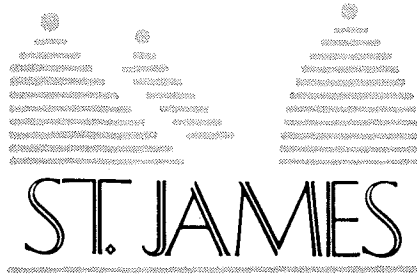

**CONDOMINIUM OFFERING PLAN FOR THE SALE
OF UNITS IN A CONDOMINIUM TO BE KNOWN AS**

ST. JAMES COURT



Located at

**Flatts Village
Hamilton Parish
Islands of Bermuda**

TOTAL OFFERING - 32 Residential Units US \$27,950,000

Sponsor and Selling Agent:

**ST. JAMES MANAGEMENT COMPANY, LTD.
30 Cedar Avenue
Hamilton HM09, Bermuda**

Sponsor's Attorney

**CERTILMAN BALIN ADLER & HYMAN
The Financial Center at Mitchel Field
90 Merrick Avenue
East Meadow, New York 11554**

**The Approximate Date Of The First Offering To The Public Is May 23, 1987.
The Offering Plan May Not Be Used After May 22, 1988, Unless Extended By Amendment.**

THIS PLAN CONTAINS SPECIAL RISKS TO PURCHASERS. SEE PAGE (ii).

THIS OFFERING PLAN IS THE SPONSOR'S ENTIRE OFFER TO SELL THESE CONDOMINIUM UNITS. NEW YORK LAW REQUIRES THE SPONSOR TO DISCLOSE ALL MATERIAL INFORMATION IN THIS PLAN AND TO FILE THIS PLAN WITH THE NEW YORK STATE DEPARTMENT OF LAW PRIOR TO SELLING OR OFFERING TO SELL ANY CONDOMINIUM UNIT. FILING WITH THE DEPARTMENT OF LAW DOES NOT MEAN THAT THE DEPARTMENT OR ANY OTHER GOVERNMENT AGENCY HAS APPROVED THIS OFFERING.

**THIS OFFERING PLAN HAS BEEN AMENDED
SEE INSIDE COVER**

AMENDMENT No. 4

To the Offering Plan of

ST. JAMES COURT CONDOMINIUM
Flatts Village
Hamilton Parish
Islands of Bermuda

Dated: February 16, 1990

The Offering Plan accepted for filing on May 23, 1987, Amended on May 20, 1988 (Amendment No. 1), January 4, 1989 (Amendment No. 2) and August 15, 1989 (Amendment No. 3), is hereby further amended as follows:

- I. Paragraph II of Amendment No. 2, and Paragraph II of Amendment No. 3, is hereby further amended to disclose that the Bermuda Government has granted permission to renew the leases for the current year on 5 three bedroom Units (Unit Nos. 804, 805, 807, 604 and 606).
- II. Annexed hereto as Exhibit A, is the operating budget of the Condominium for the period commencing January 1, 1990.
- III. The Commercial Retail Lease, disclosed in Paragraph VII of Amendment No. 2, entered into between St. James Court Ltd., (the Condominium Association) and St. James Management Company Ltd., (the Sponsor), has been amended so that the Condominium Association now runs on a calendar year budget rather than a fiscal year budget.
- IV. Paragraph 8 of the Purchase Agreement, disclosed at page 87 of the Offering Plan, is hereby amended to the extent that Purchaser shall pay to Developer's attorney the sum of \$1,500 for the preparation and review of the Lease and Purchase Agreement.
- V. The Board of Managers of the Condominium Association has entered into a Management Agreement with L. P. Gutteridge Limited, an affiliated entity of the Sponsor, to manage the Condominium property for a period of one (1) year commencing October 1, 1989. The Agreement calls for an annual fee of \$18,000 payable in monthly installments. The Agreement may be terminated by either party upon 90 days notice in writing to the other.
- VI. Pursuant to Section XI, "Effective Date of the Plan", the Sponsor has entered into Purchase Agreements for more than 15% of the Units and therefore, the Offering Plan, is hereby declared effective.

VII. The Plan may be used for six (6) months from the date this Amendment is duly accepted for filing and thereafter said date is to be extended in a further Amendment to be filed.

Other than as set forth above, there are no material changes that require an Amendment to the Plan.

ST. JAMES MANAGEMENT COMPANY, LTD.
Sponsor

ST JAMES COURT 1990 BUDGET

190 BUDGET SUMMARY
ST JAMES COURT
OF UNITS = 34

		BUDGETED	
INCOME			
01 MAINTENANCE FEES		\$243,009	

TOTAL INCOME		\$243,009	
SERVICE CHARGE EXPENSES			
	1988-90	1990	VARIANCE
10 GROUND AND SHRUB MAINTENANCE	\$9,500	\$9,500	0.00%
12 PAINTING		\$750	
14 BUILDING	\$17,252	\$20,544	19.08%
15 FIRE ALARM	\$2,000	\$6,800	240.00%
16 PLUMBING	\$1,500	\$1,500	0.00%
18 ELECTRICAL	\$1,500	\$1,500	0.00%
30 JANITOR'S SALARY	\$17,225	\$25,175	46.15%
34 BENEFITS & COSTS	\$1,337	\$4,416	230.32%
36 JANITORIAL SERVICES	\$6,760	\$1,000	-85.21%
38 SECURITY SERVICES		\$12,505	
40 WATER	\$1,000	\$1,000	0.00%
42 PEST CONTROL	\$500	\$364	-27.20%
44 ELECTRICITY	\$17,400	\$14,400	-17.24%
45 TELEPHONE	\$0	\$300	
54 INSURANCE	\$25,000	\$19,629	-21.48%
56 SECRETARIAL & LEGAL FEES	\$8,600	\$8,600	0.00%
58 MANAGEMENT FEE	\$18,000	\$18,000	0.00%
60 AUDIT FEE	\$2,000	\$2,000	0.00%
90 RESERVE	\$75,000	\$66,667	-11.11%
	-----	-----	-----
TOTAL OPERATING EXPENSES	\$204,574	\$214,650	4.93%
REIDENTIAL USE ONLY			
22 ELEVATOR	\$15,300	\$17,910	17.06%
26 POOL	\$6,350	\$6,850	7.87%
44 ELECTRICITY (elevators only)	\$1,200	\$3,600	200.00%
	-----	-----	-----
TOTAL	\$22,850	\$28,360	24.11%
CONTRIBUTION (FROM OPERATIONS)		(\$1)	

ST JAMES COURT 1990 BUDGET

INCOME

O1 MAINTENANCE FEE INCOME

Maintenance fee 201, 203, 205, 401, 403, 405, 601,
603, 605, 607, 609
 $(\$207,348 * 2.2136\% * 11 \text{ units}) + (\$25,750 * 2.4963\% * 11 \text{ units})$ \$60,054

Monthly cost per unit = \$454.95

Maintenance fee 202, 204, 206, 402, 404, 406,
602, 604, 606, 608, 610
 $(\$207,348 * 3.0984\% * 11 \text{ units}) + (\$25,750 * 3.4940\% * 11 \text{ units})$ \$84,058

Monthly cost per unit = \$636.80

Maintenance fee 803, 806, 809, 812
 $(\$207,348 * 2.0397\% * 4 \text{ units}) + (\$25,750 * 2.3001\% * 4 \text{ units})$ \$20,122

Monthly cost per unit = \$419.21

Maintenance fee 801, 802, 804, 805, 807, 808, 810, 811
 $(\$207,348 * 2.7697\% * 8 \text{ units}) + (\$25,750 * 3.1132\% * 8 \text{ units})$ \$54,470

Monthly cost per unit = \$567.40

Maintenance for retail area
 $\$207,348 * 11.3213$ \$24,305

Monthly cost per unit = \$2,025.42

TOTAL INCOME \$243,009

ST JAMES COURT 1990 BUDGET

EXPENSES

10 GROUND MAINTENANCE

Labor contracted @ \$750/month	\$9,000
Plant replacement	\$500

Total	\$9,500

12 PAINTING

Painting supplies	\$750

Total	\$750

14 BUILDING

Supplies	
Hardware, tools, cleaning supplies, etc.	\$1,500
Cleaning of windows @ \$3000 per quarter	\$12,000
Annual fire extinguisher service	\$264
Emergency Generator maintenance @ approx. \$120/month & misc. part	\$1,800
Caretaker's Pager @ \$29/month * 12	\$348
Misc. repairs	\$1,700
Misc. lock repairs and key copies	\$400
Refinishing of signs	0 \$2,000
Rental of pumps & pressure washers	\$400
Pager Rentals @ \$11.00/month	\$132

Total	\$20,544

15 FIRE ALARM

Quartley inspections @ \$1200 each	\$4,800
Various maintenance calls and/or repairs	\$2,000

Total	\$6,800

16 PLUMBING

Miscellaneous repairs	\$1,500

Total	\$1,500

ST JAMES COURT 1990 BUDGET

18 ELECTRICAL

Miscellaneous repairs, lightbulbs	\$1,500
Total	\$1,500

22 ELEVATOR

Building 8: \$425/month * 12	\$5,100
Building 6: \$425/month * 12	\$5,100
Building 2 & 4: \$425/month * 12	\$5,100
Rental Of Emergency Phones @ \$112.50/month	\$1,350
Monitoring of Phones @ \$55.00/month	\$660
Instalation Costs estimated at \$600	\$600
Total	\$17,910

26 Pool

Chemicals approximatley \$100 a month	\$1,200
Pool equipment (skimmers, etc.)	\$150
Fuel for pool heater	\$5,000
Inspection of heater	\$300
Misc. repairs to heater	\$200
Total	\$6,850

30 Caretaker's Salary

Contracted @ \$475.00/week	\$24,700
Christmas Bonus	\$475
Miscellaneous labour	\$500
Total	\$25,175

34 Benefits & Costs

Caretaker

Insurance @ \$50/month * 12	\$600
Pension @ \$12.45/week * 52	\$647
Levy @ 2 % of salary	\$494
Workmans Compensation	\$275
Transportation Allowance	\$2,400
Total	\$4,416

ST JAMES COURT 1990 BUDGET

36 Janatorial Service

Cleaning service during the maintenance mans holiday	\$1,000
Total	<u>\$1,000</u>

38 Security Service

Weekends in July, August and September.	
Friday 7pm-1am, Saturday 8am-1am and Sunday 8am-1am	
2 men @ \$10.95 an hour	\$11,388
Hollidays 2men, three 17 hour days @ double time	\$1,117
Total	<u>\$12,505</u>

40 Water

Water purchased due to drought conditions	\$1,000
Total	<u>\$1,000</u>

42 Pest Control

Monthly contracted @ \$22.00/month	\$264
Other spot applications	\$100
Total	<u>\$364</u>

44 ELECTRICITY

\$1200/month * 12 months	\$14,400	
\$300/month for elevators	\$3,600	
Total	<u>\$18,000</u>	\$18,000

45 TELEPHONE

Caretakers Phone Approx. @ \$25.00/month	\$300
Total	<u>\$300</u>

54 INSURANCE

Contracted @ \$19,629 per year	\$19,629
Total	<u>\$19,629</u>

ST JAMES COURT 1990 BUDGET

56 SECRETARIAL & LEGAL

Secretarial fee	\$2,600
Annual company tax and filing	\$5,000
Government Section 114 Company License	\$1,000

Total	\$8,600

58 MANAGEMENT FEE

Contracted @ \$18,000 per year	\$18,000

Total	\$18,000

60 AUDIT FEE

	\$2,000

Total	\$2,000

99 RESERVE

1/3 anticipated painting price in 1993 of \$200,000	\$66,667
Miscellaneous Reserve	\$0

Total	\$66,667

TOTAL EXPENSES

\$242,710

AMENDMENT No. 3

To the Offering Plan of

ST. JAMES COURT CONDOMINIUM
Flatts Village
Hamilton Parish
Islands of Bermuda

Dated: August 15, 1989

The Offering Plan accepted for filing on May 23, 1987, Amended on May 20, 1988 (Amendment No. 1) and January 4, 1989 (Amendment No. 2), is hereby further amended as follows:

- I. Footnote 5 of Schedule A, as amended by Paragraph I of Amendment No. 1 and by Paragraph IV of Amendment No. 2, is hereby further amended to disclose that the Bermuda Government has developed new land tax regulations which affect private dwellings in the way tax bills are calculated. In the future, each Annual Rental Value ("ARV") will be divided into several stages, to which separate tax rates will be applied. The proposed stages and tax rates are disclosed below:

<u>New ARV Stages</u>	<u>New Tax Rates</u>
\$ 1.00 - \$ 7,200.00	1.2%
\$ 7,201.00 - \$14,400.00	3.2%
\$14,401.00 - \$21,600.00	6.0%
\$21,601.00 - \$28,800.00	9.6%
\$28,801.00 and up	14.0%

The total tax bill for each property will be calculated as the sum of the tax payable on each of the above stages.

For example: A private dwelling with ARV of \$18,000 will be calculated as follows:

$$\begin{array}{rclclcl} 1.2\% \text{ of } \$7,200 & + & 3.2\% \text{ of } \$7,200 & + & 6\% \text{ of } \$3,600. & & \\ \$86.40 & + & \$230.40 & + & \$216.00 & = & \$532.80 \end{array}$$

Annexed hereto and made a part of this Amendment as Exhibit A, is the disclosure of the total taxes for the six (6) month period of July 1 to December 1, 1989, the assessed value of the Unit and the amount to be paid with a rebate of 5% of the total tax amount which will be granted by the Bermuda Government if the taxes are paid prior to August 18, 1989.

- II. As per disclosure in Paragraph II of Amendment No. 2, the Sponsor has rented 6 of the 32 Residential Units for a one year lease, with an option to renew for another two years and an option to buy at the end of the 10th month of the lease. Annexed hereto and made a part of this Amendment as Exhibit

B is the status of sales at the Condominium including the current purchase prices.

III. The Plan may be used for six (6) months from the date this Amendment is duly accepted for filing and thereafter said date is to be extended in a further Amendment to be filed.

Other than as set forth above, there are no material changes that require an Amendment to the Plan.

ST. JAMES MANAGEMENT COMPANY, LTD.
Sponsor

Revised August 3, 1989
LAND TAX - ST. JAMES
 July 1, 1989 to December 31, 1989

ST. JAMES COURT

<u>Unit #</u>	<u>Total Tax</u> (6 Months)	<u>5% Rebate Prior</u> <u>to 8/18/89</u>	<u>ARV ASSESSMENT</u>
801	576.00	547.20	\$25,800
802	576.00	547.20	\$25,800
803	Owner	N/A	
804	633.60	601.92	\$27,000
805	633.60	601.92	\$27,000
806	Owner	N/A	
807	691.20	656.64	\$28,200
808	633.60	601.92	\$27,000
809	356.40	338.58	\$21,000
810	760.00	723.90	\$29,400
811	760.00	723.90	\$29,400
812	Owner	N/A	
601	Owner	N/A	
602	576.00	547.20	\$25,800
603	Owner	N/A	
604	633.60	601.92	\$27,000
605	Owner	N/A	
606	633.60	601.92	\$27,000
607	329.40	312.93	\$20,100
608	691.20	656.64	\$28,200
609	356.40	338.58	\$21,000
610	760.00	723.90	\$29,400
401	329.40	312.93	\$20,100
402	691.20	656.64	\$28,200
403	329.40	312.93	\$20,100
404	760.00	723.90	\$29,400
405	388.80	369.36	\$21,900
406	888.00	843.60	\$31,200
201	356.40	338.58	\$21,000
202	720.00	684.00	\$28,800
203	356.40	338.58	\$21,000
204	720.00	684.00	\$28,800
205	388.80	369.36	\$21,900
206	804.00	763.80	\$30,000

ST. JAMES COURT CONDOMINIUM

Status of Sales

<u>Unit #</u>	<u>Amount</u>	<u>Unit #</u>	<u>Amount</u>
201	555,000	401	520,000 *
202	700,000	402	720,000
203	545,000	403	545,000
204	700,000	404	720,000
205	640,000	405}	
206	890,000	406}	1,275,000 *
601	Sold	801	760,000 R
602	600,000	802	620,000 *
603	Sold	803	Sold
604	625,000 R	804	730,000 R
605	Sold	805	680,000 R
606	650,000 R	806	Sold
607	400,000	807	730,000 R
608	650,000	808	Sales Office
609	450,000 *	809	Model
610	750,000 *	810	820,000
		811	800,000
		812	Sold

* Units under contract
 R Rented Units

EXHIBIT B

AMENDMENT No. 2

To the Offering Plan of
ST. JAMES COURT CONDOMINIUM
Flatts Village
Hamilton Parish
Islands of Bermuda

Dated: January 4, 1989

The Offering Plan accepted for filing on May 23, 1987 and amended on May 20, 1988 (Amendment No. 1), is hereby further amended as follows:

- I. Annexed hereto and made a part of this Amendment as Exhibit "A" is the Condominium Budget for the period commencing October 1, 1988.
- II. The Sponsor is hereby offering to lease the unsold Units on an annual basis. Under the lease, Tenants will have the option to renew the lease for a second year and then for an additional three (3) years upon written notice by tenant to the Managing Agent of its intention to renew such lease. Further, tenants will also have the option, during the tenth month of the lease (or during the tenth month of any twelve month period, if the lease exceeds one year), to purchase the Unit at the then offering price minus \$15,000 Bermuda Dollars. Annexed hereto and made a part of this Amendment as Exhibit "B", is a copy of the Agreement.
- III. The Sponsor is hereby offering a bonus of \$10,000 towards flooring, fixtures or cabinetry on the sale of each Unit. At closing, the \$10,000 bonus, will be credited towards the purchase price of the Unit.
- IV. Footnote 5 of Schedule A, as amended by Paragraph 1 of Amendment No. 1, is hereby further amended to reflect an increase in the estimated annual real estate taxes charged by the Bermuda Government as follows:

<u>2 Bedroom Units</u>	<u>Estimated Real Estate Taxes</u>
607-809	\$430.56
401	439.92
203-403-609-812	449.28
201	504.21
205-405	514.50

<u>2 Bedroom Units</u>	<u>Estimated Real Estate Taxes</u>
801-802	\$565.95
602-604	641.25
805-808	652.25
606	675.00
804-807	686.25
202-204-402-608-810-811	708.75
206-404-610	852.16
406	891.48

- V. Annexed hereto as Exhibit "C" is a copy of the Financial Statement of the Condominium Association for the period ending December 31, 1987.
- VI. The current Members of the Board of Directors are as follows:
- Robert H. Gruhl
Michael J. Spurling
E. John Sainsbury
- All Members are Sponsor's representatives.
- VII. St. James Court Ltd., (the Condominium Association), has entered into a Lease with St. James Management Company Ltd., (the Sponsor), whereby, the Condominium Association is leasing to Sponsor all the Commercial Retail premises comprising 2,319 rentable square feet on level one and level two of Building Number One and 4,553 rentable square feet on level two and level three of Building Number Three together with the exclusive use of the Loading Dock located on level three of Building Number Three. The Lease is for a term of 999 years commencing February 1, 1987. Sponsor will be responsible for the payment of rent plus the maintenance expenses disclosed in the Lease.
- VIII. This Plan may be used for six (6) months from the date this Amendment is duly accepted for filing and thereafter said date is to be extended in a further Amendment to be filed.

