

**I S L A N D  
G L O B A L  
Y A C H T I N G**

---

**ATTACHMENT E**

**Virgin Gorda: Financial Projections**

---

Island Global Yachting Ltd. •

Tel:

• Fax:

• Fort Lauderdale, FL 33301

• [www.islecap.com](http://www.islecap.com)

## Acquisition Terms - Virgin Gorda

Acquisition Budget		
<b>Due Diligence</b>		
<b>Fees</b>		
IGY Acquisition Fee	1.00%	40,000
Lender Fee	1.00%	-
Subtotal		40,000
<b>Legal</b>		
Greenburg Traurig		50,000
Deed - Filing Fee		-
Title Insurance		-
Subtotal		50,000
<b>Physical Studies</b>		
ATM - Testing		10,000
Subtotal		10,000
<b>Other</b>		
Appraisal		-
Closing Prorations		-
Lender Due Diligence		-
Survey		-
Travel		-
Valuation Letter		-
Working Capital		-
Other Closing Costs		20,000
		20,000
Conveyance Tax	12.0%	480,000
<b>Total IGY Acquisition Expenses</b>		<b>600,000</b>

Acquisition Terms	
Virgin Gorda	<b>\$16,000,000</b>
<b>Total Asset Valuation</b>	<b>\$16,000,000</b>
<b>Debt</b>	
Existing Debt	\$9,235,000
Less: Total Debt	<b>\$9,235,000</b>
Net Equity Purchase Price	\$6,765,000
<b>IGY Equity Purchase Price (25% ownership)</b>	<b>\$1,691,250</b>
Add: IGY Acquisition Expense	600,000
<b>IGY Cash Requirement at Closing</b>	<b>\$2,291,250</b>

# Virgin Gorda - The Valley, Virgin Gorda, BVI

Revised

10 Year Pro Forma

Assumptions	See annual rate
Revenue Growth	3.0%
Expense Growth	46.2%
COGS	5.0%
Mgmt Fee (SRM)	3.0%
Sales Costs (0) Year 10	10
Terminal Year	10

Valuation	
Purchase Price	(16,000,000)
Cap Rate (Going in)	7.9%
Cap Rate (exit)	8.5%
IRR (Property)	8.8%
IRR (IGY)	8.8%

Debt	
Balance	9,235,000
LTV	58%
Rate	9.00%
Term	13
Amort	15
Maturity	2018

Property Information	
Slips	94
Berths	17
Dry Storage	220
Boatyard	10 acres
Undeveloped	9 acres
Retail	17,00 SF

