over twenty acres which provide nature walks and observation locations for residents.

High quality prefabricated materials for construction shall be carefully implemented on most of the island for residential structures to marina post and planks thus reducing the major impact normally associated with traditional based construction means and methods. Sensitivity will be foremost in removing any vegetation with roads and pathways being created using green nontoxic stabilizing materials instead of normally used asphalt and concrete.

Where vegetation is removed, replacement or accent alternative species indigenous to The Bahamas will replace or compliment these areas. A multitude of flowering plants, tropical fruits and other presentation exotic species will also be integrated to provide a visual and taste experience never achieved in the islands.

By developing subdued, tropical style of architecture which respects and blends into the natural environment the developer truly believes in this vision that a nature preserves which is a partially self sustaining community can exist with simple elegance within The Bahamas Islands.

Alternative utilities will be implemented using wind power, water desalination and green sewerage treatment. Respect shall be given to all plants and marine life species and sanctuaries confirmed which will be accomplishments viewed as a pioneer that future island communities can use as a model. An association with The Bahamas National Trust to protect the vision will allow this to occur and confirm that Sapphire Cay will be one which is the pride of each resident, visitor and The Bahamas Islands for many generations to come.



Gerard Higgs, President of Sapphire Cay Development Limited, Architect and eight generation Bahamian shall lead the design and development teams. Considering the island was left as a legacy to him by his father Lionel Higgs he will ensure clarity and attention is given to every detail.

Featured and interviewed in the May 2000 edition of Fortune Magazine on “Developing Private Islands In The World” and having projects featured in such publications as Robb Report and Elle Magazine confirms the design quality and ethics which he approaches every project with, from Private Islands to Resorts and Luxury Residential he has led the architectural arena in The Bahamas for over twenty years.

10. TARGET MARKETS

The primary target markets for the project are expected to have two conceptual focuses. From a geographical standpoint, the primary market will be the southeast cost of Florida (the Florida Gold Coast), with significant secondary market potentials from the major metropolitan areas along the east coast of the United States, as well as Europe, Canada and South America.

The major metropolitan areas along the east coast of the United States outside south Florida that will represent a substantial potential for the Sapphire Cay Resort project include:

- Atlanta
- Boston
- Charlotte
- Ft. Lauderdale
- Miami
- Philadelphia
- Pittsburgh
- New York City
- Washington, DC

A majority of these cities have non-stop commercial air service provided by the major airlines serving the Bahama Islands.

From a market segment standpoint the primary target market is expected to be yacht owners from the Gold Coast of Florida, with a primary focus on anglers and a secondary focus on party boat owners. The inclusion of ownership rights of a marina slip to villa owners who are yacht owners will drive the strength and pace of this market.

Attracting yacht owners to Sapphire Cay, the resort has a significant potential side advantage of becoming “the place to be”.

Other significant market segments include ex-patriot residents, and Bahamian citizens of Nassau/New Providence Island, affluent American second-family homeowners, European investors and Canadian retirees.



11. PROJECT DESCRIPTION

Introduction

The Sapphire Cay Resort project represents a visionary means of an experienced architect and developer named Gerard Higgs.

Planned Facilities

Sapphire Cay is a 120 acre Island which is currently named Egg Island and is located in the Northeast Bahamas, four islands West of North Eleuthera and directly West of Royal Island.

It is further positioned immediately East and South of the two most traveled cruising lanes to The Bahamas, its capital, Nassau and further the Southern Caribbean. Nassau and Paradise Island a mere 60-90 minutes away offer casinos, nightlife, culinary delights and shopping at any level.

With natural attributes comprising of three pristine beaches, two interior lagoons, forty five foot elevations and deep water proximity for yacht access and sport fishing, Sapphire Cay is the perfect Island for a yachting and residential enclave.

Never having been impacted by development of any level this Island is a blank canvas for a sensitive, private, luxury destination. The development approach for Sapphire Cay has firstly considered the ecological and natural aspects with the master plan having respected the environment in great detail.