Other than as set forth above, there are no material changes that require an Amendment to the Plan.

ST. JAMES MANAGEMENT COMPANY, LTD.
Sponsor

1988-1989 BUDGET SUMMARY
ST JAMES COURT
OF UNITS = 32

	BUDGETED
INCOME	
01 MAINTENANCE FEES	\$227,423

TOTAL INCOME	\$227,423
SERVICE CHARGE EXPENSES	
10 GROUND AND SHRUB MAINTENANCE	\$9,500
14 BUILDING	\$17,252
15 FIRE ALARM	\$2,000
16 PLUMBING	\$1,500
18 ELECTRICAL	\$1,500
30 CARETAKER'S SALARY	\$17,225
34 BENFITS & COSTS	\$1,337
36 JANATORIAL SERVICES	\$6,760
40 WATER	\$1,000
42 PEST CONTROL	\$500
44 ELECTRICITY	\$17,400
54 INSURANCE	\$25,000
56 SECRETARIAL & LEGAL FEES	\$8,600
58 MANAGEMENT FEE	\$18,000
60 AUDIT FEE	\$2,000
99 RESERVE	\$75,000

TOTAL OPERATING EXPENSES	\$204,574
RESIDENTIAL USE ONLY	
22 ELEVATOR	\$15,300
26 POOL	\$6,350
44 ELECTRICITY (elevators only)	\$1,200

TOTAL	\$22,850
CONTRIBUTION (FROM OPERATIONS)	(\$1)

EXHIBIT "A"

INCOME

01 MAINTENANCE FEE INCOME

Maintenance fee 201, 203, 205, 401, 403, 405, 601,
603, 605, 607, 609
 $(\$204,504 * 2.2136\% * 11 \text{ units}) + (\$22,920 * 2.4963\% * 11 \text{ units})$ \$56,087

Monthly cost per unit = \$424.90

Maintenance fee 202, 204, 206, 402, 404, 406,
602, 604, 606, 608, 610
 $(\$204,504 * 3.0984\% * 11 \text{ units}) + (\$22,920 * 3.4940\% * 11 \text{ units})$ \$78,506

Monthly cost per unit = \$594.74

Maintenance fee 803, 806, 809, 812
 $(\$204,504 * 2.0397\% * 4 \text{ units}) + (\$22,920 * 2.3001\% * 4 \text{ units})$ \$18,793

Monthly cost per unit = \$391.52

Maintenance fee 801, 802, 804, 805, 807, 808, 810, 811
 $(\$204,504 * 2.7697\% * 8 \text{ units}) + (\$22,920 * 3.1132\% * 8 \text{ units})$ \$50,872

Monthly cost per unit = \$529.92

Maintenance for retail area
 $\$204,504 * 11.3213$ \$23,164

Monthly cost per unit = \$1,930.34

TOTAL INCOME

\$227,423

EXPENSES

10 GROUND MAINTENANCE

Labor contracted @ \$750/month	\$9,000
Plant replacement	\$500
Total	----- \$9,500

14 BUILDING

Supplies	
Hardware, masonry & paint	\$1,500
Cleaning of windows @ \$3000 per quarter	\$12,000
Annual fire extinguisher service	\$264
Emergency Generator maintenance @ \$120/month * 12	\$1,440
Caretaker's Pager @ \$29/month * 12	\$348
Miscellaneous repairs	\$1,700
Total	----- \$17,252

15 FIRE ALARM

Various maintenance calls	\$2,000
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16 PLUMBING

Miscellaneous repairs	\$1,500
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18 ELECTRICAL

Miscellaneous repairs, lightbulbs	\$1,500
Total	----- \$1,500

22 ELEVATOR

Building 8: \$425/month * 12	\$5,100
Building 6: \$425/month * 12	\$5,100
Building 2 & 4: \$425/month * 12	\$5,100
	----- \$15,300

26 Pool		
Contracted @ \$23 per week		\$1,200
Pool equipment (skimmers, etc.)		\$150
Fuel for pool heater		\$5,000

Total		\$6,350
30 Caretaker's Salary		
Contracted @ \$325/week		\$16,900
Christmas Bonus		\$325

Total		\$17,225
34 Benefits & Costs		
Caretaker		
Insurance @ \$50/month * 12		\$600
Pension @ \$7.67/week * 52		\$399
Levy @ 2 % of salary		\$338

Total		\$1,337
36 Janatorial Service		
Cleaning of elevators @ \$130/WEEK * 52		\$6,760
40 Water		\$1,000
42 Pest Control		
Monthly contract plus spot applications		\$500
44 ELECTRICITY		
\$1450/month * 12 months	\$17,400	
\$100/month for elevators	\$1,200	

Total	\$18,600	\$18,600
54 INSURANCE		
Contracted @ \$25,000 per year		\$25,000

Total		\$25,000

56 SECRETARIAL & LEGAL

Secretarial fee	\$2,600
Annual Government Fee	\$5,000
Government Section 114 Company License	\$1,000

Total	\$8,600

58 MANAGEMENT FEE

Contracted @ \$18,000 per year	\$18,000

Total	\$18,000

60 AUDIT FEE	\$2,000
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99 RESERVE

1/3 anticipated painting price in 1990 of \$225,000	\$75,000
Miscellaneous Reserve	\$0

Total	\$75,000

TOTAL EXPENSES	\$227,424
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AN AGREEMENT made the day of
One thousand nine hundred and eighty-eight BETWEEN L. P.
GUTTERIDGE LIMITED of Bermudiana Road Hamilton (hereinafter
called "the AGENT") acting as Agent for and on behalf of St.
James Court Ltd. and St. James Management Ltd. both of
Thirty Cedar Avenue Hamilton (hereinafter together called
"the LANDLORD" which expression shall where the context so
admits include the persons deriving title under it) of the
one part and
of
(hereinafter called "the TENANT" which expression shall
where the context so admits include the persons deriving
title under him) of the other part
WHEREBY IT IS AGREED as follows:-

1. (a) Premises Term Rent and Commencement

The LANDLORD lets and the TENANT takes ALL THAT
the premises described in Paragraph 1 of the
Schedule hereto (hereinafter called "the
Premises") together with the fixtures and fittings
carpets and appliances (if any) now in the
Premises (an Inventory of which has been signed by
the parties hereto and is annexed hereto) TO HOLD
the same from the commencement day specified in
Paragraph 2 of the said Schedule and in the
absence of any specified term until the tenancy
shall be terminated in accordance with Clause 5
(a) hereof paying therefor in advance the periodic
rent stipulated in Paragraph 4 of the said
Schedule subject to paragraph 1 (f) hereof on the
rent days specified in Paragraph 5 of the said
Schedule the first payment being made on the
signing hereof and before the commencement day;

(b) Deposit

On the signing hereof and before the commencement
day the TENANT shall pay to the AGENT a deposit of
the amount specified in Paragraph 8 of the said

Schedule as security for the due performance by the TENANT of all the terms hereof on his part to be performed and observed and not later than sixty (60) days after the termination of the tenancy the AGENT shall after deducting the cost of making good any breach of the said terms of this Agreement pay over the balance (if any) of the said deposit to the TENANT. The final payment of rent hereunder shall be paid by the TENANT in full and no deduction from such payment of the deposit herein provided for shall be permitted PROVIDED THAT nothing herein contained shall prevent the LANDLORD from claiming any amount in excess of the said deposit expended in making good any aforementioned breach by the TENANT;

(c) Late Payment of Rent

Any rent or other payment due hereunder not paid on the due date shall have the right to bear the maximum rate of interest (which may vary from time to time) permitted by The Interest and Credit Charges (Regulations) Act 1975 or any Act for the time being amending repealing or replacing the same which said interest shall be calculated from the due date to the actual date of payment and for this purpose the due date in the case of rent shall be the rent days specified in Paragraph 5 of the said Schedule and in respect of any other payment hereunder shall be the date on which they are payable;

(d) Termination Check

The TENANT shall permit the LANDLORD or his AGENT at any reasonable time and by prior arrangement during the last two weeks of the tenancy to inspect the Premises and Contents and check the Inventory.

(e) Option to Renew

(one or two year lease)

If the TENANT wishes to renew this agreement and if he has not been in breach of any of the terms hereof and if the periodic rent is paid to date the LANDLORD will upon the TENANT giving Notice at least two months prior to the expiration of the term hereof grant a renewal of this agreement for a term and at a rent and subject to such other conditions (if any) to be agreed between the parties.

(f) Rent Review

(three to five year leases)

The periodic rent payable under this agreement shall be reviewed by the LANDLORD and the AGENT at the end of the second and fourth year (if applicable) of the term and may be the subject of an increase such revised rent to be agreed with the TENANT and in default of agreement as to a revised rent the matter shall be referred to Arbitration.

(g) Option to Purchase

If the TENANT wishes to purchase the Premises [by way of long Leasehold in the form of Lease annexed hereto which is the Standard Formal Lease being offered by the LANDLORD] and if he gives to the LANDLORD Notice of his intention so to do during the tenth month of this agreement (or during the tenth month of any twelve month period if this agreement exceeds one year) and if the TENANT has paid the periodic rent to date and has not been in breach of any of the terms of this agreement he will be given the option to purchase the Premises together with the LANDLORD's fixtures fittings carpets and appliances at a market price to be agreed between the parties. The market price then

agreed will be duly reduced by the sum of Fifteen thousand Bermuda Dollars (\$15,000.00) and the balance so calculated shall be the purchase price. The rent payable hereunder shall be paid by the TENANT up to the date of completion of the purchase and if applicable same shall be apportioned on closing.

2. THE TENANT HEREBY AGREES WITH THE LANDLORD as follows:-

(a) Payment of Rent

To pay the said periodic rent on the days and in manner aforesaid clear of ALL DEDUCTIONS whatsoever to the AGENT at the office for the time being of the AGENT;

(b) Utilities

To be responsible for and pay all charges for the utilities specified in Paragraph 6 of the said Schedule and to exercise due care in the use of water. The annual water allowance of the Premises is 164,250 gallons (450 gallons daily). The TENANT shall read the meter at the end of each quarter of a year and shall send such reading together with the quarterly payment to the LANDLORD within seven days after the end of the relevant quarter. The AGENT shall read the meter at the end of every six month period and the TENANT shall be charged for any excess water used at the rate of \$11 per 1,000 gallons used in excess of the daily allowance.

The allowances are set out on the attached formula which has been signed by the parties;

(c) Underletting

Not to assign underlet or part with the possession or occupation of the Premises fixtures fittings carpets and appliances or any part thereof;

(d) Animals

Not to keep or permit to be kept in or about the

premises any animal or bird;

(e) Trees and Shrubs

Not to remove cut lop or prune any bulbs
perennials trees or shrubs.

(f) Number of Occupants

Not to permit the premises to be occupied by more
than the number of occupants specified in
Paragraph 7 of the said Schedule without the
written consent of the LANDLORD or the AGENT such
consent not to be unreasonably withheld;

(g) Nuisance and Damage

Not to do or permit to be done anything in or upon
the premises or the grounds enjoyed therewith
which may be or become a nuisance or cause damage
to the LANDLORD or the tenants or occupiers of
other property in the neighbourhood nor to keep
any substance or do any thing which would cause
the Insurance premium on the premises to increase;

(h) Maintenance of Premises and Contents

To keep the interior of the Premises and the
furniture fixtures and fittings carpets and
appliances clean and in good and tenantable repair
(reasonable wear and tear and damage by accidental
fire or other damage not caused by any act or
default of the TENANT and damage due to
exceptional weather conditions excepted) and in
particular the TENANT shall at his own expense
maintain all the doors and windows locks hinges
fastenings screen wire window glass light fixtures
and other fixtures and fittings upon and in the
Premises in their present condition replacing with
others of equal or better value any of the
foregoing items and chattels which at any time
during the tenancy may be damaged or destroyed or
rendered useless;

(i) Repairs

To effect at his own expense any minor repairs to

the plumbing and electrical equipment and fixtures on the premises which may be necessary as a result of any negligent act or omission on the part of the TENANT his family invitees or licencees. Any major repairs required to these items must be notified to the AGENT or the LANDLORD prior to effecting such repairs;

(j) Cleaning

Not to cause or permit the premises to become unclean or damaged by smoke from heating appliances or otherwise or to become infested with fleas roaches or vermin and at his own expense at the end of the tenancy to make good and remove any such uncleanness or damage as aforesaid;

(k) Entry by LANDLORD or AGENT

To permit the LANDLORD or the AGENT (or any person acting on behalf of either of them) at any reasonable time and by prior arrangement (or at any time in an emergency) to enter upon the premises to examine the condition thereof or of the said fixtures and fittings carpets and appliances or to take an Inventory thereof;

(l) Viewing of Premises

To permit the LANDLORD or his AGENT at any reasonable time and by prior arrangement to view the Premises with prospective Tenants during the last thirty days of this Agreement;

(m) Use of Premises

Not to use the Premises or any part thereof for any purpose other than that of a private residence;

(n) Notice of Damage

To give immediate notice to the LANDLORD of any damage or loss to any of the Property howsoever arising;

(o) TENANTS Property

To hold the LANDLORD harmless from any claim

arising out of any loss or damage to the TENANT'S property;

(p) LANDLORD Indemnity

To hold the LANDLORD harmless from any claim arising from accident or injury to the TENANT his family or invitees during or on account of their use and occupation of the Property;

(q) Special Conditions

In addition to paying the said periodic rent and performing and observing all his obligations under this Agreement the TENANT shall in addition fully observe and perform all the Special Conditions (if any) set out in the said Schedule. In the event of any conflict arising between the terms of this agreement and the special conditions set out in the Schedule hereto the said Special Conditions shall prevail.

(r) Vacating the Premises

To yield up the said Premises at the end of the tenancy with all additions (if any) thereto and the fixtures and fittings and effects in good and tenantable repair (except as aforesaid) and in accordance with the terms hereof.

(s) Standard Formal Lease

To perform and observe all the covenants contained in the Fifth Schedule to the Standard Formal Lease annexed hereto with the exception that paragraphs 3 and 20 shall not apply.

3. Right of Re-entry

PROVIDED that if the Rent or any intallment or any part thereof shall be in arrear for at least Fourteen (14) days after the same shall have become due (whether legally demanded or not) or if there shall be a breach of any of the agreements contained in this agreement or in the Formal Lease or if the Property shall (save by arrangement with the LANDLORD) be left vacant or

unoccupied for over a month the LANDLORD may re-enter on the Property and immediately thereupon the tenancy shall absolutely determine without prejudice to the other rights and remedies of the LANDLORD.

4. THE LANDLORD HEREBY AGREES WITH THE TENANT as follows:-

(a) Maintenance of Exterior

To keep the exterior of the Premises (together with the Common Areas) in good repair and condition during the tenancy;

(b) Liability of TENANT

That the TENANT shall not be liable for any repairs to the structure and exterior of the Premises unless he shall have negligently or willfully injured or damaged all or any part thereof and in any event the TENANT shall be liable only to the extent of the damage caused by such injury;

(c) Quiet Enjoyment

The TENANT paying the said periodic rent and observing and performing all of his obligations under this Agreement may quietly enjoy the said premises without any interruption by the LANDLORD or any person claiming through or under or in trust for him.

(d) Use of facilities

The Tenant shall have the right to use the Common Areas swimming pool and the Boardwalk for all lawful recreational purposes BUT PROVIDED that the TENANT may not dock any vessel at the Boardwalk.

5. IT IS HEREBY AGREED AND DECLARED as follows:-

(a) Termination

That subject to the provisions of the Rent Increases (Domestic Premises) Control Act 1978 or any Act for the time being amending repealing or replacing the same the tenancy shall terminate at the expiration of the term specified in Paragraph

3 of the said Schedule or in the absence of specified term or if the TENANT shall remain in occupation at the expiry of any such specified term the tenancy may be terminated at any time by either party giving to the other notice in writing as specified in Paragraph 9 of the said Schedule. PROVIDED THAT if the periodic rent shall at any time be in arrears for SEVEN days or more (whether or not formally demanded or not) or if the TENANT shall be in breach of any of the terms hereof on which it is part to be performed and observed including those set out in Clause 2 (r) hereof or if the TENANT commences any act of bankruptcy then the LANDLORD may at any time terminate the tenancy by giving the TENANT seven days notice to quit AND FURTHER PROVIDED THAT any termination of the tenancy as aforesaid shall be without prejudice to the other rights and remedies of the LANDLORD in respect of any antecedent breach of the Agreement on the terms and conditions set out in the part herein contained;

(b) Expenses

That if the TENANT shall commit any breach of the Agreement by reason whereof the LANDLORD shall incur any outlay costs or expenses either before or after the termination of the tenancy then such costs and expenses shall be recoverable by the LANDLORD from the TENANT as if the same were rent in arrear;

(c) Notices

That any notice under this Agreement shall be in writing and may be served on the person on whom it is to be served either personally or by leaving it for him at his last known place of abode in the said Islands or by sending it by prepaid registered post to such place or to his place of business in the said Islands or (if he be absent from the said Islands) to

delivering it in writing or sending it by prepaid registered post to the TENANT'S known agent in the said Island or by affixing it to a conspicuous part of the premises; and in the case of a notice to be served on the LANDLORD the same shall be served on the AGENT at the office for the time being of the AGENT;

(d) Non-Bermudian LANDLORD

In the event the LANDLORD is non-Bermudian this Agreement is subject to the approval of the Department of Immigration of Bermuda;

(e) Non-Bermudian TENANT

That if the TENANT is a non-Bermudian in Bermuda under contract and such contract is terminated and he is ordered by his employers to move away from Bermuda then the TENANT may terminate the tenancy hereby created by giving to the LANDLORD the notice to quit referred to in Paragraph 9 of the Schedule hereto and on furnishing the LANDLORD or the AGENT with satisfactory proof of the termination of his contract and his orders to move away from Bermuda.

