

ATTACHMENT B

Simpson Bay: Property Description and Annotations to Financial Projections

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Structure

Simpson Bay Marina is 100% owned by MOF Simpson Bay, LP, which is a Texas limited partnership ("MOF Simpson Bay"). SRI is the sole general partner of and owns a 0.5% economic interest in MOF Simpson Bay. MOF Simpson Bay is structured like MOF III, such that the capital partners received "Class A" limited partner interests and MOF III received all of the "Class B" limited partner interests as a promoted interest. In addition to the interests acquired through MOF III, IGY Facilities would acquire a 1.51% "Class A" limited partner interest in MOF Simpson Bay held by Olzewski. IGY would acquire the Principal Interests based on an asset valuation of \$10 million, which is equal to the amount contemplated by the Purchase Agreement.

Control Rights

The partnership agreement for MOF Simpson Bay provides that any sale of the property or its interests therein, financing or refinancing (in excess of \$100,000) would require approval of more than 61% of the interests in the partnership. Additionally, the general partner of MOF Simpson Bay (which would continue to be SRI after the First Closing) agrees to make distributions of available cash to the partners within 30 days of each calendar quarter. Available cash includes all gross proceeds received from the project, net of expenses and reserves.

A) Property Description:

Simpson Bay Yacht Club (SBYC) is located on St. Maarten in Simpson Bay Lagoon which is the largest hurricane hole in the northeast Caribbean. The marina is situated on the eastern side of the lagoon just south of the Yacht Club at Isle de Sol (Snoopy Island) and is approximately 1/3 of a mile from the entrance of the lagoon. The marina and surrounding real estate development was constructed in 1989.

SBYC is part of a larger, mixed use project known as Simpson Bay Yacht Club at Plaza Del Lago, which contains condominium apartments, offices, pool, tennis, restaurants and other commercial uses such as a bank and beauty salon. As a condominium development, common access and parking are arranged through mutual easements and agreements.

The marina property consists primarily of the submerged land to the north of the seawall, and the condominium offices and other improvements on the adjacent upland. The majority of the property is held under Long Lease which began in 1987 and was most recently modified and assigned in 2004. The lease is issued by the Island Territory of St. Maarten to Simpson Bay Yacht Club Marina NV, and expires in 2041. The rent is fixed at NAF 2.00 (\$1.12) per square meter for the water-rights and NAF 4.00 (\$2.25) for the land rights. These rates are subject to review and may be adjusted in 2007 and subsequently every five years thereafter. The upland area is noted at 144 square meters and the submerged land is noted at 17,509 square meters (2 Meetbrieven – one at 144 M2 and one at 17,275 M2).

The water-rights at SBYC include only the submerged land directly beneath the existing piers rather than the outer boundary points of the entire marina basin. This fact is very important because it will limit the redevelopment of the marina unless additional water-rights are requested

from the Island Government which could be a lengthy process and new, additional water-rights will more than likely be leased at a rate of NAF 10.00 (\$5.62) per square meter.

The premises also include a parcel of upland adjacent to the marina which is owned by MOF Simpson Bay LP, through its subsidiary Gem Pebbles NV. The property consists of two parcels which have an area of 1,019 M2 and 334 M2 respectively. The smaller plot is occupied by an outdoor restaurant (currently leased to Jimbo's) with wading pool and swim-up bar. The larger lot contains a workshop and storage area. This property, which is located just south of the dock master's office and east of the condominium office building, was purchased from Simpson Bay Lagoon Development NV on August 14, 2001 for \$425,000 at a price of \$314 per square meter.

Based on current property values in the area, IGY conservatively estimates this property to be worth \$1,014,750 at \$750 per square meter. The Government Long Lease for this property is set at NAF 4.00 per M2 which amounts to NAF 5,412 (\$3,040) per year. Although limited by its size, this property has good potential for further development.

The parcel of land where the underground storage tanks (both diesel and gasoline tanks) are buried is a leasehold interest and was purchased from Simpson Bay Lagoon Development NV on September 2, 2005 for a price of \$30,000 for 306 square meters. The property, known as Meetbrief # 126/1997 is leased from the Island Government at a rate of NAF 4.00 per square meter.

The existing piers are of driven concrete piling with pre-cast and poured in place concrete decking with interior sleeves for utilities. Concrete finger piers are located in between every other slip in most cases and provide convenient access to and from individual boats. There are approximately 114 slips at SBYC depending on the size of boats occupying the marina at any given time but an average breakdown is 16 mega yacht slips for boats over 70 feet in length, 40 slips for boats between 50 and 69 feet, and 58 slips for boats between 35 and 49 feet in length.

The marina was constructed in 1989, and received significant upgrades after damage from hurricane Luis in 1995. Currently, however, the docks and utilities are in poor condition and are showing significant signs of deterioration and deferred maintenance which will require immediate investment should IGY proceed with the contemplated purchase of this facility. As per ATM's assessment, it is estimated that approximately \$275,000 will need to be invested in immediate "life safety" upgrades and an additional \$383,085 in general repairs and maintenance within the next few years. See Attachment J to this Memorandum for an Executive Summary of the ATM property condition report.

Given the current physical condition of the marina facilities and the amount of capital required to maintain these facilities for the long-term, IGY would look to explore redevelopment and expansion possibilities through reconfiguration of the existing structures and/ or expansion of the submerged lands.

B) Projected Operations and Financial Analysis:

It is contemplated that IGY would operate the existing marina facility "as is" for at least two years during which time an overall redevelopment plan would be pursued, including expansion of water rights area and a reconfiguration of the marina.

