

HARLEQUIN PROPERTY (SVG) LTD

BUCCAMENT BAY BEACH RESORT, ST VINCENT & THE GRENADINES

GUIDELINES FOR PURCHASERS

1. INTRODUCTION

These guidelines aim to answer some of the questions which our purchasers and potential purchasers frequently ask us. We hope you will find them useful.

This document relates specifically to the development at Buccament Bay Beach Resort in St Vincent & The Grenadines which we refer to below as the "Resort". Separate guidelines will be available for the other resorts which the Harlequin group is developing.

When we refer to "the contract", we are referring to the preliminary sale contract which purchasers are asked to enter into when they buy with us. This is soon to be replaced by a combined Sale and Management Agreement.

When we refer to "the property", we are talking about the individual hotel room, apartment, cabana or villa which you have reserved.

References to "we", "us" and "our" are references to Harlequin Property (SVG) Limited being the Harlequin company which is developing the Resort.

The purpose of these guidelines is not to give you legal advice. Purchasing in the Resort involves entering into legally binding obligations in the contract which is governed by the law of St Vincent & The Grenadines. Although these guidelines refer to some of the conditions contained in the contract, they do not offer legal advice and should not be treated as such.

If you are unsure about any of the terms in the contract then you should seek advice from a lawyer qualified in St Vincent before you sign. We can provide names and contact details of lawyers who may be able to assist you. However, it is your responsibility to decide whether to employ a lawyer and which lawyer you use. We do not recommend one lawyer over another.

Similarly, we cannot give you financial advice as to whether you should purchase in the Resort. If you want advice as to whether purchasing a property suits your personal

financial situation, then you should seek advice from an adviser authorised and regulated by The Financial Services Authority (FSA). Purchasers should check that the firm has the correct permissions to perform the regulated activity i.e. advice relating to purchasing a property via a SIPP. The firm's permissions can be checked on the FSA Register (www.fsa.gov.uk).

The FSA also provides information for consumers relating to financial matters on the Money Made Clear™ section of the FSA website. This is in line with the FSA's statutory objective of public awareness; promoting public awareness of the financial system (www.moneymadeclear.fsa.gov.uk).

We can give you contact details for financial advisers authorised and regulated by the FSA who can advise on the investment generally and on combining it with a SIPP but we do not recommend one adviser over another. Those advisers operate independently of us and we are not responsible for the advice they give.

1.1 What about my agent?

You may have been introduced to our property investment opportunity via an agent, either employed by Harlequin Property or self-employed. Your agent will be paid a commission by us for making the introduction if you invest with us. Only a financial adviser authorised and regulated by the FSA is competent to give you complete financial advice about your individual circumstances.

All of our agents have a copy of these guidelines and they should not be saying anything to you which is inconsistent with them. If they do, you should disregard it and let us know. Our agents are not authorised to make any statement inconsistent with these guidelines.

1.2 Is there anything else I need to know about these guidelines?

In these guidelines, we have done our best to include the more frequently asked questions. If, after you have read this, you have any further questions then please contact us.

The information in these guidelines is believed to be accurate but we cannot accept liability for any unintended errors or omissions.

These guidelines have been prepared for UK based investors only. If you live outside the UK, you may be subject to different rules regarding the overseas property investments so please take your own advice in this regard.

2. WHO IS HARLEQUIN HOTELS AND RESORTS?

Harlequin Hotels & Resorts is a hotel operator which has been set up to operate Harlequin's resorts in the Caribbean and Brazil. They will employ a hotel management company to manage the day-to-day operations of the hotel. The hotel management company will manage the hotel according to the specifications laid out in the Harlequin Hotels & Resorts Manuals.

3. WHO IS HARLEQUIN PROPERTY?

Harlequin Property is the trading name of Harlequin Management Services (South East) Limited and is the primary selling agent for the properties which are being created for Harlequin's resorts. It is not a party to agreements with investors and acts on behalf of the Seller.

4. WHEN WILL THE RESORT OPEN?

The Resort is due to open on 1st July 2010. On this date approximately 369 rooms will be available as accommodation along with public areas and restaurants at the beach and this will be considered phase 1. The remainder of the Resort is planned to open in Summer 2011.

5. WHAT WILL THE RESORT CONSIST OF?

The Resort is situated in a beachfront location at Buccament Bay on the southwest coast of the island of St Vincent. It is being built to the standard that our most discerning guests would expect and will offer state-of-the-art facilities. It is intended to be a luxury upscale family-oriented resort. The accommodation will consist of hotel rooms, apartments, cabanas and villas which, when the resort is fully open will include:

- *the Harlequin Sports Academy which offers expert tennis, football and cricket coaching for all ages and abilities*
- *the Harlequin Fitness Centre*