THE LANDLORD further agrees as follows:

(f) TENANT'S Indemnity

To hold the TENANT harmless from and against any and all claims in respect of damage to the Premises caused by fire or adverse weather unless the same shall have been occasioned by the negligence of the TENANT;

(g) Damage to the Premises

That if the said Premises or any part thereof shall during the said term be in part damaged by fire or adverse weather the Premises shall be promptly repaired by the LANDLORD and an abatement will be made to the periodic rent corresponding with the time and the extent to which the said

Premises may have become untenable although if the said Premises should be so damaged as to be unsuitable for the purpose rented then it is mutually agreed between the parties hereto that the term of this Agreement shall cease and the periodic rent shall be payable up to the time of the damage;

(h) Correctness of Inventory

That if the TENANT shall not within seven (7) days of receipt of the Inventory hereinbefore referred to protest the same in writing to the LANDLORD or the AGENT the correctness of such Inventory shall be presumed and shall be conclusive evidence as against the TENANT of the contents of the Premises at the commencement date;

- (i) The Tenant shall be entitled to use the car-parking space allocated to the premises for the purpose of parking one private motor vehicle and the Tenant shall be entitled to park two motor cycles in the motor cycle parking area.

(j) The Premises

All references to the Premises include references to any part or parts of the Premises and to the carpets and appliances and the fixtures fittings and effects as specified in the said Inventory or any of them and to the designated parking space available for one motor-vehicle;

(k) Arbitration

All questions or differences whatsoever which may at any time hereafter arise between the parties hereto touching this Agreement or the subject matter thereof or arising out of or in relation hereto respectively and whether as to construction or otherwise shall be referred to a single Arbitrator to be agreed upon between the parties and any such reference shall be considered a

submission to arbitration within the meaning of the Arbitration Act 1986 or any re-enactment or statutory modification thereof for the time being in force and be subject to and governed in all respects by the provisions of such Act aforesaid and the decision of such Arbitrator shall be final and binding upon the parties hereto.

AS WITNESS the hands of the parties hereto:-

THE SCHEDULE ABOVE REFERRED TO

1. The Premises:
2. Commencement day:
3. Term:
4. Periodic rent: per:
5. Rent days:
6. Utilities payable by TENANT: Electricity; Telephone;
any excess water used
(see water formula
attached);
7. Number of occupants: One family of six or a maximum of
three unrelated adults
8. Deposit: \$ (being one half of one months
rent)
9. Notice to quit: Thirty days (Clause 4(a) and clause 5
(f) refers):

SPECIAL CONDITIONS

SIGNED by the AGENT in the
presence of:

Witness: Name

Address

AGENT

SIGNED by of the LANDLORD in
the presence of:

LANDLORD

Witness: Name

Address

SIGNED by of the LANDLORD in
the presence of:

LANDLORD

Witness: Name

Address

SIGNED by the TENANT
in the presence of:

TENANT

Witness: Name

Address

L.P. GUTTERIDGE LIMITED

ST. JAMES COURT LTD.

ST. JAMES MANAGEMENT LTD.

- to -

LEASE

of Apartment
St. James Court Flatts Smith's
Parish in the Islands of Bermuda.

ST. JAMES COURT LTD.
Auditors' Report and Financial Statements
For The Year Ended December 31, 1987

EXHIBIT "C"



Peat Marwick

Chartered Accountants

Vallis Building
P.O. Box HM 906
Hamilton
Bermuda HM DX

Telephone: (809) 295 5063
Cables: Veritatem
Telex: 3319 Oudit BA
Telefax: (809) 295 9132

315/3134

AUDITORS' REPORT TO THE SHAREHOLDERS

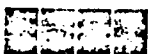
We have examined the balance sheet of St. James Court Ltd. as at December 31, 1987 and the related statements of operations, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards in Bermuda and Canada and, accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the company as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in conformity with generally accepted accounting principles in Bermuda and Canada applied on a basis consistent with that of the preceding year.

Peat Marwick

April 14, 1988

Chartered Accountants



Member Firm of
Klynveld Peat Marwick Goerdeler


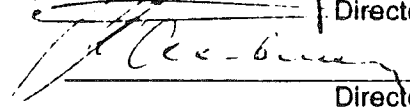
ST. JAMES COURT LTD.

Balance Sheet - December 31, 1987

(Expressed In United States Dollars)

	1987	1986
Assets		
Cash	\$ -	\$ 13,275
Land, at cost	1,289,688	1,289,688
Organisational costs (Note 4)	-	6,730
Accounts receivable - affiliated companies	53,659	-
Accounts receivable - other	1,886	-
Total assets	1,345,233	1,309,693
Liabilities		
Bank overdraft	\$ 2,054	\$ -
Accounts payable - affiliated company	-	1,222
Accounts payable and accrued liabilities	14,138	-
Total liabilities	16,192	1,222
Shareholders' equity		
Share capital (Note 3)		
Authorised, issued and fully paid		
1,000,000 shares of par value \$1 each	1,000,000	1,000,000
Contributed surplus (Note 4)	292,231	315,830
Capital fund (Note 5)	4,116	-
Building maintenance fund (Note 6)	12,330	-
Retained earnings (deficit) (Note 7)	20,364	(7,359)
	1,329,041	1,308,471
Total liabilities and shareholders equity	\$1,345,233	\$1,309,693

The notes to financial statements form an integral part of these statements

Signed on behalf of the Board

 Director

 Director

ST. JAMES COURT LTD.

Statement of Operations and Retained Earnings

Year Ended December 31, 1987

(Expressed in United States Dollars)

	1987	1986
Maintenance fee Income	\$ 56,856	\$ -
Maintenance costs	<u>16,650</u>	<u>-</u>
Net Income	40,206	-
General and administrative costs	7,512	4,952
Amortisation of organisational costs	<u>-</u>	<u>1,606</u>
	7,512	6,558
Net Income (loss) for the year	32,694	(6,558)
Transfer to building maintenance fund (Note 6)	(12,330)	-
Transfer from contributed surplus (Note 4)	7,359	-
Deficit at beginning of the year	<u>(7,359)</u>	<u>(801)</u>
Retained earnings (deficit) at end of the year	<u>\$ 20,364</u>	<u>\$ (7,359)</u>

The notes to financial statements form an integral part of these statements

ST. JAMES COURT LTD.

Statement of Changes in Financial Position

Year Ended December 31, 1987

(Expressed in United States Dollars)

	<u>1987</u>	<u>1986</u>
Operating activities		
Net income (loss)	\$ 32,694	\$(6,558)
Items not affecting cash		
Amortisation expense	-	1,606
Net changes in non-cash balances relating to operations		
Organisation costs	6,730	(3,490)
Land	-	487
Accounts receivable - affiliated companies	(53,659)	-
Accounts receivable - other	(1,886)	-
Accounts payable - affiliated company	(1,222)	1,222
Accounts payable and accrued liabilities	<u>14,138</u>	<u>-</u>
Cash provided by operations	<u>(3,205)</u>	<u>(6,733)</u>
Financing activities		
Increase in capital	-	9,513
Increase in capital fund contribution reserve	4,116	-
Transfer from contributed surplus	<u>(16,240)</u>	<u>-</u>
Cash provided by financing activities	<u>(12,124)</u>	<u>9,513</u>
Net (decrease) increase in cash	(15,329)	2,780
Cash at beginning of year	<u>13,275</u>	<u>10,495</u>
(Bank overdraft) cash at end of year	<u>\$ (2,054)</u>	<u>\$13,275</u>

The notes to financial statements form an integral part of these statements

ST. JAMES COURT LTD.

Notes to Financial Statements

December 31, 1987

1. Organization

St. James Properties, Ltd. was incorporated under the laws of Bermuda on December 18, 1984. The company did not trade and incurred immaterial income and expenses from the date of incorporation until January 1, 1986. On January 28, 1987, the legal name of the company was changed to St. James Court Ltd. The company's ultimate parent is Liberty Mutual Insurance Company of Boston, Massachusetts.

An affiliate, St. James Management Company, Ltd., finished developing condominium units on the land of the company during the year.

The company is now letting the developed properties on long leases. Payments on these leases are made to an affiliate, and the company is managing the complex on behalf of the developers and leaseholders.

2. Summary of significant accounting policies

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in Bermuda and Canada. The following is the significant accounting policy adopted by the company:

a) Land

Land is carried at cost

3. Share capital

On July 23, 1987 the share capital of the company was reclassified into three classes namely:

886,764 Class A shares - pertaining to the shares held or to be held by the holders of a leasehold interest in the residential property units.

113,231 Class B shares - pertaining to the shares held or to be held by the holders of a leasehold interest in the retail property units.

5 Class C shares - pertaining to the shares held by any person serving as a director.

The shares are to be transferred on the completion of the lease of a unit, the allocation being arrived at on the basis of the square footage of each unit.

ST. JAMES COURT LTD.
Notes to Financial Statements
December 31, 1987

4. Contributed surplus

Subsequent to incorporation cash and assets were contributed some of which were capitalised when the share capital was increased from \$12,000 to \$1,000,000.

The ultimate parent company has borne development and organisational costs incurred during 1986 and 1987 resulting in the following adjustments to contributed surplus.

Contributed surplus at December 31, 1986	\$315,830
Deduct:	
Development costs during 1987	(9,510)
Organisational costs at December 31, 1986	(6,730)
Deficit at December 31, 1986	<u>(7,359)</u>
Contributed surplus at December 31, 1987	<u>\$292,231</u>

5. Capital fund

On the completion of the lease of a unit, each leaseholder is required to contribute two months additional maintenance fee which will be accumulated within the company and applied in the event of an unforeseen capital expense not covered by monthly maintenance fees.

6. Building maintenance fund

It is estimated that the condominium units will require external painting and maintenance every three years. The fund is to be increased by equal amounts annually until such time that it is applied to the purpose for which it was set up.

7. Retained earnings

In accordance with the Bye-Laws of the company, retained earnings are not available for distribution.

FIRST AMENDMENT
TO THE OFFERING PLAN

A PLAN TO CONVERT TO CONDOMINIUM OWNERSHIP

Premises:

ST. JAMES COURT

Hamilton Parish, Bermuda

The Offering Plan to convert to condominium ownership the premises known as St. James Court, Hamilton Parish, Bermuda, dated May 23, 1987 (the "Plan") is hereby amended as follows:

1. Increase in Annual Real Estate Taxes

Page 14 of the Plan is hereby amended to reflect an increase in the annual real estate taxes charged by the Bermuda Government as follows:

Two Bedroom Units

Units 605, 806	BD \$392.04
Units 607, 803, 809	\$409.86
Unit 401	\$418.77
Units 609, 812	\$427.68
Unit 203	\$470.88
Unit 201	\$480.64
Units 205, 403, 405	\$490.50

Three Bedroom Units

Units 801, 802	BD \$539.55
Units 602, 604	\$610.47
Units 805, 808	\$621.18
Unit 606	\$642.60
Units 804, 807	\$653.31

Units 202, 204, 402, 608	
810, 811	\$674.73
Units 206, 404, 610	\$811.20
Unit 406	\$848.64

2. Increase in Stamp Duty for Unit Leases

Page 29 of the Plan is hereby amended to reflect that the stamp duty charged relating to the Unit Lease, due at the closing of a Unit, has been increased by the Bermuda Government to 2% of the purchase price on all amounts in excess of BD \$500,000 and less than BD \$1,000,000 and 3% of the purchase price on all amounts in excess of BD \$1,000,000.

3. Election of Board of Directors

The following directors and alternate directors of St. James Court Ltd. were elected at an Annual Meeting held on December 17, 1987:

John D. Campbell	-	alternate director (Sponsor designee)
Robert H. Gruhl	-	director (Sponsor designee)
Michael Hardy	-	alternate director (Sponsor designee)
E. John Sainsbury	-	director (Sponsor designee)
Michael J. Spurling	-	director (Sponsor designee)

4. Status of Unsold Units

The following Units are currently unsold: 201, 202, 203, 204, 205, 206, 401, 402, 403, 404, 405, 406, 602, 604, *607, 608, 609, 610, 801, 802, 804, 805, 807, 808, 809, 810, 811, 812.

* Under contract

5. Lease of Retail Space

The Sponsor has subleased to Bersalon Company, Ltd. 4,553 square feet in Building Number Three and 540 square feet in Building Number One for the operation of a health and beauty spa, scheduled to open on November 1, 1988.

6. Lease of Parcel of Land from Bermuda Government

St. James Court Ltd. has leased from the Bermuda Minister of Works and Housing a 2,787 foot parcel of land under the boardwalk along the northeasterly portion of the Development. The term of said lease is from March 1, 1988 to February 28, 2009 at a on-time rental charge of BD \$1,300, which was paid prior to the commencement of the lease.

7. Revised Budget

Annexed hereto as Exhibit A is a revised budget for the fiscal year beginning October 1, 1987. Said budget reflects a decrease in monthly common charges for the Retail Unit to 19.6 cents per share or BD \$1,849.43. The revised budget reflects an increase in the monthly common charges payable by Residential Unit Owners to 23.1 cents per share.

8. General

Other than as set forth above, there are no material changes which require amendment of the Plan.

ST. JAMES MANAGEMENT COMPANY, LTD.
Sponsor

Dated: May 20, 1988

EXHIBIT A

ST. JAMES COURT

Amended Budget for First Year of Condominium Operation

Beginning October 1st, 1987

Income (1)

BD \$227,424

Annual Common Charges

Expenses

Annual

Ground and Shrub Maintenance	BD\$ 16,000.00
Cleaning of Common Areas	24,000.00
Generator and Plant	6,000.00
Cesspit Cleaning/disposal of Sewage	3,792.00
Safety and Fire Equipment	1,992.00
Insurance (3)	18,000.00
Window Cleaning-Quarterly Exterior Only	12,000.00
Electricity-Street Lighting, Elevators, etc. (4)	14,400.00
Water (5)	4,800.00
Management Collection and Accounting Services (6)	18,000.00
Repairs, Maintenance and Materials (7)	12,000.00
Audit Fee (8)	3,000.00
Legal Fees (9)	6,000.00
Painting Reserve (10)	43,320.00
Capital Reserve (11)	6,000.00
Telephone	1,200.00
Government Fees	6,000.00
Sub Total	<u>196,504.00</u>

Residential Common Expenses

Maintenance of 3 elevators	18,000.00
Pool Maintenance	2,520.00
Pool Supplies - Chemicals	<u>10,400.00</u>
Total	\$BD 227,424.00

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SPECIAL RISKS

1. Purchasers are required to obtain the prior written consent of the Bermuda Government before they may purchase their Unit. Upon obtaining the consent of the Bermuda Government, purchasers will be required to pay a license fee to the Bermuda Government in the sum of 10% of the purchase price (in U.S. Dollars). The amount of said license fee may rise subsequent to December 31, 1990 at the discretion of the Bermuda Government. Subsequent purchasers of Units will be required to pay a 15% license fee.

2. The Bermuda Government periodically assigns an annual rental value assessment ("ARV") to each Unit. Currently, Bermuda law provides that only Units having an ARV of at least BD* \$13,200 may be sold to non-Bermudians. Although all of the Units being offered for sale pursuant to this Plan exceed the current minimum ARV, the Bermuda Government reserves the right to raise the amount of the minimum ARV commencing in 1989. If the minimum ARV is raised at some future date, there is no assurance that any Unit will exceed the then current ARV.

3. Purchasers must obtain the prior written consent of the Bermuda Government before they may rent their Unit to a non-Bermudian. Upon obtaining the consent of the Bermuda Government, purchasers will be required to pay a fee in the sum of the greater of BD \$50.00 or 5% of the rental amount.

4. The provisions of the Lease which require written consent of the Board of Directors prior to a Unit Owner making an alteration that would impair the structural soundness of a Building do not apply to the Sponsor.

5. For a period ending on the earlier to occur of (a) three (3) years from the date of the sale of the first Residential Unit or (b) upon the sale of 75% of the Residential Units, each share held by the Sponsor or its nominees will be entitled to four votes. See Article 3.2 of the By-Laws.

6. As a general rule, Bermuda law prohibits the inheritance by a non-Bermudian of property owned by a non-Bermudian. However, special consideration is given to non-Bermudian widows and widowers of Bermudian spouses and the non-Bermudian children of a Bermudian who inherit property by will, intestacy or court order.

7. Certain expenses to be incurred by purchasers have been quoted in Bermuda dollars. Although currently the exchange rate for the Bermuda dollar is on par with the U.S. dollar, Bermuda banks presently charge a 4/100 of 1% service fee for conversion of U.S. dollars into Bermuda dollars.

*Bermuda Dollars

8. Although the Offering Plan refers to the form of ownership being employed for the development as condominium ownership, the long-lease method of ownership utilized under this Plan has many attributes commonly associated in the United States with a cooperative form of ownership.

ST. JAMES COURT
PLAN OF CONDOMINIUM OWNERSHIP

I. INTRODUCTION

St. James Management Company, Ltd., a Bermuda corporation, (the "Sponsor" or "Developer"), pursuant to this Offering Plan (the "Plan") is offering for sale thirty-two (32) residential condominium units (the "Units") it is constructing at Flatts Village, Hamilton Parish, in the Islands of Bermuda (the "Property") as a condominium to be known as St. James Court. The purpose of the Plan is to set forth all the terms of the offer for the benefit of prospective purchasers. The land and all improvements to be erected thereon are hereinafter referred to as the "Condominium".