## Property Level Returns

	Actual 2005	Reforecast 2006	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Dock Revenue</b>													
Slips				5.0%	5.0%	7.0%	7.0%	7.0%	7.0%	7.0%	5.0%	5.0%	5.0%
Fuel			19%	775,426	814,197	871,191	932,175	997,427	1,067,247	1,141,954	1,199,052	1,259,004	1,321,954
Water/Cable/Electrics			18%	756,729	794,565	850,185	909,698	973,376	1,041,513	1,114,419	1,170,140	1,228,647	1,290,079
			5%	208,195	218,605	233,907	250,281	267,800	286,546	306,605	321,935	338,032	354,933
<b>Upland</b>													
Leases <sup>1)</sup>			19%	773,222	796,419	820,311	844,921	870,268	896,376	923,268	950,966	979,495	1,008,879
Hotel				-	-	-	-	-	-	-	-	-	-
Hotel Other				-	-	-	-	-	-	-	-	-	-
Storage			18%	727,895	764,289	817,790	875,035	936,287	1,001,827	1,071,955	1,125,553	1,181,831	1,240,922
Services			22%	908,518	953,944	1,020,720	1,092,170	1,168,622	1,250,426	1,337,955	1,404,853	1,475,096	1,548,851
Shore				-	-	-	-	-	-	-	-	-	-
Other				(15,056)	(15,809)	(16,915)	(18,099)	(19,366)	(20,722)	(22,173)	(23,281)	(24,445)	(25,668)
<b>Total Gross Revenue</b>	<b>3,504,176</b>	<b>3,952,326</b>		<b>4,134,928</b>	<b>4,326,210</b>	<b>4,597,188</b>	<b>4,886,179</b>	<b>5,194,415</b>	<b>5,523,213</b>	<b>5,873,983</b>	<b>6,149,217</b>	<b>6,437,658</b>	<b>6,739,951</b>
Cost of Goods Sold	1,712,727	1,827,108	46%	1,911,523	1,999,950	2,125,220	2,258,816	2,401,310	2,553,309	2,715,465	2,842,702	2,976,045	3,115,791
<b>Net Revenue</b>	<b>1,791,449</b>	<b>2,125,218</b>		<b>2,223,405</b>	<b>2,326,260</b>	<b>2,471,969</b>	<b>2,627,363</b>	<b>2,793,105</b>	<b>2,969,904</b>	<b>3,158,518</b>	<b>3,306,515</b>	<b>3,461,613</b>	<b>3,624,160</b>
<b>Expenses</b>													
Payroll			38%	313,814	323,228	332,925	342,913	353,200	363,796	374,710	385,952	397,530	409,456
Admin			17%	140,600	144,818	149,162	153,637	158,246	162,994	167,884	172,920	178,108	183,451
Marketing			5%	40,698	41,919	43,176	44,471	45,806	47,180	48,595	50,053	51,555	53,101
R&M			15%	127,252	131,070	135,002	139,052	143,224	147,520	151,946	156,504	161,200	166,035
Utilities			11%	90,637	93,356	96,157	99,041	102,013	105,073	108,225	111,472	114,816	118,261
Insurance			13%	108,334	111,584	114,932	118,380	121,931	125,589	129,357	133,238	137,235	141,352
RE Taxes				-	-	-	-	-	-	-	-	-	-
Admin Fee				-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>775,218</b>	<b>797,413</b>		<b>811,336</b>	<b>845,976</b>	<b>871,354</b>	<b>897,495</b>	<b>924,420</b>	<b>952,153</b>	<b>980,717</b>	<b>1,010,139</b>	<b>1,040,443</b>	<b>1,071,656</b>
Expense Margin	43%	38%		37%	36%	35%	34%	33%	32%	31%	31%	30%	30%
<b>NOI (before Fees)</b>	<b>1,016,230</b>	<b>1,327,805</b>		<b>1,402,070</b>	<b>1,480,285</b>	<b>1,600,614</b>	<b>1,729,868</b>	<b>1,868,685</b>	<b>2,017,752</b>	<b>2,177,801</b>	<b>2,296,376</b>	<b>2,421,171</b>	<b>2,552,504</b>
Mgmt Fee <sup>2)</sup>	146,269	132,000		132,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000
<b>Adjusted NOI</b>	<b>869,961</b>	<b>1,195,805</b>		<b>1,270,070</b>	<b>1,348,285</b>	<b>1,468,614</b>	<b>1,597,868</b>	<b>1,736,685</b>	<b>1,885,752</b>	<b>2,045,801</b>	<b>2,164,376</b>	<b>2,289,171</b>	<b>2,420,504</b>
Cap Rate				7.9%	8.4%	9.2%	10.0%	10.9%	11.8%	12.8%	13.5%	14.3%	15.1%
Exit Value				-	-	-	-	-	-	-	-	-	27,622,225
<b>Cash Flow Before DS</b>				<b>1,270,070</b>	<b>1,348,285</b>	<b>1,468,614</b>	<b>1,597,868</b>	<b>1,736,685</b>	<b>1,885,752</b>	<b>2,045,801</b>	<b>2,164,376</b>	<b>2,289,171</b>	<b>30,042,729</b>
Debt Service A				1,491,150	1,431,750	1,372,350	1,312,950	1,253,550	1,194,150	1,134,750	1,075,350	1,015,950	956,550
Construction Loan				0	0	0	0	0	0	0	0	0	0
DSC				0.85x	0.94x	1.07x	1.22x	1.39x	1.58x	1.80x	2.01x	2.25x	31.41x
<b>Cash Flow After DS</b>				<b>(221,080)</b>	<b>(83,465)</b>	<b>96,264</b>	<b>284,918</b>	<b>483,135</b>	<b>691,602</b>	<b>911,051</b>	<b>1,089,026</b>	<b>1,273,221</b>	<b>29,086,179</b>
Debt Pay Down				-	-	-	-	-	-	-	-	-	(3,295,000)
<b>Net Cash Flow</b>				<b>(221,080)</b>	<b>(83,465)</b>	<b>96,264</b>	<b>284,918</b>	<b>483,135</b>	<b>691,602</b>	<b>911,051</b>	<b>1,089,026</b>	<b>1,273,221</b>	<b>25,791,179</b>
Dock Capital	3,845,324	1,931,412		1,931,412	1,913,912	-	-	-	-	-	-	-	-
Structural Capital	4,712,866	623,000		623,000	169,933	169,933	-	-	750,000	750,000	750,000	750,000	750,000
Equipment Capital	-	-		-	-	-	-	-	-	-	-	-	-
Revenue Enhancement/Development	-	-		-	-	-	-	-	-	-	-	-	-
<b>Total Capital<sup>3)</sup></b>	<b>8,558,190</b>	<b>2,554,412</b>		<b>2,083,845</b>	<b>1,693,845</b>	<b>169,933</b>	<b>-</b>	<b>-</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>
<b>Net Cash Flow</b>	<b>(7,365,000)</b>	<b>(2,775,492)</b>		<b>(2,775,492)</b>	<b>(2,167,310)</b>	<b>(73,669)</b>	<b>284,918</b>	<b>483,135</b>	<b>(58,398)</b>	<b>161,051</b>	<b>339,026</b>	<b>523,221</b>	<b>25,041,179</b>
IRR	8.8%			8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%
<b>Return on Equity</b>				<b>-37.7%</b>	<b>-29.4%</b>	<b>-1.0%</b>	<b>3.9%</b>	<b>6.6%</b>	<b>-0.8%</b>	<b>2.2%</b>	<b>4.6%</b>	<b>7.1%</b>	