With two natural lagoons on the islands interior the development will utilize the Eastern Lagoon of 20 acres which has minimal marine life to create the Sapphire Marina, Marina Village and Natural Harbor for residential sites. The Western Lagoon will remain untouched and is planned to be an ecological study location for marine life and a legacy for the future. There are also three land based Ecological preserves comprising of over twenty acres which provide nature walks and observation locations for residents.

High quality prefabricated materials for construction shall be carefully implemented on most of the island for residential structures to marina post and planks thus reducing the major impact normally associated with traditional based construction means and methods. Sensitivity will be foremost in removing any vegetation with roads and pathways being created using green nontoxic stabilizing materials instead of normally used asphalt and concrete.

Where vegetation is removed, replacement or accent alternative species indigenous to The Bahamas will replace or compliment these areas. A multitude of flowering plants, tropical fruits and other presentation exotic species will also be integrated to provide a visual and taste experience never achieved in the islands.

By developing subdued, tropical style of architecture which respects and blends into the natural environment the developer truly believes in this vision that a nature preserves which is a partially self sustaining community can exist with simple elegance within The Bahamas Islands.

Alternative utilities will be implemented using wind power, water desalination and green sewerage treatment. Respect shall be given to all plants and marine life species and sanctuaries confirmed which will be accomplishments viewed as a pioneer that future island communities can use as a model. An association with The Bahamas National Trust to protect the vision will allow this to occur and confirm that Sapphire Cay will be one which is the pride of each resident, visitor and The Bahamas Islands for many generations to come.

Two Hundred and Fifty Residences and Villas are planned for Sapphire Cay, Two Hundred and Twenty Nine are waterfront, simply stated...that's over ninety one percent, what a lifestyle this island has to offer. The marriage of harmony between the environment, tropical design, complimenting Bahamian flora and tropical fruits, revered amenities and an internationally recognized marina will offer the residents of Sapphire Cay the greatest island luxury found in The Bahamas.

Residential:

188 Residential lots the majority of which most are half of an acre or greater, 20 with private docks for yachts up to 220 ft. in length
41 Marina Villas with direct access to yachts or sports fishing boats
21 Eco Villas on the highest island's elevation

Compass Marina and Villas:

49 Marina slips Sapphire Cay residents for yachts up to 180 feet in length, 35 yacht slips at the Compass Marina and 14 at the Phase One Marina with full service Marine and Yacht Support Facilities for any need.

Resort:

21 Villa Resort appointed with Club House, Restaurant, Bar and Amenities/Support areas offering the finest in accommodations, culinary and resort amenities.

The Sapphire Club:

An 8,000 square foot Private Club, Restaurant, Bar, Spa/Fitness Center, Pool and Amenities area solely for the use of the owners of Sapphire Cay properties.

Sapphire Village:

Six Boutique Buildings will accommodate six to twelve businesses for convenience, water sports, fishing and provisioning.

Restaurants/Lounge/Entertainment:

Sapphire Club Restaurant and Bar
Compass Marina Restaurant and Bar

Sand Dollar Resort Restaurant and Bar
Turtle Beach/ Sunset Restaurant and Bar

Amenities:

Sapphire Lighthouse & Observatory - Star Gazing

Lookout Point – Spectacular Ocean Views, Relaxation and Eco-Nature walks in Eco Preserve

Turtle Beach – Water sports, Beach Cabanas, Relaxation Areas

Sunset Point – Sunset View Gazebos

Cove Beach – Cabanas and Relaxation Massages

Marina Compass Points – Conversation Areas and Marina Views

Eco Lagoon – Interact with Marine Life in an Ecologically Protected Environment





TEAM

Gerard Higgs—Architect

Bahamian born Architect and Developer practicing in The Bahamas for over twenty years, considered one of the Architectural leaders in The Bahamas for twenty years.

Keith Bishop– Environmental /Civil Engineer

Practicing for over thirty years, the most respected environmental consultant in The Bahamas.

Jeffrey Boyd– Yachting Consultant

Master Marina Planner and Development Consultant who has completed mega yacht marinas from Saint Maarten to Dubai leading the marina industry globally.