St. James Court, Ltd. (the "Condominium Association"), a Bermuda corporation, acquired title to the Property in fee simple on June 28, 1985. Pursuant to a Development Agreement dated July 1, 1986 between St. James Management Company Ltd. and the Condominium Association, the Sponsor was given the right to develop the Property and receive the proceeds from the sale of the Units.

Each purchaser (a "Unit Owner") will acquire title to their Unit and the right to use the common elements of the Condominium (the "common elements") by means of a 999 year lease to be granted by the Condominium Association (the "Unit Lease"). Said method of acquiring title to a unit is known as the "long-lease" method. In addition, each purchaser will acquire the shares in the Condominium Association appurtenant to said Unit. As a shareholder, a purchaser will have the right to vote annually for the Board of Directors of the Condominium Association (the "Board"), which will conduct the affairs of the Condominium Association and supervise the operation of the Property. As a lessee under the Unit Lease, a purchaser will pay as rent ("common charges") a proportionate share of the maintenance expenses of the Property and of the creation of such reserves for contingencies as the Board of Directors may deem proper.

The Bermuda Legislature has recently enacted the Condominium Act of 1986 (the "Act"). Said Act is essentially based upon North American Condominium statutes, and is, as yet, untested in Bermuda. Since development of St. James Court was commenced prior to the enactment of the Act, it was determined by the Sponsor that the long-lease method be utilized for the conveyance of title to the Units. If it should so desire, the Condominium Association will have the right to register St. James Court under the Act at some future date. See "Bermuda Counsel's Title Opinion" found in Exhibit I to Part II of the Plan.

The Condominium, which is located on a 1.653 acre site, will consist of 34 Residential Units located in four apartment house

type buildings and a Retail Unit (the "Retail Unit") consisting of two retail buildings. Two of the Residential Units, Units 601 and 603, may not presently be offered for sale to non-Bermudans. The Retail Unit is presently not being offered for sale. The Sponsor intends to sell certain Units in Building 8 to corporate purchasers.

The common elements of the Condominium include all pipes, wires, conduits, or other public utility lines running through a Unit which are used for or serve more than one Unit; the roofs of all the buildings, two outdoor swimming pools and two utility structures, and all roadways and land within the St. James Court development. Each Unit Owner will have the exclusive right to use of the limited common elements ("limited common elements") that pertain to his Unit. Each Unit has a balcony as a limited common element. In addition, each Unit in Buildings 2, 4, and 6 has a carport as a limited common element.

The Unit basically includes all of the airspace within the Unit. All floors, ceilings and walls forming the Unit constitute part of the Unit, however, where same separate one Unit from another Unit, the Unit includes only one-half of the floors, ceilings and walls.

While the Condominium Association reserves the right to place one or more mortgages on the Property, the Condominium Association will be obligated to satisfy or release a Unit and the shares allocated to said Unit from all mortgage liens, other than any purchase money mortgage taken by the purchaser, before closing of title to the Unit.

The Building Plans prepared by Cooper and Gardner, Registered Architects, and filed with the Bermuda Department of Planning will not be changed so as to materially adversely affect the purchaser. The Condominium will comply with all statutes and regulations applicable to condominiums in the Islands of Bermuda. Construction of the Units has commenced and closings to the Units are expected to commence by approximately September, 1987 barring any strikes, acts of God or other unforeseen delays beyond the reasonable control of the Sponsor.

Both Residential and the Retail Unit Owner(s) are required to pay quarterly common charges assessed by the Board of Directors for the operation and maintenance of the Condominium. In addition, a Unit Owner is required to pay for (a) all excess water usage in accordance with the Condominium By-Laws (the "By-Laws"), (b) telephone usage, (c) electricity charges for the Unit; and (d) real estate taxes for the Unit under the Land Valuation and Tax Act, 1967. Common charges are levied based upon the ratio that the number of shares allocated to a Unit bear to the total number of issued and outstanding Class A and B Shares of the Condominium Association. The Residential Units will be solely responsible on a proportionate square footage basis, for the maintenance of the three elevators and two pools ("residential common charges"). Common charges and residential common charges (hereinafter referred to

collectively as "common charges" unless otherwise indicated) have been estimated by the Sponsor and include fire and liability insurance for the Buildings and common elements, landscape maintenance and maintenance and operation of the common elements. Common charges exclude repair and decoration to the inside of a Unit, and insurance for personal belongings.

Other than as set forth herein, there are no restrictions upon ownership of a Unit. Occupancy of a Residential Unit, however, may only be for residential purposes. A two-bedroom Unit may not contain more than four occupants above the age of twelve. A three-bedroom Unit may not contain more than six occupants above the age of twelve. The Retail Unit may be utilized for any purposes permitted by Bermuda law, including but not limited to retail, storage or garage purposes.

Residential Units and the Retail Unit may be sold or leased by a Unit Owner, provided that he is not in arrears in the payment of common charges (except where the payment of such unpaid common charges is paid by the Grantee or provided for out of the proceeds of the sale). The sale or rental of a Residential Unit is subject to the prior consent of the Board of Directors. No prior Board of Directors consent is required for the sale or rental of the Retail Unit. A purchaser is free to make a gift of his Unit to anyone during his lifetime or to devise his Unit by will, or to have it pass by intestacy subject to restrictions under applicable Bermuda law. See Section entitled "Special Risks" found on page (ii). No Residential or Retail Unit may be sold without a simultaneous sale of the Shares appurtenant to such Unit.

A Unit Owner may mortgage his Unit at any time after he acquires title to the Unit in whatever amount and under whatever terms he can obtain. A Unit Owner may mortgage his Unit only if all arrears for common charges, if any, are provided for at the closing of the mortgage.

Each Residential or Retail Unit Owner, upon obtaining title to his Unit, will automatically have one vote for each share registered in his name at all meetings of the Unit Owners except that for the period ending on the earlier to occur of (a) three years from the date of the sale of the first Unit or upon the sale of 75% of the Units, the Sponsor will have the right to four votes for each share registered in its name.

The Units may be purchased for all cash, or may be purchased partly for cash and the balance of the purchase price financed by mortgage loan. The Sponsor makes no representation as to the availability or cost of any financing that may be required by a purchaser. See Section VIII for the terms of financing to be offered by the Sponsor. If a purchaser of a Unit requires mortgage financing, the Purchase and Sale Agreement (the "Purchase Agreement") will be conditional upon such purchaser obtaining a commitment from a lending institution of his own choosing within 45 days from the date of the Purchase Agreement. See the Section entitled "Procedure to

Purchase" for details regarding a financing contingency. No Unit is subject to the lien of a mortgage on any other Unit.

Each Unit will be taxed separately for real estate tax purposes and, therefore, no Unit Owner is liable for the payment of real estate taxes on any other Unit. In the opinion of Counsel, a Unit Owner who is New York resident is presently entitled to deductions for income tax purposes for real estate taxes affecting his Unit. Further, a Unit Owner whose Unit is either his principal residence or the one other residence that he selects pursuant to Section 163(h)(5)(A)(i)(II) of the Internal Revenue Code of 1986 is presently entitled to deductions for income tax purposes for his payments for interest on the mortgage of his Unit. See the Section of the Plan entitled "Taxes - Deductions to Unit Owners and Tax Status of the Condominium."

Fire and liability insurance covering the common elements and water and sewer charges covering the entire Condominium, are included with other items as part of common charges, but fire and liability insurance for the purchaser's personal effects and the interior of the Unit should be carried by the individual purchaser. Each Unit Owner is responsible for the cost of his or her own interior repairs and the decoration of his Unit after closing.

There are no restrictions on who may purchase a Unit in the Condominium except that all purchasers must obtain the prior written consent of the Bermuda Government. In addition, this offer is made only to persons over eighteen (18) years of age.

This Offering Plan and the accompanying documentation should be carefully studied by prospective purchasers and their attorneys prior to the purchase of a Unit. The prices for the Units are set forth in Schedule A at page 10. THESE PRICES HAVE BEEN SET BY THE SPONSOR ALONE AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.

Parts I and II of the Offering Plan together with Parts A, B, and C of the Exhibits constitute the entire offering by the Sponsor. Copies of the Plan and Parts A, B, and C of the Exhibits will be available for inspection by prospective purchasers without charge at the condominium site whenever the on site sales office is open.

THE PURCHASE OF A CONDOMINIUM HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES AND MAY BE ONE OF THE MOST IMPORTANT FINANCIAL TRANSACTIONS OF YOUR LIFE. THE ATTORNEY GENERAL STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING AN AGREEMENT TO PURCHASE A CONDOMINIUM.

II. DEFINITIONS

The following words as hereinafter referred to shall be defined as follows:

1. "Board of Directors" - The governing body of the Condominium Association responsible for its affairs.
2. "Building" - A number of Units all of which are constructed under a continuous roof.
3. "closing of title" or "closing of leasehold title" - the date upon which a purchaser acquires a) title to their Unit and the right to use the common elements by means of a 999 year lease, and b) shares in the Condominium Association appurtenant to their unit.
4. "common charges" - Each Unit's proportionate share of the common expenses.
5. "common elements" - The common elements of the Condominium will consist of all of the Condominium, except the Units, including, but without limitation, all pipes, wires, conduits or other public utility lines running through a Unit which are used for or serve more than one Unit; the roofs of all the Buildings, two outdoor swimming pools, two utility structures, and all roadways and land within the St. James Court development.
6. "common expense" - (a) Expenses of operation of the Property, and (b) All sums designated common expenses by or pursuant to the provisions of the By-Laws.
7. "Condominium" - St. James Court, which is composed of the Unit Owners.
8. "Condominium Association" - St. James Court, Ltd., a Bermuda corporation maintaining an office at 30 Cedar Avenue, Hamilton, Bermuda, which holds fee title to the Property. The term "Condominium Association" will have the same meaning as the term "Company" as defined in the By-Laws.
9. "limited common elements" - The balconies of each Residential Unit. In addition, the designated carport space for each Unit in Buildings 2, 4 and 6.
10. "Property" - The land, Buildings and improvements located at Flatts Village, Hamilton Parish, Islands of Bermuda.

11. "Unit" - All of the air space within the Unit as well as all floors, ceilings and walls forming the Unit constitute part of the Unit except that where same separate one Unit from another Unit, the Unit includes only one-half of the floors, ceilings and walls. Unless otherwise indicated, "Unit" will refer only to a Residential Unit.
12. "Unit Owner" - The owner of each Residential Unit in the Condominium. Unless otherwise indicated, "Unit Owner" will refer only to a Residential Unit Owner.
13. "residential common charges" - The proportionate share of the expenses for the maintenance of the three elevators and two pools which are the sole obligation of the Residential Unit Owners.
14. "Retail Unit" - All of the air space within Buildings 1 and 3 as well as all floors, ceilings and walls of said Buildings.
15. "Sponsor"- St. James Management Company, Ltd., a Bermuda corporation maintaining an office at 30 Cedar Avenue, Hamilton HMO9, Bermuda, which is designated as the Developer of the Property pursuant to a Memorandum of Agreement dated July 1, 1986 between St. James Management Company Ltd. and St. James Properties, Ltd. (the predecessor to St. James Court, Ltd.)

III. DESCRIPTION OF PROPERTY AND IMPROVEMENTS

Locations, Acreage and Zoning

The Condominium is located in Flatts Village, Hamilton Parish, Bermuda and is approximately 3.3 miles from the City of Hamilton. The Condominium site is zoned "High Density", which permits residential development as permitted by local authorities. The Condominium will consist of thirty-four (34) Residential Units and one Retail Unit covering an area of 1.653 acres.

Topographical Features

The site is situated along a body of water known as Flatts Inlet. The sub-soil content is primarily solid limestone rock. However, there are minor areas of compacted limestone rubble backfill.

Improvements - General Description

The Condominium will consist of thirty-four (34) Residential Units located in four apartment house type buildings and one (1) Retail Unit located in Buildings 1 and 3. The four residential buildings are designated as Buildings 2, 4, 6 and 8. The Building numbers have been assigned by the Bermuda Government. There are no Buildings 5 and 7.

Buildings 2, 4 and 6 contain a mixture of two and three bedroom Units. The two bedroom Units contain approximately 1,111 square feet of interior living space and the three bedroom Units contain approximately 1,635 square feet of interior living space. Building 8 also contains a mixture of two and three bedroom Units. The two bedroom Units located in Building 8 contain approximately 1,208 square feet of interior living space and the three bedroom Units located in said Building contain approximately 1,635 square feet of interior living space.

Each Unit has a balcony(s) as a limited common element. In addition, each Unit in Buildings 2, 4 and 6 has a carport, containing approximately 200 square feet, as a limited common element.

The Building Plans have been filed with the Bermuda Department of Planning.

The Units, Buildings and all other improvements will comply with all applicable rules, regulations, laws, and other requirements of all governmental authorities having jurisdiction thereof, including those governing zoning and construction, and the Sponsor and all other persons engaged by the Sponsor in connection with this Plan have complied and will comply with all applicable laws, rules and regulations and other governmental requirements pertaining thereto. Construction of the Condominium will comply with the Building Code of the Bermuda Department of Planning.

Before the closing of title to a Unit, a temporary or permanent Certificate of Occupancy will be issued for such Unit or the Building in which such Unit is located. At the time of the first closing of title to a Unit, the construction of all Units will have been partially or substantially completed. Landscaping for the Condominium will be completed before the closing of title to the last Unit or within two (2) years after the conveyance of title to the first Unit, whichever is earlier.

Legal Description of Unit

The Unit Owner will obtain a 999 year lease to the Unit. A Unit includes all of the air space within the Unit as well as all floors, ceilings and walls forming the Unit, however, where same separate one Unit from another Unit, the Unit includes only one-half of the floors, ceilings and walls.

Legal Description of Common Elements

The common elements include all pipes, wires, conduits or other public utility lines running through a Unit, which are used for or serve more than one Unit; the roofs of all the Buildings, two outdoor swimming pools, two utility structures, all roadways and land within the St. James Court development, all irrevocably restricted carports and balconies.

Construction Data for Units and Common Elements

The Units and common elements will be constructed substantially in the manner set forth in the Building Plans drawn by Cooper and Gardner, Registered Architects, and filed with the Bermuda Department of Planning and any amendments thereto, which Plans will not be changed so as to materially adversely affect the Unit Owners. For a detailed description of the Property see Exhibit B in Part II of the Plan. The Sponsor anticipates that construction of the Condominium will be completed by approximately May 31, 1987 barring any strikes, acts of God or other unforeseen delays beyond the reasonable control of the Sponsor.

Easements

Each Unit Owner will have an easement in common with all other Unit Owners for the use, maintenance and repair of all pipes, wires, conduits and public utility lines located in the common elements or located in other Units and servicing his Unit. Further, each Unit Owner will have an easement for the continuance of any encroachment by his Unit on any adjoining Unit or common element now existing or which may come into existence hereafter as a result of the settling of the Units or repair or alteration of the Unit by the Board of Directors, after damage by fire or other casualty or as a result of condemnation or eminent domain proceeding, or by reason of an alteration made by the Board to the common elements so that any such encroachment may remain undisturbed so long as the Unit stands. Each Unit will be subject to such encroachments and easements in favor of all other Units. The Board of Directors, its agents and employees will have a right of access to the Units and the common elements (irrespective of the restricted nature of such common element) to inspect, maintain or repair the common elements or to make repairs to the Unit to prevent damage to the common elements or any other Unit.

IV. LOCATION AND AREA INFORMATION

Location

The Condominium is located in Flatts Village, Hamilton Parish, Bermuda.

Municipal Services and Recreation

The Property is served by the Central Fire Station, located in the City of Hamilton and the Parish Constable of the Hamilton Police.

Shopping Facilities

A supermarket and other shopping facilities are located within approximately 2 miles from the Property.

Water and Sewage

The primary water supply to the Property is from rain water collected from the roofs of the Buildings and stored in two holding tanks. In addition to rain water collection, each holding tank is connected to a Bermuda Government water plant. Water usage will be a common expense, except that the Board of Directors will assess each Unit for excess water consumption above a predetermined level. Sewer service is a common expense and is collected in a common tank which is periodically removed by the local municipality.

Refuse Removal

Garbage is stored on site in three central enclosures and is collected by the Bermuda Public Works Department twice weekly.

Medical, Educational and Religious Facilities

King Edward VII Memorial Hospital is located in the City of Hamilton, approximately one-half mile from the Property. Numerous primary and secondary schools are located approximately within a two mile radius from the Property.

There are houses of worship of all western denominations located in Bermuda. A synagogue is located on the U.S. Naval Air Station.

Zoning

The Property is presently zoned R-4 which permits the construction of residential construction upon approval of the Bermuda Ministry of Planning.

V. SCHEDULE A
Offering Prices and Related Information
St. James Court

Unit No.	(1) No. of Bedrooms	(2) Interior Living Space	(2) Share Allocation	(3) Offering Price*	(4) Projected Monthly Common Charges**	(5) Projected Monthly Real Estate Taxes**	(6) Projected Monthly Total Carrying Charges**
201	2	1,111 sq. ft.	22,136	US\$ 700,000	BD\$ 424.93	BD\$ 37.06	BD\$ 461.99
202	3	1,635	30,984	1,000,000	594.77	51.98	646.75
203	2	1,111	22,136	700,000	424.93	36.30	461.23
204	3	1,635	30,984	1,000,000	594.77	51.98	646.75
205	2	1,111	22,136	800,000	424.93	37.81	462.74
206	3		30,984	1,300,000	594.77	62.56	657.33
401	2	1,111	22,136	700,000	424.93	32.31	457.24
402	3	1,635	30,984	1,000,000	594.77	51.98	646.75
403	2	1,111	22,136	700,000	424.93	36.30	461.23
404	3	1,635	30,984	1,000,000	594.77	62.56	657.33
405	2	1,111	22,136	800,000	424.93	37.81	462.74
406	3		30,984	1,300,000	594.77	65.45	660.22
601	2	1,111	22,136	Not For Sale	424.93	25.99	450.92
602	3	1,635	30,984	800,000	594.77	47.03	641.80
603	2	1,111	22,136	Not For Sale	424.93	29.59	454.52
604	3	1,635	30,984	900,000	594.77	47.03	641.80
605	2	1,111	22,136	600,000	424.93	30.25	455.18
606	3	1,635	30,984	900,000	594.77	49.50	644.27
607	2	1,111	22,136	600,000	424.93	31.63	456.56
608	3	1,635	30,984	900,000	594.77	51.98	646.75
609	2	1,111	22,136	800,000	424.93	36.30	461.23
610	3	1,635	30,984	1,200,000	594.77	62.56	657.33

* The Sponsor reserves the right to negotiate prices on individual purchases. All projected charges are based upon a projected first year of condominium operation commencing September 1, 1987.