## IGY Level Returns

Ownership	25%												
Purchase Price Equity		(1,691,250)											
Acquisition & Due Diligence Costs		(600,000)											
Acquisition Fee (1% of Acq. Equity)		40,000											
IGY Mgmt Fees (50% of Mgmt Fee)		66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000
IGY Cash Flow		(693,873)	(541,828)	(18,417)	71,229	120,784	(14,600)	40,263	84,756	130,805	196,805	6,326,295	
<b>Net Cash Flow</b>		<b>(2,251,250)</b>	<b>(627,873)</b>	<b>(475,828)</b>	<b>47,583</b>	<b>137,229</b>	<b>196,784</b>	<b>51,460</b>	<b>106,263</b>	<b>150,756</b>	<b>196,805</b>	<b>6,326,295</b>	
IGY IRR		8.8%		8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	
<b>Return on Equity</b>				<b>-27.9%</b>	<b>-21.1%</b>	<b>2.1%</b>	<b>6.1%</b>	<b>8.3%</b>	<b>2.3%</b>	<b>4.7%</b>	<b>6.7%</b>	<b>8.7%</b>	

Notes:

1. Tenant and Land Leases are fixed @ 3% annual growth
2. Upland Other = Finance Charges, Discount Sales
3. Mgmt Fee is currently split 50% between BVI Investment Club and Sun Resorts
4. Capital is assumed to be split by ownership share between IGY and BVI Investment Club.

Virgin Gorda Yacht Harbour  
2006 - 2010 Capital Projections

Blue Font indicates Revised Sun Capex

Red Font indicates ATM Capex

Indicates item Sun excluded from original 5yr plan

Item	Sun Resorts (revised 5 year plan)					Total	Sun Resorts and ATM (5 yr plan)					Total
	2006	2007	2008	2009	2010		2007	2008	2009	2010		
<b>BOATYARD</b>												
Boat Stands	160,000					160,000						-
Security Light Poles	2,000					2,000						-
Scaffolding	0					0						-
Bobcat	25,000					25,000						-
Forklift	100,000					100,000						-
<b>MARINA</b>												
Mooring Buoys B dock	12,000					12,000						-
Pedestals B dock	2,500					2,500						-
Ice Maker	5,000					5,000						-
<b>OFFICE</b>												
3 computers	3,000					3,000						-
UPS for office(s)	5,500					5,500						-
Radios - matched set	1,000					1,000						-
Security Cameras	5,000					5,000						-
Generator	175,875					175,875						-
Back Up Water	40,000					40,000						-
Life Safety issues							623,000					623,000
Buck's Grocery												-
Soffit								52,000				-
Sidewalks									16,000			-
Fascia								8,750				-
Ceiling								105,683	24,317			-
Retail										105,616		105,616
Fuel Dock									3,500			3,500
Maint facility Roof										24,000		24,000
Replace Upland Bldgs												-
Dock Replacement							1,931,412	1,913,912				3,845,324
<b>Total Capex (Original)</b>	536,875	0	0	0	0	536,875						-
<b>(excluded items)</b>						0						-
<b>Total Capex (ICM Memo)</b>	536,875	0	0	0	0	536,875						-
<b>Total Capex for Revised ICM Memo</b>							2,554,412	2,083,845	169,933	0		4,601,440

Capital Improvements by Category	2007	2008	2009	2010
Dock Capital	1,931,412	1,913,912	-	-
Structural Capital	623,000	169,933	169,933	-
Equipment Capital	-	-	-	-
<b>Total Capex for Revised IC Memo</b>	<b>2,554,412</b>	<b>2,083,845</b>	<b>169,933</b>	<b>-</b>