George V .Cox– Civil/ Structural Engineer

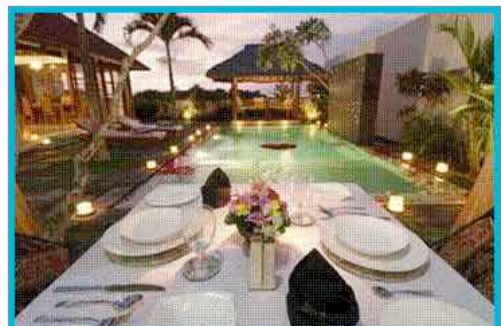
Bahamian born, practicing in The Bahamas for over forty years and the most experienced professional engineer in his arena.

Mark Smith -Oasis Landscaping

Bahamian born leading landscape consultant who has completed some of the finest tropical landscape properties found in The Bahamas

Higgs Interiors Limited

Bahamian Interior Design Firm which has successfully completed the interiors for the elite class within the Islands of The Bahamas.



12. RECOMMENDATIONS/ASSUMPTIONS

A detailed listing of assumptions upon which our conclusions are based is provided in the Introduction, Assignment and Methodology section of this report. Other recommendations that will have an impact on overall sales pace and on the trend in pricing strategy include:

- Provision of concierge hotel services to owners through the Resort and all its amenities
- Development of a well-planned pre-opening and post-opening hiring program to avoid the high costs of laying off employees who fail to deliver the desired service image

13. ESTIMATED SALES PACE AND RATE STRUCTURES

General Market Predictions

A complicated combination of factors including the improving economy, the improvement in the tourism image and performance in The Bahamas in general and on Sapphire Cay in particular, the planned facilities and related surrounding infrastructure and service improvements, and the subsequently recommended pricing structure, will all play a role in both the average pricing structure for sales of both land lots and villa units and the pace at which these units will sell.

Tweraser Financial Group Inc. conservatively estimates that the overall pace of sales of the lots will be between five and ten per month on average, villas will be two per month average, resulting in an overall development and sales absorption pace that will cover approximately two years from the beginning of the sales process. This sales pace prediction is based on the recommended pricing structure per unit, based on the size of individual units ranging from one to three bedrooms. The sales pace is anticipated to increase over the period of the analysis based on a number of factors including ongoing assumed improvements in the economy and the impact of the early improvements in the infrastructure, completion of key design components, etc.

The beginning of construction will be determined by the Developer based on an acceptable amount of pre-sales, which assumes a well-funded, sophisticated and extensive sales and marketing program that begins in beginning of 2010.

Estimated Price Structure

The most attractive positioning in terms of total market size is a price structure in the ranges between \$200,000 to \$350,000 for lots depending on location (water or land view) and size.

Villas will sell for \$ 295,000. The lower prices in each range will apply to the early part of the sales period and the higher prices will apply to the later part of the sales period. This set of pricing assumptions takes into account the most recent market research conducted in May 2009, at which time there was a consistent indication that prices have show a steady and strong upward trend over the past six to nine months.

A majority of buyers in this larger market (compared to the smaller luxury buyers market) will be looking for the tax-shelter advantage of property ownership on the Island. Potential markets for this project in addition to the primary market of affluent citizens of the east coast of Florida and the major metropolitan areas of the east coast of the United States include Canada, Germany, Switzerland and South America.

The timing of the major construction period for Sapphire Cay Condominium project has been set at the point where 40 percent pre-sales has been achieved, estimated to occur by the end of July 2010.

At this point, the first construction phase will include the major infrastructure improvements, construction of villas, the marina/retail stores/ dive school building etc.

APPENDIX A

CONSTRUCTIONS COSTS

PHASE I

APPENDIX B

CONSTRUCTIONS COSTS

PHASE II

APPENDIX C

SALES REVENUES

PHASE I

APPENDIX D

SALES REVENUES

PHASE II

APPENDIX E

SALES PERFORMA

PHASE I

APPENDIX F

SALES PERFORMANCE

PHASE II

APPENDIX G

RETURN ON INVESTMENT

PHASE I

APPENDIX H

RETURN ON INVESTMENT

PHASE II

APPENDIX I

RESUMES

APPENDIX J

SURVEY

APPENDIX K

PRESENTATION

APPENDIX L

TRAVEL INFO
FROM TOURIST BOARD