** See section entitled "Special Risks" for details relating to service fee for conversion of US dollars into Bermuda dollars.

V. SCHEDULE A
Offering Prices and Related Information
St. James Court

Unit No.	(1) No. of Bedrooms	(2) Interior Living Space	(2) Share Allocation	(3) Offering Price*	(4) Projected Monthly Common Charges**	(5) Projected Monthly Real Estate Taxes**	(6) Projected Monthly Total Carrying Charges**
801	3	1,635 sq. ft.	27,607	US\$ 900,000	BD\$ 529.94	BD\$ 41.50	BD\$ 571.44
802	3	1,635	27,607	900,000	529.94	41.50	571.44
803	2	1,208	20,397	500,000	391.54	31.63	423.17
804	3	1,635	27,607	900,000	529.94	50.33	580.27
805	3	1,635	27,607	900,000	529.94	47.85	577.79
806	2	1,208	20,397	550,000	391.54	30.25	421.79
807	3	1,635	27,607	900,000	529.94	50.33	580.27
808	3	1,635	27,607	1,000,000	529.94	47.85	577.79
809	2	1,208	20,397	600,000	391.54	31.63	423.17
810	3	1,635	27,607	1,000,000	529.94	51.98	581.92
811	3	1,635	27,607	1,000,000	529.94	51.98	581.92
812	2	1,208	20,397	700,000	391.54	36.30	427.84
Retail Unit		6,706	113,231	Not for Sale	1,929.67	***	-
Total		51,554 sq. ft.	999,995	US\$ 27,550,000	BD\$18,952.05	BD\$1,489.09	BD\$18,511.57

* The Sponsor reserves the right to negotiate prices on individual purchases. All projected charges are based upon a projected first year of condominium operation commencing September 1, 1987.

** See section entitled "Special Risks" for details relating to service fee for conversion of U.S. dollars into Bermuda dollars.

*** Not yet assigned by the Bermuda Government.

FOOTNOTES TO SCHEDULE A

1. There are four different model types of Residential Units. The first model type are two bedroom Units in Buildings 2, 4 and 6. The first model type contains an entry hall, a kitchen, a dining area, a living room, a master bedroom with "en suite" master bath, a second bathroom, a laundry closet and a second bedroom. All bedrooms are provided with closets. This two bedroom Unit has one balcony. Each Unit will have usage of a designated carport space on the Property. There are a total of 11 two bedroom Units of this type offered.

The second model types are three bedroom Units in Buildings 2, 4 and 6. The second model type contains an entry hall, a master bedroom complete with "en suite" master bath, two additional bedrooms (all bedrooms are provided with closets), a second bathroom, a kitchen, a pantry/laundry room, a dining room and a living room. Each three bedroom Unit has two balconies, with ground level Units having two patios. Each Unit will have usage of a designated carport space on the Property. There are a total of 11 three bedroom Units of this type offered.

The third model type are two bedroom Units in Building 8. The third model type contains an entry hall, a kitchen, a dining area, a living room, a master bedroom with "en suite" master bath, a second bathroom, a laundry room, a general storage room, and a second bedroom. All bedrooms are provided with closets. This two bedroom Unit has one balcony, or a patio on the ground level. There are a total of 4 two bedroom Units of this type offered.

The fourth model type are three bedroom Units in Building 8. The fourth model type is identical to the second model type with the exclusion of a carport space. There are a total of 8 three bedroom Units of this type offered.

The Retail Unit is located in Buildings 1 and 3. The Building numbers have been assigned by the Bermuda Government. There are no Buildings 5 or 7.

2. The square footages are approximate square footages and include all floors, ceilings, and walls forming the Unit, except that where same separate one Unit from another Unit, the Unit only includes one-half of said floors, ceilings and walls. For the purpose of calculating share allocations, the square footage of the designated carport space of 200 square feet was added to the total square footage of the Unit. The total square footage of a Unit does not include the square footage of any balcony or patio. The total square footage of a Unit does not include halls, stairways or any other common elements.

The share allocations are based upon the ratio that the sum of the square footage of the Unit plus the square footage of any

designated carport space bears to the total square footage of of all the Residential Units, carport spaces and the Retail Unit. Note that five (5) shares are held in the name of the five (5) Directors of the Condominium Association.

3. No change in the sales price will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sales prices below the Offering Plan prices without filing an amendment to the Plan at any time during the Offering where a reduction in sales price does not constitute a general offering, but is rather the result of an individually negotiated purchase. At Closing, the Sponsor will collect two months common charges from each purchaser of a Residential Unit. One months common charges will be utilised by the Condominium as initial Working Capital and one months common charges will be utilized for Capital Replacement Reserve. See Section entitled "Closing Costs and Adjustments" for other estimated closing costs and adjustments, which must be borne by purchasers in addition to the sale prices set forth herein.
4. Common charges have been estimated by the Sponsor and include fire and liability insurance for the Buildings and common elements, water and sewer charges, the cost of electricity consumed in the common elements and maintenance and operation of the common elements. Common charges exclude repair and decoration to the inside of a Unit, the cost of electricity consumed in the Units, real estate taxes relating to the Unit, the cost of maintaining portions of the common elements limited in use to a Unit and insurance for personal belongings and personal injury or property damage as a result of occurrences to a Unit. The common charges listed in Schedule A include the residential common charges which are payable solely by the Residential Unit Owners. Said residential common charges are utilized for the maintenance of three elevators and two outdoor pools. The common charges for each Unit are based upon the ratio that the number of shares allocated to a Unit bear to the total number of issued and outstanding Class A and Class B Shares of the Condominium Association.

See Schedule B-1 for estimated electrical costs for each Unit.

5. The payment of real estate taxes in Bermuda is based upon an annual rental value assessment made by the Bermuda Government. The tax rate is based upon a sliding scale that increases at certain intervals with the increase in the annual rental value assessment. The Bermuda Government recently promulgated the annual rental value assessments for St. James Court. These annual rental value assessments will be valid until 1989. The following are the yearly real estate taxes for St. James Court:

Two Bedroom Units

Units 605, 806	- BD	\$363.00
Units 607, 803	-	\$379.50
809		
Unit 401	-	\$387.75
Units 203, 403	-	\$435.60
609, 812		
Unit 201	-	\$444.68
Units 205, 405		\$453.74

Three Bedroom Units

Units 801, 802	- BD	\$499.13
Units 602, 604	-	\$564.30
Units 805, 808	-	\$574.20
Unit 606	-	\$594.00
Units 804, 807	-	\$603.90
Units 202, 204,		\$623.70
402, 608,		
810, 811		
Units 206, 404,	-	\$750.75
610		
Unit 406	-	\$785.40

6. Monthly mortgage payments payable by a purchaser to a lending institution where the purchaser elects to finance a portion of the purchase price are not included in the monthly carrying charges.

VI. SCHEDULE B

ST. JAMES COURT

Projected Budget For First Year of Condominium Operation

Beginning October 1, 1987*

Income: (1)

Annual Common Charges

BD \$227,424

Expenses

Annual

Ground and Shrub Maintenance (2)	BD \$19,800
Cleaning of Common Areas	24,000
Generator and Plant	6,000
Cesspit Cleaning/disposal of sewage	3,792
Safety and Fire Equipment	1,992
Insurance (3)	30,000
Window Cleaning - Quarterly Exterior Only	12,000
Electricity - Street lighting, Elevators, etc. (4)	7,200
Water (5)	4,800
Management Collection and Accounting Services (6)	18,000
Repairs, Maintenance and Materials (7)	12,000
Audit Fee (8)	9,600
Legal Fees (9)	6,000
Painting Reserve (10)	43,320
Capital Reserve (11)	6,000
Subtotal	\$204,504

RESIDENTIAL COMMON EXPENSES (12)

Maintenance of 3 elevators	\$ 18,000
Pool Maintenance	2,520
Pool Supplies - Chemicals	2,400

Total BD \$227,424

* In the event the estimated first year differs from the actual commencement of the budget year by six (6) months or more, the Sponsor will amend the Plan to include a revised budget. If the amended budget exceeds this budget by twenty-five (25%) percent or more the Sponsor will offer all purchasers the right to rescind their Purchase Agreements and have their deposits returned, with interest, if any, earned thereon.

** All amounts referred to in this Schedule are quoted in Bermuda dollars.

SEE FOOTNOTES AT THE END OF THIS SCHEDULE.

FOOTNOTES TO SCHEDULE B

1. These estimates of operating expenses and income have been made by the Sponsor based upon the operation of comparable developments in the immediate area. It cannot be construed as an assurance of the final expenses and is merely based upon information available at this time.
2. Based upon proposal from Palms Ltd., maintaining an office at P.O. Box WK 349, Warwick, Bermuda, dated January 1, 1987.
3. The budgeted figure for insurance is based upon an estimate provided by Argus Insurance Company Ltd., 12 Wesley Street, Hamilton, Bermuda, and is based upon standard Bermuda insurance forms for the following coverages: (1) Commercial Comprehensive Coverage in the amount of BD \$14,036,390; (b) Public Liability coverage in the amount of BD \$1,000,000 covering bodily injury and property damage. The above were calculated on the basis of 100% of 1986 replacement value to replace the Buildings in the event of a total loss. Such coverages also are sufficient to satisfy the insurance requirements as stated in the By-Laws.

No coverage is provided for such risks as loss of rents and fire and casualty losses to the contents of each individual Unit, nor does the coverage take into account any future replacements or additions to either the Units or the fixtures and improvements contained therein. In addition, no liability coverage for an individual Unit Owner is included in the coverage provided above. Prospective purchasers should consult their attorney or insurance agent to determine the advisability of obtaining insurance for their own risk of liability and fire and casualty losses.

If, by reason of the use of the Retail Unit, the rate of insurance for the Condominium is increased, the owner of such Unit will be personally liable for the amount of such increase.

4. Based upon rates of BELCO (Bermuda Electric Company) for electrical usage of common elements. The projection does not include the cost of electricity for each Unit, which will be individually metered and billed directly to each Unit Owner.
5. Although water usage is a common expense, the Condominium Association has the right to charge individual Unit Owners for excess water usage above a specified level.
6. At or prior to the first closing of title to a Unit, the Condominium will enter into a one-year renewable management contract with L.P. Gutteridge Limited, managing agent.
7. This estimate is based upon the previous experience of the Sponsor with similar developments. It does not include repairs to,

maintenance of, or supplies for individual Units and limited common elements. Each Unit Owner is responsible for repairs to, maintenance of and supplies for his Unit and those limited common elements appurtenant.

8. The projection for audit fees is based upon a letter from Peat, Marwick Mitchell & Co. dated February 16, 1987. The budgeted figure will be used for auditing fees in connection with the preparation of the financial statements for the Condominium's first year of operation.
9. The projection for legal fees is based upon an estimate from the Bermuda law firm of Appleby, Spurling and Kempe. The budgeted figure does not reflect extraordinary expenses or costs incurred to conduct litigation on behalf of the Condominium.
10. The estimate for the painting reserve was based upon a projection of painting cost dated January 15, 1987 given by Sandstone Construction and Maintenance, P.O. Box SN 413, Southampton, Bermuda.
11. This fund may be applied at the discretion of the Board of Directors toward unforeseen expenses and for other appropriate Condominium purposes. No representation is made that this amount will be adequate to cover all such expenses.
12. The obligation to contribute towards the payment of residential common expenses will only be the responsibility of owners of Residential Units.

VII. SCHEDULE B-1

ST. JAMES COURT

Projected Budget for Individual Energy Costs

THREE BEDROOM UNITS

	<u>ITEM</u>	<u>KW</u>	<u>HR'S/DAY</u>	<u>DAYS/YR.</u>
1.	Water Heater	12	6	300
2.	Range	12	1	300
3.	Dryer	5	1	300
4.	Air Cond.	15	10	200
5.	Lighting	7	5	300
6.	Refrigerator	1	10	300
7.	Miscellaneous	2	5	300

Total per Unit Monthly Cost - BD \$565 per month.

TWO BEDROOM UNITS

	<u>ITEM</u>	<u>KW</u>	<u>HR'S/DAY</u>	<u>DAYS/YR.</u>
1.	Water Heater	12	6	300
2.	Range	12	1	300
3.	Dryer	5	1	300
4.	Air Cond.	10	10	200
5.	Lighting	5	5	300
6.	Refrigerator	1	10	300
7.	Miscellaneous	1	5	300

Total per Unit Monthly Cost - BD\$451 per month.

The above estimates are based upon a letter dated January 2, 1987 from McCarron; Hufnagle & Bent Inc., Consulting Engineers, 132 Lincoln St., Boston, Massachusetts 02111.

FOOTNOTES TO SCHEDULE B-1

In view of the fact that these averages may include the use of energy by persons of varying needs, with different standards of comfort, or with families of different sizes, the amount of energy used by the purchaser may vary substantially from the average estimates herein provided. In addition, the effect of inflation and other factors may raise the cost of electricity substantially higher than the current or projected rate.

Although the Sponsor is under the obligation to provide accurate information to prospective purchasers, factors beyond its control may substantially effect the cost of heating after the purchase of a Unit or in subsequent years. The Sponsor represents, however, that it has followed the plans and specifications provided by the manufacturer of the heating system together with the recommendation of the utility company and other experts to enable these items of equipment to operate at optimum efficiency at the lowest cost. Further, the Sponsor represents that it has not been induced to select the heating system described herein on the basis of any financial inducement other than the price of the system made to it by the manufacturer or distributor of the system or by the supplier of energy to be used in connection therewith or by any of their agents or employees.

VIII. CONSTRUCTION AND PERMANENT FINANCING
PROCURED OR ARRANGED BY SPONSOR;
SUMMARY OF SPONSOR LOAN DOCUMENTS

The Property, which is owned in fee simple by the Condominium Association, is presently not encumbered by any mortgage. While the Condominium Association reserves the right to have one or more mortgages placed upon the Property, it is obligated to satisfy or release a Unit from any mortgage encumbering the Condominium before the closing of title to such Unit.

The Sponsor has not secured a commitment from any lending institution for permanent financing. The Sponsor, through St. James Realty Corporation, a parent company, has secured construction financing in the form of a US \$17,300,000 letter of credit from Mellon Bank (East) National Association and Barclays Bank PLC, Boston Branch. A purchaser who requires financing must make his own arrangements with a lender of his own choosing to finance the purchase of a Unit. All expenses and costs in obtaining such financing are to be borne by the purchaser and are not included in the purchase price of a Unit. NO REPRESENTATION IS MADE BY THE SPONSOR AS TO THE AVAILABILITY OR COST OF SUCH FINANCING. THE SPONSOR WILL HAVE NO LIABILITY OR RESPONSIBILITY TO ANY APPLICANT IF HIS APPLICATION FOR FINANCING IS NOT ACCEPTED, EXCEPT TO RETURN THE DOWN PAYMENT WITH INTEREST, IF ANY, PROVIDED THE PURCHASE AGREEMENT WAS CONDITIONED UPON OBTAINING SUCH FINANCING. The closing of title to a Unit where the purchaser has obtained financing will take place simultaneously with the closing of the mortgage loan and the proceeds will be applied toward the then balance of the purchase price.

The Sponsor, through its parent company, St. James Holding Company ("Mortgagee"), hereby agrees to extend financing on the terms stated below to bona fide purchasers whose creditworthiness and financial standing are deemed satisfactory to the Sponsor. Creditworthiness and financial standing will be judged by uniform standards to be determined on a non-discriminatory basis by the Sponsor.

The terms of the financing offered by the Sponsor are as follows:

Amount Financed: 80% of the Purchase Price (or such lesser amount as the borrower may elect)

Annual Interest Rate: 10.56%

Term (Maturity): Ten (10) years.

Payments Terms: Principal and interest payments will be payable in equal monthly installments on the first day of each month. Monthly Payments will be applied to interest before principal. Payment will be based upon a 20-year amortization schedule. The final payment on the tenth anniversary of the loan will

be a "Balloon Amount" equal to the amount of the unpaid principal plus accrued interest.

Prepayment: The loan may be prepaid in full or in part at any time upon thirty (30) days prior written notice.

Security: The borrower's shares and Unit Lease will be pledged to secure repayment of the loan.

Events of Default: (a) Failure to timely make loan payments.

(b) Failure of the borrower to comply with all terms of the borrower's Unit Lease.

(c) The commission by the borrower of any act of bankruptcy; the entering into by the borrower of any composition or arrangement with or for the benefit of creditors; the entering by the borrower into liquidation proceedings except for the purposes of amalgamation or reconstruction.

(d) The assignment, subletting, demising, conveyance, appointment, granting or releasing of the Unit and the appurtenant shares, or any part thereof, by the borrower without the consent of the Mortgagee.

(e) Failure by the Borrower to comply with all of the terms and conditions of all loan documents.

Late Charge: 1% Monthly.

Commitment Fees or Points: Origination Fee of 1% of Purchase Price. The origination fee covers all processing fees, appraisal fees and credit report fees.