- *a Diving & Watersports Centre offering PADI tuition, snorkelling, catamaran sailing, kayaking, windsurfing, waterskiing, deep-sea fishing and whale-watching trips.*
- *The Island Spa*
- *Shopping Boulevard*
- *Casino and live entertainment venue*
- *Conference facilities*
- *Several restaurants and bars will be opening in Phase 1 including Trader Vic's Restaurant and Lounge, an Asian-Fusion Restaurant, an Italian Fine Dining Restaurant, Steak & Seafood Restaurant, a Beach Bar, Buffet-style Restaurant and Coffee & Ice Cream Bar.*
- *Restaurants and bars scheduled to open in Phase 2 will include the Trader Vic's Mai Tai Lounge, Senor Pico's, Italian Trattoria and Sports Bar.*

Phase 1 of the Resort is under construction and is expected to be completed and available for occupation from 1st July 2010. While there are no anticipated delays, the contract allows us to delay this date further if there are any problems outside of our control. It is important to us that the Resort opens to the highest standard in order to protect our reputation so we have to ensure that the Resort is fully operational from the start.

Up to date photographs of the Resort during construction are available on www.harlequinproperty.co.uk. Other images of the Resort which are in the brochure and other sales materials, and the website are computer generated images. Final designs of the exteriors and interiors of the accommodation and public areas may vary from what is shown in the computer generated images. This is allowed in the contract.

The Resort is also subject to any changes which we may be forced to make as a result of the planning process (see below).

5.1 Do we have title to sell the property to you?

Attached to this document is a letter from Sam Commissiong, Harlequin Hotels and Resorts lawyer in St Vincent, dated 2nd July 2009 confirming the position regarding title

at the date of the letter. We are happy to provide you (or your lawyer) copies of the relevant legal documentation, showing our title, on request.

To ensure that the Resort offers the luxury and amenities that our guests will expect from an upscale, luxury resort we are continuing to buy land and it may be that the property you select is re-located to land which we are planning to acquire. Sam Commissioning's letter will not deal with this, but where this applies, we will show you the correct title before completion.

5.2 What is the current planning position for the Resort?

Please refer to the attached letter from Sam Commissioning dated 2nd July 2009 setting out the position as at the date of the letter.

6. YOUR MONEY

6.1 What happens to my money when I invest?

Payments are received by Harlequin Property as agent for the Seller. Part of the funds you pay is retained by Harlequin Property, to cover marketing expenses and sales costs including commission and legal costs. It also covers the costs associated with setting up the hotel operation such as preparation of brand manuals.

The rest of the money will be used for the development of the Resort and/or other resorts in the Caribbean which are being developed by the Harlequin group. Funds are not specifically earmarked for the construction of the resort you are investing in.

The Resort is being constructed using investors' money and money provided by our shareholders exclusively. However, in order to ensure that the resorts can be completed and operated smoothly, the Harlequin group may obtain bank finance in the future. The Harlequin group may also consider approaching banks to provide a facility for investors to obtain a loan at completion. The bank might require security over our assets which would have priority over your interest.

6.2 Will my property go up in value?

We seek to build resorts in regions which we believe will give you a good return on your capital investment. Historically, property values in St Vincent & The Grenadines have increased consistently. Against this background, we have included certain

worked examples on our website as to how the value of your property may rise. However, these increases cannot of course be guaranteed.

Properties have been sold at up to 50% below the estimated market value when initially offered for sale and Harlequin Hotels and Resorts increase the price of the properties periodically so investors who reserved their property early may have already seen an increase in the value of their property.

Property investment anywhere in the world involves risks and many factors such as interest rates and local levels of tourism may affect valuations. The value of your property may go down as well as up.

The contract allows you to resell your property before completion provided that you do not undercut our prices, and subject to entering into our resale contract. We may also offer a resale service once the Resort is finished. However, we cannot guarantee that you will recoup the full sum paid via these routes or that there will be buyer available.

6.3 How do I obtain finance for my property investment?

Your selling agent should have advised you about the options available for financing your initial 30 per cent deposit. Subject to certain conditions, if the investor chooses to invest via the finance agreement, Harlequin Property will arrange facilities to cover the interest payments on any loan which you take out to finance that deposit. Further details are available on request. You will need to sign Harlequin Property's standard form of finance agreement, if you have not done so already. The interest payments are repayable to us at completion of your purchase and you will remain responsible for paying back the capital and interest payments on the loan after completion.

The contract requires you to make stage payments at set points during construction. However, we allow investors to defer these payments if they wish. Interest will be charged at the Contract Rate as set out in the contract.

At completion you will therefore need to pay the following:

1. If an investment has been made via the finance agreement, the amount which Harlequin Property has paid to your lender for the funding of the 30 per cent deposit.
2. Any stage payments which have been deferred, together with the interest which has been charged on them.

3. The last five per cent of the purchase price and any other expenses arising from completion (see below).

We agree in the contract to use all reasonable endeavours to obtain for you a sufficient mortgage to pay the above three amounts at completion.

We cannot give any guarantee that we will be able to obtain this mortgage for you or the terms of any such mortgage as the availability of funds and the terms on which they may be made available will be determined by the mortgage market and your status at the date of completion. The contract creates a legally binding obligation for you to pay the above money at completion and you should satisfy yourself that you will be able to complete before entering into the agreement.