Due to the difficulty of estimating the obtainable expansion area, lease costs, and any new layout associated with an expansion, we have assumed no redevelopment or reconfiguration scenarios for underwriting purposes, but rather undertaking a program that would resolve immediate life-safety issues as well as repairs to the dock walkways. This scenario assumes that IGY does not redevelop the marina facility and chooses to operate it instead in its present layout.

Capital expenses are based on a combination of Sun's 5-year capital budget as well as ATM's 10-year capital replacement schedule. A detailed 5-year capital expenditure schedule is attached to this report. See Attachment J to this Memorandum for an Executive Summary of the ATM property condition report.

Estimated acquisition and due diligence costs of approximately \$650,000 have been included as part of the analysis. These costs include an estimated \$50,000 in legal and title, \$470,000 estimated conveyance tax of 4.7% payable to the government, a 1% acquisition fee totaling \$100,000, payable to IGY, \$10,000 payable to ATM for the property review and \$20,000 in other closing costs. These fees are based on the purchase price valuation of \$10 million times the 25% interest being acquired. Final acquisition costs are subject to true-up of 2006 budgeted capital costs versus spent, legal costs both direct and allocated, and final recording and notary costs, among others.

Under Sun's management, SBYC had an NOI (before management fees) of \$700,379 in 2005 based on \$2.7 million in gross revenue. Projections for 2006 (based on actual figures for January - October and projected figures for November - December) indicate an NOI (before management fees) of approximately \$942,000 based on gross revenues of \$3.1 million.

Under IGY's management, SBYC is projected to produce an NOI (before management fees) of \$1,036,889 in 2007, an increase of 10% over reforecast 2006 due to an average 17% increase in slip rates effective November 1, 2006. Assuming the existing management agreement remains in place, NOI is projected to be \$985,045 in 2007, resulting in an implied going-in cap rate of 9.9% based on a the stipulated value of \$10 million for the project.

Within the projected 10-year cash flow pro forma, revenue growth is assumed to be 5% in years 2 and 3, growing at 3% per year thereafter. Expense growth is assumed to be 3% per year.

Dock walkways, piers and utility services at SBYC are in need of extensive repair and replacement. Approximately \$840,000 has been budgeted in the first two years to replace and upgrade these areas. Due to the high level of capital expenditures in the first two years, net cash flow will need to be managed and capital work spaced accordingly to avoid capital calls. Alternatively, a capital reserve account can be funded upon closing to commence needed repairs without concern for the timing of operating cash flows.

Based on the foregoing, we project an NOI of nearly \$1.3 million in 2012 when the current loan comes due, which is projected to be 45% higher than reforecast 2006 levels. The debt service coverage ratio is projected at 2.9x based on estimated 2007 cash flow before debt service, providing sufficient cash flow to refinance. For purposes of this analysis, we have disregarded this refinancing opportunity and have assumed that the current debt remains in place for the duration of the 10-year hold depicted.

Based on a 10-year hold and applying a 8.5% exit cap rate less a 3% cost of sale, the asset is projected to return an internal rate of return of 15%. IGY's return during this time frame would be 16.1% after including the acquisition fee of approximately \$100,000 payable to IGYD, and the existing management fees, and assuming the entire interest in MOF Simpson Bay is acquired.

Current Debt

The mortgage loan was originated on October 27, 2005 with Textron Financial Corporation in the amount of \$3,400,000 for a term of 7 years maturing on October 31, 2012. The interest rate is equal to 415 basis points above the 10-year U.S. Treasury Note, resulting in an interest rate of 8.78% at current rates. The monthly payment of approximately \$28,000 is based on a 25 year amortization schedule.

For modeling purposes, IGY assumed the 10- year U.S. Treasury Note at 4.625% for a combined interest rate of 8.78% over the life of the loan. Projected balance as of December 31, 2006 is \$3,355,447.

C) Development and Other Opportunities:

Reconstruction and/or reconfiguration of SBYC is necessary in the near future in order to maximize the income potential of this property. The major hurdle, besides monetary constraints, is water-rights. At present, the deeded water-rights only include the submerged land directly underneath the original pier configuration. As such, any redevelopment would be constrained to this layout unless additional water-rights were requested from the Island Government of St. Maarten. This process can be drawn out but is by no means impossible. It is anticipated that additional water-rights could be received within a one year period assuming that there are no objections from any of the neighboring property owners (such as Isle de Sol).

It should be noted that the Long Lease rate paid to government for the water-rights will not only increase proportional to the actual square meters of submerged land requested but also because current lease rates are higher than the rates SBYC is paying now. Based on other projects that IGY has been involved in on St. Maarten, it is contemplated that any new water-rights requested would be subject to a yearly Long Lease rate of between NAF 8.00 and NAF 12.00 per square meter.

Rebuilding the wet slips at SBYC could potentially be contested by the individual condominium owners at Simpson Bay Yacht Club through the home owner's association. Their objection to the redevelopment could make it rather difficult for IGY to obtain a hindrance permit and/or a building permit and could involve significant legal fees.

From an income perspective, the redevelopment of SBYC will maximize revenue by reconfiguring the docks to allow for additional mega-yacht slips and a reduced amount of smaller slips. As is evidenced by other IGY facilities, the revenue possibilities from one mega-yacht slip greatly outweighs that of several small boat slips.

It is important to note that 2 slips on C Dock were sold to John Reeves of Out Island Charters NV on February 14, 1990 for \$90,000. Mr. Reeves has the slips listed for sale and is reportedly asking \$250,000 for both of the slips (\$125K per Slip). It is very important that IGY purchase these slips in order to be able to redevelop the marina without the being encumbered by Mr. Reeves. It is IGY's opinion, however, that the slips should be purchased for less than the asking price. Note, these slips have not been included in the financial projections.