Documentation: The borrower will execute and deliver all documents necessary in the opinion of the Mortgagee or Mortgagee's counsel to create a perfected first lien security interest in the shares and Unit Lease in favor of the Mortgagee and to comply with all applicable Truth-in-Lending laws and regulations. Documents presently anticipated for execution include a Deed of Mortgage (Exhibit K), Memorandum of Deposit of Shares (Exhibit L) and Promissory Note (Exhibit M). The borrower may also be required to execute other documents which are customarily required by institutional lenders who grant condominium loans. The borrower will be

required to execute all of the aforesaid documents at a time and place designated by the Mortgagee.

Loan Closing Costs:

See Section XIII of the Plan entitled "Closing Costs and Adjustments".

The above discussion is not intended to be a full summary of the terms and conditions of the loans, but only a guide to some of the important terms of the same. Accordingly, such discussion is subject to the conditions, restrictions and limitations contained in the actual documents to be executed and delivered by Purchasers.

The Sponsor will not refinance or extend the loan at its maturity. The Sponsor makes no representation regarding the cost, terms or availability of refinancing the loan upon its maturity. Refinancing of the loan may not be available on the same or better terms.

IX. CHANGES IN PRICES OF UNITS

The Sponsor will not make any change in the size or number of Units, their respective number of shares or in the amount or quality of common elements except by duly filed amendment to the Plan.

No change in the size or layout of a Unit, its number of shares or in the amount or quality of common elements directly affecting or servicing a Unit will be made where a Purchase Agreement has been executed and delivered to the Sponsor for that Unit and where the purchaser is not in default under the terms of the agreement unless such purchaser consents to such change.

The prices for these condominium interests may be changed from those set forth in this Offering Plan so that purchasers may pay different prices for similar interests. No such change will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sales prices below the Offering Plan prices without filing an amendment to the Plan at any time during the offering where a reduction in sales prices does not constitute a general offering but is rather the result of an individually negotiated Unit purchase.

Although the Sponsor intends to use the materials, fixtures, appliances and equipment described herein and in the building plans, the Sponsor reserves the right to substitute materials, fixtures, appliances and equipment of substantially equal quality for any of those set forth provided they are in accordance with the requirements of the Bermuda Department of Planning.

X. PROCEDURE TO PURCHASE

The Sponsor hereby offers for sale the Residential Units to be constructed in the Condominium for residential occupancy in accordance with applicable municipal zoning regulations. Occupancy of a Residential Unit or a portion of a Residential Unit by a lessee or lessees of the Unit Owner for residential purposes shall be deemed in accordance with residential occupancy.

The sales prices at which the Units are being offered are shown in detail in Schedule A. The Sponsor reserves the right to change the sales prices. Any such change will not affect the number of shares allocated to a Unit. However, some purchasers may pay less or more for the same model Unit.

The Sponsor will offer prospective purchasers the right to enter into a non-binding Sales Reservation Agreement ("Reservation Agreement") prior to the execution of a Purchase and Sale Agreement. Upon the execution of the Reservation Agreement a purchaser will deposit the sum of US \$2,000. The Reservation Agreement will contain a specified period of effectiveness. During said period of effectiveness, the Sponsor will agree to enter into a Purchase and Sale Agreement (the "Purchase Agreement") with the prospective purchaser for the reserved Unit at the reserved purchase price. During said period, the Sponsor agrees not to offer the reserved Unit to any other party. The prospective purchaser will have a right to receive a full return of his US \$2,000 deposit at any time during said period upon the forwarding to the Sponsor of a cancellation notice. If the purchaser fails to forward to the Sponsor said cancellation notice within the term of the Reservation Agreement, the Sponsor will have the right to retain a predetermined sum as liquidated damages and the parties will be relieved of all further obligations to each other.

Any person may accept the Sponsor's offer to sell the Units by entering into a Purchase Agreement with the Sponsor. The Purchase Agreement provides that the Purchaser will purchase from the Sponsor a designated Unit in St. James Court, as described in this Plan. Purchasers will be afforded the right to cancel the Purchase Agreement at any time during the seven day period following its execution. Any conflict between the Offering Plan and the Purchase Agreement will be resolved in favor of the Offering Plan.

The Purchase Agreement is contingent upon the purchaser obtaining from the Bermuda Government a license to acquire the Unit within six months from the date of said Agreement.

Upon signing the Purchase Agreement the purchaser will make a down payment of not more than ten (10%) percent of the total price of his Unit. At the closing, upon full payment of the purchase price in cash or by mortgage, the purchaser will receive a 999 year lease for the Unit in the form annexed hereto as Exhibit

E, together with a transfer to the Unit Owner of the shares of the Condominium Association allocated to said Unit in the form annexed hereto as Exhibit F. Said lease will convey good and marketable title of the leasehold interest in the Unit, free and clear of all liens and encumbrances other than those set forth on pages 27 and 28. The Purchase Agreement may be modified with the consent of the purchaser and the Sponsor in a manner not inconsistent with law, subject to the terms of this Offering Plan.

All monies received by the Sponsor directly or through its agents or employees will be held in escrow by the Bermuda law firm of Appleby Spurling & Kempe in trust until the closing of title to a particular Unit. All funds received by the Sponsor will be handled in accordance with the provisions of Section 352-h and 352-e(2)(b) of the General Business Law and Section 71-a(3) of the Lien Law and will be employed by Sponsor only in connection with the consummation of the Plan. Section 71-a(3) of the Lien Law requires that, at the purchaser's option, the deposit funds be placed in an interest bearing escrow account in a bank, trust company, savings bank, or financial institution. Said monies must be deposited within five (5) business days of entering into the contract. The Sponsor must advise the purchaser in writing within ten (10) business days after the deposit has been made. Such deposit, together with the interest accumulated thereon, will remain the property of the purchaser until consummation of the Plan or until the Sponsor is entitled to such funds pursuant to the terms of the Purchase Agreement and the Offering Plan.

Such funds will be held in a segregated account of the Bermuda law firm of Appleby Spurling and Kempe held in the Bank of Nt. Butterfield & Son, Front Street, Hamilton, Bermuda. The signature of a partner of the above law firm will be required to withdraw any of such funds. Such funds will be payable to the Sponsor upon the closing of title to the Unit covered by the Purchase Agreement. Interest, if any, earned on such funds will be turned over or assigned to the purchaser at the closing. In the event of a default by the purchaser under such Purchase Agreement, which default continues for thirty (30) days after notice of such default from the Sponsor to the purchaser, the down payment to a maximum of ten (10%) percent of the purchase price plus the actual cost of any special work ordered, may be released to the Sponsor from such account as liquidated damages and thereafter neither party shall have any rights or obligations against or to the other. In lieu of the Sponsor retaining the above amount as liquidated damages, the Sponsor reserves the right to charge interest on the balance of the purchase price at the maximum rate of interest permitted by law and/or institute legal proceedings to compel the purchaser to comply with the terms of the Purchase Agreement. If the Sponsor cannot convey title to the Unit by reason other than the default of the purchaser, all monies advanced by the purchaser hereunder shall be returned to the purchaser, together with all interest, if any,

earned thereon. The deposit money may also be withdrawn if the purchaser rescinds the Purchase Agreement or upon mutual written consent between the purchaser and the Sponsor.

In the event of a failure by the Sponsor to convey title as set forth herein to any Unit on or before nine (9) months after the date of delivery of title set forth in the respective Purchase Agreement, the purchaser will have the option to cancel the agreement and to have all monies refunded by the Sponsor, with interest, if any.

The closing date will be 30 days after the latter of the following events to occur; (a) the deliverance to the purchaser's attorneys of the approved license to acquire; and (b) the deliverance to the purchaser's attorneys of the certificate of occupancy issued by the Bermuda Department of Planning. Said notice will also include notice of the purchaser's obligation to pay the balance of the purchase price and the date when the first month's common charges are due.

The risk of loss or damage to the Unit by fire or any other cause until the delivery of the lease or until the purchaser takes actual possession of the Unit pursuant to written agreement is assumed by the Sponsor. The Purchase Agreement is contingent upon the purchaser obtaining adequate financing. The purchaser will be required to furnish, deliver and/or execute all required documents to obtain such financing. Failure to comply with this requirement will be considered a material breach of the Purchase Agreement. If, after having complied with this requirement, the purchaser is unable to obtain the approval of the lending institution within forty-five (45) days from the date of acceptance of the Purchase Agreement by the Sponsor, then the Purchase Agreement shall be deemed cancelled and all monies previously deposited shall be returned to the Purchaser with interest, if any minus a \$500 legal and administrative fee. Thereafter, both the Sponsor and purchaser will be released from any liability. However, the Sponsor reserves the right for a period of thirty (30) days after it receives notice of the purchaser's inability to obtain financing to designate another lending institution or to grant the mortgage loan itself on the same terms and conditions.

Purchasers should be aware that a mortgage commitment may expire prior to closing. In the event that the lending institution cancels or does not extend an expired firm commitment prior to the closing of title through no fault of the purchaser, the Sponsor will refund all monies to Purchaser with interest, if any, or Sponsor may at its option attempt to secure alternate financing within thirty (30) days on the same terms and conditions.

XI. EFFECTIVE DATE OF THE PLAN

The Sponsor's offer to sell the Units is contingent upon the Plan being declared effective and no closing to a Unit will be

held until the Plan is declared effective. This Offering Plan will become effective on any date determined by the Sponsor by the giving of written notice of such effectiveness to purchasers. The Sponsor will, within three (3) business days of said notice, disclose the Plan's effectiveness by filing an amendment to this Plan and will thereafter file an affidavit of service of the notice on all purchasers.

The Sponsor will declare the Plan effective once it has accepted Purchase Agreements for at least five (5) Residential Units representing a minimum of fifteen (15%) percent in number of all the Residential Units. Once the Sponsor has declared the Plan effective, the Sponsor reserves the right to abandon the Plan at any time prior to the first closing of title to a Unit for any defect in title which cannot be cured without litigation or cannot be cured for less than US \$20,000, or for substantial damage or destruction of the Building by fire or other casualty which cannot be repaired for less than US \$20,000 (as estimated by the insurance adjuster retained by the Sponsor) or the taking of any material portion of the Property by condemnation or eminent domain. There will be no obligation on the part of the Sponsor to incur expense in excess of US \$20,000 or engage in litigation to cure title defects. The Sponsor will declare the Plan effective prior to the closing of title to the first Unit. In the event that the Sponsor abandons the Plan, it shall promptly file an amendment to the Plan confirming the abandonment or file a notice of abandonment on a form required by the Department of Law.

XII. CLOSING OF LEASEHOLD TITLE TO UNITS

A date for the closing of leasehold title will be set by the Sponsor in accordance with the Purchase Agreement upon at least thirty (30) days written notice to the purchaser. Said notice will also include advice on the purchaser's obligation to pay the balance of the purchase price and the date when the purchaser will be required to commence payment of the first quarter's common charges. The balance of all sums due under the Purchase Agreement must be forwarded to the Sponsor's attorneys in a negotiable form at least twenty four (24) hours prior to the closing date. On the closing date a leasehold interest in the Unit will be conveyed to the purchaser together with the shares of the Condominium Association allocated to said Unit. The closings of leasehold title to the first Units are expected to commence in September of 1987. Such closings, however, will only take place after or simultaneously with the happening of the following events:

1. The issuance of a temporary or permanent Certificate of Occupancy for the Unit or Building in which the Unit is located and any other necessary permits.
2. The Unit will not be subject to the lien of any mortgage at the time of closing except any mortgage requested

by the purchaser at the time of closing representing a purchase money mortgage or mortgages taken by the purchaser.

3. The purchaser having received at least thirty (30) days written notice of the closing and having had an opportunity to inspect the Unit.
4. The filing of an amendment to the Offering Plan disclosing that the Plan has been declared effective pursuant to the terms of the section of the Plan entitled "Effective Date of the Plan" and that the Units to be closed have been constructed in accordance with the plans and specifications filed with the Bermuda Department of Planning, and that the Sponsor has or will promptly comply with the requirements of paragraphs 1 through 6 hereof.
5. The delivery to the Unit Owner of a 999 year lease in the form set forth in Exhibit E together with a transfer to the Unit Owner of the shares of the Condominium Association allocated to said Unit in the form annexed hereto as Exhibit F.
6. The purchaser will receive any manufacturers' warranty certificates with respect to equipment and appliances installed in the Unit and the Sponsor will assign any warranties with respect to equipment and appliances installed in the common elements to the Board of Directors.

Title to the Unit will be subject to the following:

1. State of facts of the Property as shown on a survey made by Gauntlett & Jones, Chartered Surveyors, dated November, 1984.
2. Any state of facts which an accurate survey of the Unit would show provided such state of facts would not render title unmarketable;
3. Any sewer, water, electric, drainage, telephone, cable television or other utility easements or consents granted or to be granted hereafter;
4. All of the terms, covenants and conditions of the Condominium By-Laws and the Offering Plan and any amendment thereto;
5. All easements set forth in the 999 year lease (the "Lease") and in the Offering Plan and Purchase Agreement including:

- (a) Easements in favor of the Owners of other Units to use the pipes, wires, conduits, cable television, and public utility lines located in the common elements or in the Unit itself servicing such other Units and/or the common elements;
- (b) Easements in favor of the Board of Directors, its agents, contractors or employees to have a right of access to the Unit and to the common elements to inspect, maintain or repair or to make repairs to the Unit to prevent damage to the common elements or any other Units, to make repairs to the common elements, to any wires, pipes, conduits or cable television system servicing any of the Units or to make repairs to any other Unit;
- (c) Easements in favor of those Units having restricted use to portions of the common elements; and
- (d) Easements for the continuance of encroachments on the Unit and on the common elements by other Units or portions of the common elements, now existing by reason of the construction of the Units, or hereafter occurring by reason of the settling or shifting of the Units, or by reason of the repair and/or restoration by the Board of Directors of the Units or such other Units or such common elements, after damage by fire or other casualty or after taking in condemnation or eminent domain proceedings, or by reason of an alteration to the common elements made by the Board of Directors, so that any such encroachments may remain as long as the Units stand.

The Sponsor has been advised by its Counsel that in counsel's opinion, none of the exceptions to title hereinabove set forth are contrary to the terms of the Purchase Agreement nor do they interfere with the quiet use and enjoyment of the purchaser's Unit as represented in this Offering Plan. However, the underlying documents concerning the exceptions will be available to a purchaser's attorney for inspection at the office of the Sponsor both prior to and following the execution of the Purchase Agreement.

XIII. CLOSING COSTS AND ADJUSTMENTS

The estimated closing costs and expenses to be borne by each purchaser are as follows:

(a) Legal Fees to Sponsor's Bermuda Attorney

Closing	BD \$1,500.00
Obtaining License to Acquire	BD \$ 500.00

(b) Stamp Duty

Lease - 1st BD \$100,000 at 1/2% of purchase price; after \$100,000 at 1% of purchase price.

Purchase Agreement to Acquire - BD \$11.00

(c) Fee For License to Acquire - 10% of purchase price (in U.S. Dollars)

(d) Multiple Re-entry Permit - BD \$50.00

- (e) The Sponsor is unable to estimate the total closing costs and expenses to be borne by each purchaser, since each purchaser will be responsible for any expenses and costs that may be charged by the lending institution which he may choose, if any. The expenses and costs of obtaining a mortgage may include an origination fee from said lending institution for placing a mortgage commitment, attorneys' fees, appraisal and credit fees.

In addition, the purchaser will be responsible for the recording fees of the mortgage.

- (f) Each purchaser of a Residential Unit shall contribute two months common charges as initial Working Capital, to be used by the Board of Directors of the Condominium Association. One month's common charges are to be utilized for initial working capital and one month's common charges are to be utilized for Capital Replacement Reserve. The initial Working Capital fund will be used to pay for budget items which will be payable prior to the time that sufficient monthly common charges and assessments have accrued to pay these items. While the Sponsor is in control of the Board of Directors of the Condominium, the Working Capital fund will not be used to reduce the common charges. If any portion of the Working Capital fund is used during this period, such amounts will be repaid to such Fund out of common charges collected and the entire balance of such Fund will be turned over intact to the new Board at such time as the Sponsor turns over control of such Board.

In addition, should the purchaser elect to obtain a purchase money mortgage, he may be required by the lending institution to deposit monthly with the lending institution commencing with the closing date a reserve for the payment of real estate taxes. The amount of the deposit is usually a multiple of the estimated monthly real estate taxes and will usually vary in accordance with the date of closing of title to a particular Unit.

Each purchaser will be responsible for the payment of fees of his own attorney. The recording charges, License to Acquire Fee

and Multiple Re-Entry Permit Fee set forth above are those in effect as of the date of this Offering Plan. If said premiums, charges or rates are subsequently revised by the Bermuda Government, each purchaser will be required to pay the charges and fees in effect as of the date of the closing of title to his Unit. The Sponsor anticipates that the only items which will be apportioned at the closing of title to Units will be real estate taxes, common charges, if they have been declared due and payable by the Board of Directors and prepaid insurance premiums.

XIV. CONDOMINIUM ASSOCIATION

The Condominium Association was formed on December 18, 1984 under the Bermuda Companies Act of 1981. It has an authorized capital of 1,000,000 shares, par value of One Bermuda Dollar each. All of the shares of the Condominium Association are presently owned by St. James Holding Company, an affiliate of Liberty Mutual Insurance Company. The By-Laws of the Condominium Association provide that the Unit Owners are entitled to elect a Board of Directors consisting of not more than twelve (12) nor less than three (3) directors. The present directors and officers are all designees of the Sponsor. Annual meetings are held in May. No director or officer may receive any compensation without the affirmative vote from the holders of a majority of the issued and outstanding shares in the Condominium Association.

The By-Laws of the Condominium Association provide that its shares are divided into three (3) classes as follows:

- Class A. Class A shares are all shares held by leasehold Residential Unit Owners
- Class B. Class B shares are all shares held by the leasehold Retail Unit Owner(s)
- Class C. Class C shares are all shares held by any person requiring at least one share in the Condominium Association in order to qualify him to serve as a Director.

Those shares held by leasehold Residential Unit Owners and the leasehold Retail Unit Owner(s) will be designated "Leaseholder Stock" and each share will have one vote. Notwithstanding the foregoing, however, the leaseholder stock held by the Sponsor for a period of three (3) years from the date of the first Closing of a Residential Unit or until seventy-five (75%) percent of all Residential Units have been sold (whichever occurs first), shall be designated "Developer Stock" and each share will have four votes.