Even if we are able to obtain a mortgage for you, the lender is likely to impose conditions on that mortgage, for example, taking security over your property at the Resort. This means that your property could be at risk if you do not keep up repayments on the mortgage.

We only agree to use reasonable endeavours to find investors a mortgage for the monies due at completion (see above). Some of the worked examples on our website assume you will be able to obtain more mortgage finance at completion than is required to pay the completion monies. This is dependent on the anticipated increase in property values (which cannot be guaranteed) and the other factors above. In the event that we arrange a loan for the investor at completion, it is envisaged that we will have the ability to offset loan and interest monies under the terms of the loan agreement from investor income.

6.4 Can I use a SIPP (or QROP) to purchase the property?

This is a complex area and requires financial advice which is personal to you. We are not able (or legally permitted) to give this advice. As mentioned above, we recommend that purchasers use an advisor authorised and regulated by the FSA to advise them.

It is for an individual investor, their advisors and the trustees of their SIPP (or QROP) to decide whether the property is a suitable investment for the SIPP (or QROP) member. This includes any decision to move funds from another pension into a SIPP (or QROP) in order to invest in the property.

We have been advised that SIPPs can only invest in certain types of asset which includes "hotel accommodation" but not residential accommodation. This means that investors using a SIPP will not be able to use the property for the 30 days per annum as to do so may cause the property to be considered as residential which could lead to a tax liability.

Your financial advisor authorised and regulated by the FSA will be able to advise you on the consequences of using a SIPP to invest.

7. COMPLETION

7.1 What will happen at completion?

At the point of completion, you will be required to instruct a lawyer in St Vincent to handle the legal work required to take a transfer of the property, pay the relevant taxes and aliens licence fee (see below) and the registration fees. We intend to release a list of recommended St Vincent lawyers prior to completion.

7.2 What purchase taxes are payable at completion?

The Government of St Vincent & The Grenadines imposes a buyer's tax on the investor of five per cent of the original purchase price the investor has paid for a property which is similar to stamp duty in the UK. You will be responsible for paying this tax at completion.

Anyone buying the property from you in the future will have to pay the same amount and you will need to pay an additional five per cent seller's tax on the purchase price.

At present in St. Vincent & The Grenadines, there is no capital gains tax, inheritance tax or income tax.

8. PARTICULAR ISSUES RELATING TO PURCHASE OF A PROPERTY IN ST VINCENT

8.1 What taxes, other than purchase taxes, will apply to my purchase?

Neither we Harlequin Property nor your agent are competent to advise you on how St Vincent taxation (or any other country's taxation) will affect your investment.

You will need to speak to a tax adviser who is expert in St Vincent taxation issues. We can put you in touch with relevant advisers, although as with other advisers, we are not able to recommend one adviser over another.

8.2 Are there legal issues relating to purchase of a property in St Vincent?

The information in this section is believed to be correct but may change from time to time. A St Vincent qualified lawyer will be able to give you the latest position:

- a) All beaches in St Vincent & The Grenadines are public to a distance of 50 feet from the waters edge. This is usual in the Caribbean. We have to function within this restriction and are not able to develop or reserve areas of the beach within this zone exclusively for purchasers or guests.
- b) All persons acquiring land in St Vincent require an alien's licence. You will need to instruct a St Vincent lawyer at your own cost to do this. The St Vincent Government normally charges approximately six per cent of the purchase price as a fee for applying for a licence however, the Government of St Vincent & The Grenadines has offered to grant a dispensation to initial purchasers with Harlequin Hotels and Resort meaning that this fee is waived.
- c) Before completion of the Resort we will make a declaration that the hotel rooms and apartments within the Resort are "condominium land". This ensures that purchasers of these properties receive good title when the property is transferred to them. We will keep you informed as to the progress of this and will send your solicitors a copy on request.

9. Our contract

As mentioned above, only a lawyer qualified in St Vincent is able to give you legal advice on the contract.

10. What should I do if I have further questions?

Please contact the sales team at Harlequin Property who will be happy to answer any questions you may have. Their contact details are:

Harlequin Property

11 Honywood Business Park

Honywood Road

Basildon

Essex

SS14 3HW

0845 8884422

These guidelines are up to date as at 15th December 2009.

Please note that we may change these guidelines from time to time to take into account, for example, changes in local law.

**S. E. COMMISSIONG & CO.
LAW FIRM**

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July 2nd 2009

Dear Investor:

Land Ownership and Planning Permission

I write in my capacity as Solicitor for Harlequin Property (SVG) Limited to let you know that the Company has good and registered title in respect of the land at Buccament Bay which is being developed to become Buccament Bay Beach Resort. Additional land has been purchased to expand the resort in respect of which I am in the process of registering the title.

The Company was granted planning permission nearly three years ago for the development. That permission will be renewed and updated in the month of October of this year to incorporate proposed alterations to the original development. It promises to be a very enjoyable resort with excellent recreational facilities. This development has the full support and cooperation of the Government of Saint Vincent and The Grenadines.

Yours truly

S. E. COMMISSIONG & CO. LAW FIRM

By:


Samuel E Commissiong