The By-Laws may be amended at a duly called meeting of the Unit Owners by the affirmative vote of the holders of not less than seventy-five (75%) percent of the issued and outstanding

shares in the Condominium Association, in person or by proxy, entitled to attend and vote thereat.

The Condominium Association will have a lien upon the shares owned by each Unit Owner to secure payment of rent (common charges), assessments and all indebtedness and obligations owing, and to be owing.

All expenses incurred in connection with the formation of the Condominium Association and the promulgation and consummation of the Plan, including the Selling Agent's commissions, will be paid for by the Sponsor.

XV. RIGHTS AND OBLIGATIONS OF THE SPONSOR

No bond or other security has been furnished to secure performance of the following obligations. All obligations pertaining to the common elements shall be enforceable only by the Board of Directors on behalf of the Unit Owners and not by the individual Unit Owners. During the time the principals of the Sponsor control the Board, it is within their sole power to enforce the obligations of the Sponsor pertaining to the common elements and, therefore, Sponsor agrees that during such period it will in its capacity as the Board of Directors, enforce such obligations when required to do so by a resolution duly passed by a majority of the Unit Owners, excluding Sponsor, at a special meeting of the Unit Owners called for such purpose. Upon the conveyance of title to the first Unit, the Sponsor will deliver a letter to the Board of Directors obligating the Sponsor to perform the following obligations:

1. The Sponsor will be obligated to pay off and otherwise comply with the terms of any mortgage on the Property. Before the closing of title to the first Unit, such mortgage will be satisfied, or subdivided, extended and consolidated with the individual permanent mortgages which will be placed on the Units of those purchasers obtaining purchase money mortgages. In addition, before the closing of title to the first Unit, all liens affecting the Condominium shall be paid and satisfied or the Unit being conveyed and its appurtenant shares shall be released therefrom by partial release duly recorded.
2. Until title to all Units is passed to bona fide purchasers, the Sponsor will pay such common charges and assessments as are assessed by the Board of Directors on Units to which title has not yet passed.
3. The Sponsor will obtain a temporary or permanent Certificate of Occupancy and any other certificate or permit required by law for the Unit or the Building in which the Unit is located, and will, at its own cost, perform

any work and supply any materials necessary to obtain a permanent Certificate of Occupancy and all other certificates or permits covering electrical work from the local governmental authority.

If a permanent Certificate of Occupancy for a Unit has not been issued as of the date of closing of title to such Unit, the Sponsor will continue to hold all monies previously deposited and being held in escrow pursuant to Section 352-e(2)(b) of the General Business Law until a permanent Certificate of Occupancy is issued or until the Sponsor secures a certification from an architect or engineer that a lesser sum is needed to complete the work needed to obtain the permanent Certificate of Occupancy. Such certification must be based upon the report of the inspector responsible for the issuance of the temporary Certificate of Occupancy.

Alternatively, the Sponsor may deposit with an escrow agent an unconditional, irrevocable letter of credit or post a surety bond in the amount certified by the Sponsor's engineer or architect. In such event, the Sponsor will disclose said fact by means of a duly filed amendment to the Offering Plan.

In the event an institutional lending institution which is making a mortgage loan on an individual Unit requires monies to be deposited with it in escrow to insure that a permanent Certificate of Occupancy covering the Unit is issued, the Sponsor's escrow agent is authorized to turn over the escrow deposit to such lending institution.

4. The Sponsor will pay all contractors, subcontractors and materialmen and all others involved in the construction of the Condominium for work performed and fixtures, material and equipment supplied or installed in the construction of the Condominium and will cause all mechanic's liens arising out of the construction of the Condominium or the furnishing or installation of fixtures or equipment, to be discharged promptly after the liens are filed.
5. The Sponsor will pay all expenses incurred prior to the closing of the first Unit, and will bear and pay all costs and expenses incurred in connection with the creation of the Condominium whenever such costs or expenses are incurred or in connection with the sale of all of the Units held or owned by the Sponsor and will pay all selling expenses including, but not limited to, advertising and printing costs, architect fees, and costs of filing this Offering Plan and amendments thereto.

6. The Sponsor will diligently, expeditiously and at its own cost, complete construction of the Condominium substantially in accordance with the plans and specifications described herein and will diligently perform all of its obligations set forth in this Offering Plan and will deliver to the Board of Directors a copy of "as built" plans filed with the Bermuda Department of Planning or any amendment thereto. The delivery of filed floor plans will take place upon the completion of construction of the Condominium or at such time as Unit Owners independent of the Sponsor obtain control of the Board of Directors, whichever occurs later.

Notwithstanding the foregoing, the Sponsor reserves the right to change the size, number, interior layout and location of any Unit and other improvements or Common Elements, provided such changes do not change or adversely affect the value or share allocation of any Unit to which title has closed or for which a Purchase Agreement has been executed and is in effect unless all affected Unit Owners consent in writing to such a change and all affected purchasers are given the right to rescind their Purchase Agreements and to receive the return of their down payments together with interest thereon, if any. No such change will be made other than pursuant to a duly filed amendment to the Offering Plan.

7. The Sponsor has no obligation to defend any suits arising out of any acts or omissions occurring prior to the closing of the first Unit except claims arising out of the acts, omissions or representations of the Sponsor.
8. The Sponsor will correct any defect in the construction of a Unit or the common elements, or in the installation or operation of any mechanical equipment therein, due to improper workmanship or material substantially at variance with this Offering Plan provided and on condition that it is notified in writing of such defect(s) within six (6) months from the closing of title to or first leasing of such Unit or; (b) in the case of common elements, the Sponsor is notified of or becomes aware of such defect(s) within six (6) months from the date of final completion of the defective portion(s) of the common elements or the date of closing of title of the first Unit to a bona fide Purchaser, whichever is later, as the case may be. The quality of construction shall be comparable to local standards customary in the particular trade and in accordance with the plans and specifications. The Sponsor makes no warranties as to appliances, except that it will deliver to each purchaser, the manufacturer's warranties thereon as set

forth in paragraph 9 below. In no event shall the Sponsor be responsible for the partial or total death of any trees, shrubs, bushes or other landscape improvements, nail pops, ridging, lumber shrinkage, normal settlement or any consequential damage resulting therefrom, normal plumbing and heating noises, normal settlement cracks on concrete foundations, terraces, sidewalks and other flat work, scuffing of kitchen cabinets or vanity surfaces, variations of wood grain or staining of kitchen cabinets or vanities or minor chips to formica tops, edges and surfaces. Subsequent to the conveyance of title to a Unit, the Sponsor shall not be responsible for paint touch-ups, repair of dented appliances, porcelain or formica chips and scratches in tubs, vanities or countertops. The Sponsor has no obligation to make any repair to the Units or the common elements except as expressly set forth in the Offering Plan. Nothing contained herein shall be construed to render the Sponsor liable for consequential damages (whether based on negligence, or breach of contract, warranty, or otherwise), it being intended that the Sponsor's sole obligations pursuant to this section of the Plan shall be to repair or replace (at the Sponsor's option) any defective item of construction (whether arising as a result of substantial defects in material or improper workmanship) subject to the terms and conditions (and within the time limits) set forth in this section of the Plan.

9. The Sponsor will deliver to the purchaser and/or the Board of Directors upon the closing of the first Unit all manufacturers' and subcontractors' heating, plumbing, appliance warranties relating to the purchaser's Unit or the common elements, if any, to the extent made by such manufacturers and subcontractors and to the extent such warranties are assignable.
10. Until (i) eleven (11) months after the obtaining of control of the Board by Unit Owners independent of the Sponsor, or (ii) eleven (11) months after the closing of title to the last Unit, whichever is sooner, provided the Condominium is completed, the Sponsor will not voluntarily assign, transfer or sell its interest in the real estate, comprising St. James Court which is the subject of this offering, except in accordance with this Offering Plan, and the principals of the Sponsor will not voluntarily reduce by more than 49% their equity interests or their voting rights in the Sponsor. Further, during such period the principals of the Sponsor shall not voluntarily liquidate or dissolve the

Sponsor or make any distribution of assets of the Sponsor except for the payment of any expenses (including salaries, fees and other expenses) and repayment or reduction of the obligations of the Sponsor pertaining directly or indirectly to this offering.

However, the principals of the Sponsor may freely transfer their equity interests in the Sponsor and the Sponsor may be liquidated at any time after completion of the Condominium and may distribute any of its assets even though such distribution does not pertain to this offering, at any time thereafter if the principals of the Sponsor deliver to the Board of Directors a bond issued by a surety company licensed to do business in Bermuda or set aside cash in a special bank account to the Board of Directors for the purpose of securing the obligations of the Sponsor, which bank account or bond shall be in the amount of US \$25,000 and which bond shall run for a term and bank account shall remain intact for a term ending eleven (11) months after the obtaining of control of the Board of Directors by Unit Owners independent of the Sponsor, or eleven (11) months after the conveyance of title to the last Unit, whichever is sooner, and in the case of liquidation, after thirty (30) days' notice of intention to liquidate is given to all Unit Owners. If the Sponsor is liquidated as set forth above and the US \$25,000 bond is not sufficient to meet the Sponsor's warranty obligations under the Plan, a purchaser or the Board of Directors may be required to seek regress by legal action or other means. No representation is made as to the eventual outcome of such action.

This paragraph 10 shall in no way be deemed as a limitation of any of the Sponsor's liabilities or of any of the rights and remedies of the Unit Owners pursuant to law.

11. The Sponsor will procure, on behalf of and at the expense of the Condominium, the insurance policy or policies set forth in the footnotes to Schedule B of the Offering Plan.

The Sponsor reserves the right to sell or sublet a Unit without the consent of the Board of Directors.

The Sponsor reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under, and across the common elements of the Condominium for the purpose of completing construction and sale of Units and facilities in the Condominium

and, towards this end, reserves the right to grant and reserve easements and rights-of-way in, through, under, over and across the common elements for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television, and other utilities and for any other materials or services necessary for the completion of the work. The Sponsor also reserves the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the streets and roads or other areas of the common elements. The Sponsor will be obligated to pay for the cost of any utilities it uses as a result of its use of the easements, licenses, rights, and privileges of a right-of-way. Finally, the Sponsor reserves the right to continue to use the common elements, any facilities, sales offices, model Units, signs, and parking spaces located on the common elements, in its efforts to market Units constructed in the Condominium. The Sponsor will be obligated to repair any damages to the common elements caused as a result of its use of the easements, licenses, rights and privileges of a right-of-way to complete the Condominium within a reasonable period of time after completion of the Condominium.

XVI. CONTROL BY THE SPONSOR

The present Board of Directors of the Condominium Association consists of principals, employees and agents of the Sponsor. The Unit Owners, independent of the Sponsor, will have the right to participate in the next Annual General Meeting of the Condominium Association to occur subsequent to the closing of the first Unit.

The By-Laws do not contain a specific date upon which control of the Condominium Association will be transferred to Unit Owners independent of the Sponsor. Rather, the By-Laws state that for the period ending upon the earlier of the sale of 75% of the Units or three years, the Sponsor will be entitled to four votes for all shares held by it.

XVII. RIGHTS AND OBLIGATIONS OF RESIDENTIAL UNIT OWNERS; SUMMARY OF THE UNIT LEASE

The form of the Unit Lease ("Lease") referred to in the Plan and to be used by the Condominium Association appears in Part II as Exhibit E. All Leases to be entered into between St. James Court Ltd. ("Condominium Association"), St. James Management Company, Ltd. ("Sponsor") and Residential Unit Owners ("Unit Owners") will commence on the Closing Date and will have a term expiring in 999 years.

The following is a summary of certain provisions of the Lease:

Rent (Common Charges)

The annual rent ("common charges"), payable by each Unit Owner will be fixed by the Board of Directors. Unless otherwise determined by the Board of Directors, the common charges will be payable in quarterly installments, in advance, on the first day of October, January, April and July of each year. Each Unit Owner will be required to pay common charges equal to his proportionate share of (i) the cash requirements for the operation and maintenance of the Property, and (ii) such reserves for contingencies as may be provided for by the Board of Directors. A Unit Owner's proportionate share of such amounts is based on the ratio of the number of shares allocated to his Unit to the number of issued and outstanding Class A and Class B shares (shares are based on the proportion the square footage of his Unit bears to the total square footage of all Units and commercial/retail space comprising the Property).

In addition to common charges, each Unit Owner will be required to pay his Unit's charges for (i) telephone usage, (ii) electricity consumption, (iii) excess water usage in accordance with any Condominium Association regulation and (iv) real estate taxes for the Unit payable under The Land Valuation and Tax Act, 1967, or any Act amending or replacing same.

Any Unit Owner who fails to pay the common charges and other charges payable under the Lease for his Unit when same are due, will be required to pay interest, as additional rent, at the maximum rate permitted by law.

The Board of Directors has the right to include in the common charges the creation of a reserve for contingencies.

A Unit Owner who is in default of his obligations under his Lease will be required to reimburse the Condominium Association for all expenses, including reasonable attorneys' fees and disbursements, which it may incur in performing any acts on behalf of the Unit Owner, or instituting any action or proceeding against the Unit Owner based on such default.

Maintenance, Repairs and Alterations by Unit Owners

A Unit Owner may make any interior alterations or improvements to the Unit he desires without obtaining the consent of the Condominium Association as long as such alterations or improvements do not affect the Building in which the Unit is located or any other common element. Repairs to common elements will be the responsibility of the Board of Directors and the cost of such repairs will be common expense. In the event such alterations or improvements affect the structural soundness of the Building in which the Unit is located, the Unit Owner must first obtain the written consent of the Board of Directors. Each Unit Owner must give prior notice to

the Board of Directors and adjoining Unit Owners before he can make alterations to the electrical and plumbing systems including cables, pipes, wires or other fixtures located in the Unit.

Each Unit Owner is responsible for keeping the interior of his Unit in good repair. All maintenance to the Units including electrical repairs, plumbing stoppages, window cleaning, painting, repairs and replacements to the Units, including windows and doors abutting a Unit and repairs to pipes, wires and conduits located within and servicing the same Unit are required to be made by the respective Unit Owners at their own expense. Each Unit Owner will be responsible for the maintenance and portions of the common elements irrevocably restricted to his use, except for structural repairs thereto.

In the event that the Unit Owner fails to make any repair or creates any condition which affects the Building in which the Unit is located, the common elements or any other Unit, the Board of Directors may, upon 30 days' notice given in accordance with the provisions of the Lease, make such repair or correct such condition and charge the Unit Owner for the cost of such service. In the event it becomes necessary for the Board of Directors to bring any lawsuit or any proceeding to enforce its rights to make such repair or correct such condition or to collect any sum due on account thereof, the Board of Directors will also be entitled to collect reasonable attorneys' fees in connection with such suit or proceeding.

Access by Board of Directors

The Board of Directors and its agents, employees and contractors will have a right of access to any Unit and to all portions of the common elements for the purpose of carrying out any of its obligations under the Lease and By-Laws.

Restrictions on Occupancy and Use

Before a non-Bermudian may own a Unit, he must obtain the prior written consent of the Bermuda Government in the form of a license. Units may be used for residential purposes only, subject to other restrictions in the Lease and applicable Bermuda regulations. In no event, may a two bedroom Unit have more than four occupants above the age of twelve. In no event may a three bedroom Unit have more than six occupants above the age of twelve.

The Unit Lease contains the following use restrictions: No musical or mechanical instrument, singing, dancing or noise is permitted that is disturbing or a nuisance to other Unit Owners. No Unit Owner may throw or permit anything to be thrown whether of liquid or solid nature from any part of the Unit. No for sale, for rent or for lease signs may be displayed on the exterior of any Unit without the prior consent of the Board of Directors. Unit Owners must obtain the prior written consent of the Board of Directors

before they may keep any animals in the Unit. However, in no event may a Unit Owner harbor more than one cat or one small dog in his Unit. In addition, all Unit Owners must comply with all applicable Bermudian regulations relating to animals brought in from foreign countries. No plants or ornaments may be placed on any exterior windows in such a manner to impair the uniformity or appearance of the development. It is prohibited to hang garments, rugs, etc. from the windows or the Buildings or to string clothes lines on or over the common elements. No Unit Owner may moor any boats along the portion of the Flats Inlet that runs along side the Property. No Unit Owner may affix an aerial television antenna or satellite dish on the exterior of his Unit without the prior consent of the Board of Directors. No car parked in a carport may exceed the length of the carport. The carport areas may not be used for any purpose other than the parking of cars, motorcycles or vans. No trucks, commercial vehicles, trailers or boats may be parked in said garage areas. In addition, any such parking shall be subject to any restriction due to zoning or local ordinance requirements. See Exhibit E for complete details.

Assignments and Subleases

A Unit Owner may sell his shares, assign his Lease, or sublet his Unit, only in compliance with the provisions of the Lease and the By-Laws. These provisions require that consent thereto be authorized by resolution of the Board of Directors or given in writing by a majority of the Directors, which consent shall not be unreasonably withheld. However, in no event may a Unit Owner sublet a Unit for a period of less than six months.

A non-Bermudian Unit Owner must obtain a permit from the Bermuda Government before he may rent his Unit. The fee for obtaining the above rental permit is presently BD \$50.00 or 5% of the rental amount, whichever is greater. As a general rule, Bermuda law prohibits the inheritance by a non-Bermudian of property owned by a non-Bermudian. However, special consideration is given to non-Bermudian widows and widowers or Bermudian spouses and the non-Bermudian children of a Bermudian who inherit property by will, intestancy or court order.

Right Assign Shares and Lease as Collateral

A Unit Owner may execute a leasehold mortgage or create a security interest in his Lease and the shares appurtenant thereto, in favor of an institutional lender or Seller, and must promptly notify the Condominium Association. However, unless the Condominium Association agrees otherwise, the Condominium Association will not be obligated to notify the pledgee or assignee if the Unit Owner defaults under the Lease.

Amendment of Leases

The Lease of all Unit Owners may be amended by the affirmative vote of the holders of not less than seventy-five (75%) percent of the issued and outstanding shares in the Condominium Association.

Liens for the Non Payment of Common Charges

The Condominium Association will have a lien on each Unit Owner's shares to secure the payment of rent (common charges), assessments and all indebtedness and obligations owing and to be owed to the Condominium Association.

Indemnity by Unit Owners

Each Unit Owner agrees to indemnify the Condominium Association and hold it harmless from all liability, loss, damage and expense which may be occasioned by his failure to comply with the terms of his Lease.

Termination of Leases

A Unit Owner's Lease may be terminated upon the occurrence of certain events including the following: (i) if the Unit Owner becomes bankrupt; or he makes any assignment for the benefit of creditors; (ii) the Lease is assigned or the Unit sublet, occupied or used in violation of the Lease; (iii) if the Unit Owner defaults in payment of rent (common charges) for a period of ninety (90) days and fails to cure such default; (iv) if the Unit Owner defaults in performance of any of the other terms or conditions of his Lease and fails to cure such default; (v) if holders of at least 75% of the issued and outstanding shares of the Condominium Association terminate all Leases.

Insurance

The Condominium Association is required to secure and maintain, to the extent obtainable, full comprehensive insurance coverage for the Units for the full replacement value thereof and public liability and such other risks as the Condominium Association may deem necessary. Such replacement value will be fixed once annually by an independent person competent and experienced in the evaluation of property in Bermuda for construction and rebuilding purposes. In the event that any Unit is damaged or destroyed by an insured cause, the Condominium Association is required to use all insurance money received under the said insurance policy to rebuild the Unit as soon as practicable after the occurrence of such damage or destruction. THE CONDOMINIUM ASSOCIATION INSURANCE COVERAGE DOES NOT COVER FIRE AND LIABILITY INSURANCE FOR THE UNIT OWNER'S PERSONAL EFFECTS AND INTERIOR OF THE UNIT. PURCHASERS ARE ADVISED TO SECURE SUCH COVERAGE.

Compliance with Terms of
Lease, By-Laws and House Rules

Ownership of a Unit in the Condominium Association subjects the Unit Owner to compliance with the provisions of the Lease and By-Laws as well as any House Rules contained in the Lease or By-Laws established by the Condominium Association in accordance therewith. The Board of Directors may institute legal actions to enforce compliance with the provisions of the Lease and By-Laws as well as the House Rules established therewith.

Special Rights to Sponsor

The provision of the Lease and By-Laws that requires written consent of the Board of Directors prior to a Unit Owner making an alteration that will impair the structural soundness of the Building in which the Unit is located does not apply to the Sponsor.

THE FOREGOING SUMMARY OF CERTAIN PROVISIONS OF THE LEASE DOES NOT PURPORT TO BE A COMPLETE STATEMENT OF THE PROVISIONS THEREOF. PROSPECTIVE PURCHASERS ARE URGED TO READ THE ENTIRE LEASE.

XVIII. RIGHTS AND OBLIGATIONS OF BOARD OF DIRECTORS;
SUMMARY OF CONDOMINIUM BY-LAWS

The form of the By-Laws of the Condominium Association referred to in the Plan appear in Part II of the Plan as Exhibit G.

The following is a summary of certain provisions of the By-Laws:

Board of Directors

The affairs of the Condominium Association will be governed by a Board of Directors (the "Board"). The Board will consist of not more than twelve (12) nor less than three (3) members as determined by the Unit Owners at their annual meeting.

General Meetings

Annual General Meetings will take place in May of each year at such time and place as designated by the Board of Directors. An Annual General Meeting may be called upon written notice sent to all Residential and Retail Unit Owners at least 30 days but no more than 60 days prior to said Meetings. In addition, the Board of Directors has the right to convene General Meetings at such other time as it deems necessary ("Special General Meetings").

At all General Meetings, each Unit Owner will be entitled to cast one vote on each ballot for each share he owns. Notwithstanding the foregoing, for a period of three (3) years from the date of the first closing of a Residential Unit or until seventy-

five (75%) percent of the Residential Units have been sold, (which-ever occurs first) the Sponsor will be entitled to four votes for each share held by it. All Directors must own at least one share in the Condominium Association. See Article 3.2 of the By-Laws as to the Sponsor's right to four votes for each share held by it.

Removal of Members of the Board of Directors

Directors may be removed by an affirmative vote of the holders of a majority of the issued and outstanding shares in the Condominium Association. No Director may continue to serve on the Board if, during his term of office, he ceases to own at least one share in the Condominium Association.

Powers and Duties of Board of Directors

The property and business of the Condominium Association will be managed by its Board of Directors. The powers of the Board of Directors include, but are not limited to, the following items:

1. To operate, care for, upkeep and maintain the common elements and facilities of the Property and to enter into service contracts relating to the Property;
2. To repair, improve and alter the common elements and facilities of the Property;
3. To determine the cost of administering the affairs of the Condominium Association and the cost of maintaining the Property;
4. To collect maintenance expenses ("common charges") from Unit Owners;
5. To employ and dismiss the personnel necessary to maintain and operate the Property;
6. To adopt and amend the rules and regulations governing the operation and use of the Property;
7. To obtain insurance covering the Property;
8. To repair and restore the Property after damage or destruction by fire, flood, storm or other casualty;
9. To lease or to otherwise acquire, in the name of the Condominium Association or its nominee, Units on the Property offered for sale or surrender;
10. To lease a Unit to a resident superintendent on the terms contained in the Lease;

11. To sell, lease or manage parking spaces acquired by the Condominium Association to Unit Owners;

12. To determine the cash requirements as defined in the Leases, and define the terms and manner of payment of common charges under the Leases. The Board of Directors will have discretionary power to prescribe the manner of maintaining and operating the Property, and to determine the cash requirements of the Condominium Association to be paid as aforesaid by the Unit Owners under their respective Leases. Every such determination by the Board of Directors will be final and conclusive as to all Unit Owners, and any expenditures made by the Condominium Association officers or its agent, under the direction of, or with the approval of, the Board of Directors of the Condominium Association will, as against Unit Owners, be deemed necessarily and properly made for such purpose;

13. To adopt and amend such house rules as it may deem necessary in respect of the Property;

14. To borrow money on behalf of the Condominium Association subject to the affirmative vote from the holders of a majority of the issued and outstanding shares in the Condominium Association.

Officers

The officers of the Condominium Association will be chosen by the Board of Directors and will be a chairman of the board (if elected), a president, a vice president, a secretary and a treasurer. The Board of Directors may also choose one or more assistant secretaries and assistant treasurers and such other officers as in their judgment may be necessary. The President and Vice President are required to be members of the Board of Directors.

The President will be chief executive officer of the Condominium Association, and will preside at all meetings if no Chairman of the Board is elected or he is absent. The President will have general and active management of the business of the Condominium Association and will see that all orders and resolutions of the Board are carried into effect.

The Vice President will take the place of the President and perform his duties whenever the President is not able to do so.

The Secretary will record all votes and the minutes of all proceedings in a book.

The Treasurer will have the responsibility for keeping full and accurate financial records and books of accounts showing all receipts and disbursements for the preparation of all required financial data. He shall insure the deposit of all monies and other valuable effects of the Condominium Association in such depositories as shall be designated by the Board of Directors.

Repairs, Alterations
and Improvements to Common Elements

All maintenance, repairs and replacements to the common elements of the Property, including but not limited to exterior walls of the Buildings, roof and roof members plus all maintenance, repairs and replacements to any pipes, wires, conduits and public utility lines, any portion of which is located in one Unit and services another Unit or more than one Unit or so much of any pipes, wires, conduits and public utility lines as are located in the common elements but serve one or more Units shall be made by the Board of Directors and the cost thereof shall be a common expense. All normal (non-structural) maintenance of limited common elements is the responsibility of the Unit Owner to whom such common element is limited in use. All repairs to the exterior of any door, fence, Building, open area or other generally visible portion of the Condominium Association must conform with the style and colors initially installed by the Sponsor. The Board of Directors will repair all plumbing stoppages and electrical repairs occurring in the common elements. The Board of Directors will have a right of access to any Unit and to all portions of the common elements for the purpose of carrying out any of its obligations under this Offering Plan, the By-Laws or the Lease for a Unit.

Restoration or Reconstruction After Fire,
Flood, Storm or Other Casualty

In the event of damage to or destruction of any of the Buildings as a result of fire, flood, storm or other casualty, the Board of Directors will arrange for the prompt repair and restoration of the Building or Buildings and the Board of Directors will disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds will constitute a common expense and the Board of Directors may assess all the Unit Owners for such deficit as part of the common charges.

Insurance

As described at page 40, the Condominium Association will be required to secure and maintain, to the extent obtainable, fully comprehensive insurance coverage for the Units for the full replacement value thereof and public liability and such other risks as the Condominium Association may deem necessary. Such replacement value will be fixed once annually by an independent person, competent and experienced in the evaluation of property in Bermuda for construction and rebuilding purposes. The Condominium Association insurance coverage does not cover fire and liability insurance for the Unit Owners personal effects and interior of the Unit. Purchasers are advised to secure such coverage.

Reports to Unit Owners

All Unit Owners will receive within three (3) months subsequent to the end of each fiscal year, copies of an annual report of the Condominium Association including a balance sheet and profit and loss statement verified by an auditor. All Unit Owners will be entitled to examine the books and records of the Condominium Association upon reasonable notice to the Board of Directors.

Amendment of By-Laws

The By-Laws may be amended at a duly called meeting of the Unit Owners by the affirmative vote of the holders of not less than seventy-five (75%) percent of the issued and outstanding shares in the Condominium Association, in person or by proxy, entitled to attend and vote thereat.

Reserves

The Condominium Association has the right to accumulate reserves for capital replacements or other general repairs of the Condominium Association.

Easements

Each Unit Owner will have an easement in common with all other Unit Owners for the use, maintenance and repairs of all pipes, wires, conduits and public utility lines located in the common elements or located in other Units and servicing his Unit. Further, each Unit Owner will have an easement for the continuance of any encroachment by his Unit on any adjoining Unit or common element now existing which may come into existence hereafter as a result of the settling of the Units or repair or alteration of the Unit by the Board of Directors after damage by a fire or other casualty, or by reason of an alteration made by the Board to the common elements so that any such encroachment may remain undisturbed so long as the Unit stands. Each Unit will be subject to such encroachments and easements in favor of all other Units. The Board of Directors, its agents and employees will have a right of access to the Units and to the common elements to inspect, maintain or repair the common elements or any pipe, wire, or conduit therein or to make repairs to the Unit to prevent damage to the common elements or any other Unit.

Allocation of Shares

Shares of the Condominium Association are based on the proportion the square footage of an individual Unit and the designated carport space, if any, bears to the total square footage of all Units and commercial/retail space and carport spaces comprising the Property. Each Unit Owner has a number of shares in the Condominium Association set forth on Schedule A.

Management Services

The Board of Directors will, following each Annual General Meeting, appoint a managing agent of the Property. The managing agent will be entitled to receive compensation as may be recommended by the Board of Directors subject to the affirmative vote from the holders of a majority of the issued and outstanding shares in the Condominium Association or approved in writing by the holders of a majority of the issued and outstanding shares in the Condominium Association. The responsibilities and obligations of the managing agent include, but are not limited to, the following:

1. Assumption of all duties in connection with management of the Units and common elements.
2. Collection and disbursement of all service charge monies.
3. Preparation of and submission of annual and long term budgets to the Board of Directors.
4. Liason with and general supervision of the landscape, maintenance and technical service personnel employed to maintain the Property.
5. Weekly and additional visits as necessary by professional staff to inspect the Property.
6. Ensure that the smoke detectors situated in the stairwells and other common elements of the Buildings of the Property are in working order.
7. Preparation and provision of a list of emergency telephone numbers for the use of Unit Owner complaints.
8. Supervision of all contracts relating to maintenance of the Property.
9. Submission to the Board of Directors of the quarterly statements of account with general report on matters requiring additional attention.

Indemnity

Subject to the provisions below, every Director, officer of the Condominium Association and member of a committee constituted under Article 18.7 of the By-Laws will be indemnified out of the funds of the Condominium Association against all civil liabilities, loss, damage or expense (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs and expenses

properly payable) incurred or suffered by him as such Director, officer or committee member. The indemnity will extend to any person acting as a Director, officer or committee member in the reasonable belief that he has been so appointed or elected notwithstanding any defect in such appointment or election provided always that the indemnity will not extend to any matter which would render it void pursuant to any Bermuda statute which would apply to the the Condominium Association.

Every Director, officer and member of a committee duly constituted under Article 19.1 of the By-Laws will be indemnified out of the funds of the Condominium Association against all liabilities incurred by him as such Director, officer or committee member in defending any proceedings, whether civil or criminal, in which judgment is given in his favor, or in which he is acquitted, or in connection with any application under Bermuda statutes in which relief from liabilities is granted to him by the court.

To the extent that any Director, officer or member of a committee duly constituted under Article 18.7 of the By-Laws is entitled to claim an indemnity pursuant to the By-Laws in respect of amounts paid or discharged by him, the relative indemnity shall take effect as an obligation of the Condominium Association to reimburse the person making such payment or affecting such discharge.

XIX. TAXES - DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF THE CONDOMINIUM

The Sponsor has been advised by its counsel, Certilman Haft Lebow Balin Buckley & Kremer that each Unit Owner will be entitled under present law to a deduction for Federal, New York State and New York City income tax purposes for the real estate taxes paid by him covering his Unit. Further, a Unit Owner whose Unit is either his principal residence or the one other residence that he selects pursuant to Section 163(h)(5)(A)(i)(II) of the Internal Revenue Code of 1986 will be entitled under present law to a deduction for Federal, New York State and New York City income tax purposes for the interest paid by him on any mortgage indebtedness secured the Unit but not in excess of the cost basis of the Unit (plus any improvements thereon) covering his Unit. See the Counsel's Tax Opinion annexed hereto as Schedule H.

XX. WORKING CAPITAL FUND AND RESERVE FUND

At closing the Sponsor will collect two months common charges from each purchaser of a Residential Unit to be paid to the Condominium as initial Working Capital. While Sponsor is in control of the Board of Directors the Working Capital fund will not be used to reduce the common charges. If any portion of the Working Capital fund is used during this period to pay for items in the budget set

forth as Schedule B, such amounts will be repaid to such fund out of common charges collected.

In addition, the budget includes a Reserve Fund for the painting of the exterior of the Units and common elements and for capital repairs to the common elements in the sum of of BD \$49,320 to be collected out of the common charges paid by the Unit Owners.

No representation is made that said Reserve Fund will be adequate to cover current or future expenses including the painting of the exterior of the Units and common elements and for capital repairs to the common elements. If additional funds are required over and above the Reserve Fund, it may be necessary to increase the common charges payable by the Unit Owners or to collect a special assessment from each Unit Owner.

Neither the Department of Law nor any other governmental agency has passed upon the adequacy of the Reserve Fund.

XXI. IDENTITY OF PARTIES

Sponsor and Selling Agent

The Sponsor and New York Selling Agent of the Offering Plan is St. James Management Company, Ltd., a Bermuda corporation with an office at 30 Cedar Avenue, Hamilton HM09, Bermuda. The majority shareholder of the St. James Management Company is St. James Holding Company. The principals of the Sponsor are Robert H. Gruhl, Vice President, and Richard E. Bergeron, Vice President. St. James Court, Ltd., the Condominium Association (formerly St. James Properties Ltd.) is a Bermuda corporation with an office at 30 Cedar Avenue, Hamilton HM09, Bermuda. Both the Sponsor and the Condominium Association are subsidiaries of St. James Holding Company, Ltd., a Bermuda corporation maintaining an office at 30 Cedar Avenue, Hamilton HM09, Bermuda. St. James Holding Company is a subsidiary of St. James Realty Corporation, a Delaware corporation maintaining a registered office at Suite F, 2000 Foulk Road, Wilmington, Delaware 19899. St. James Realty Corporation is an affiliate of Liberty Mutual Insurance Company maintaining an office at 175 Berkley Street, Boston, Massachusetts. The Sponsor and its principals have not been a sponsor or a principal of a sponsor of any prior offering of cooperative or condominium interests in realty.

L.P. Gutteridge, Ltd., a Bermuda corporation maintaining an office at Bermudian Road, Hamilton, Bermuda, has been retained by the Sponsor to be the Managing Agent of the Condominium for the first year of operation. In addition, L.P. Gutteridge, Ltd. has been retained by the Sponsor as the Bermuda Selling Agent for the Condominium.

Counsel to Sponsor

All legal matters in connection with the Counsel's Tax Opinion contained herein and the preparation of this Offering Plan have been passed upon for the Sponsor by Certilman Haft Lebow Balin Buckley & Kremer, Esqs., of 805 Third Avenue, New York, New York 10022, Counsel for the Sponsor. The law firm of Appleby Spurling and Kempe, 30 Cedar Avenue, Hamilton, Bermuda has been selected by the Sponsor to represent the Condominium in connection with all legal matters in connection with the Bermuda Counsel's Title Opinion, the establishment of the Condominium and all matters incident to the operation and management of the Condominium. The Condominium can at any time choose to select different attorneys to represent it.

The estimated insurance rates have been passed upon by Argus Insurance Company Ltd., 12 Wesley Street, Hamilton, Bermuda. The aforementioned estimates have been included in this Offering Plan in reliance upon the opinion of said agency and upon its authority as an expert, but the Sponsor has no knowledge that these estimates are not correct.

XXII. GENERAL

Pending Litigation

At the date of this Offering Plan, there is no litigation or administration proceedings pending against the Condominium or the Sponsor or any other party which would affect their ability to perform their obligations relating to this offering, or which would in any way affect this offering.

Prior Offerings

This Property has not been the subject of any prior public offerings.

Non-Discrimination

In accordance with the provisions of the laws of the State of New York, the Sponsor represents that it will not discriminate against any person because of his or her race, creed, sex, color, disability, marital status, national origin or ancestry in the sale of Units under this Plan.

Amendment of Plan

The Plan may be amended at any time and from time to time provided that, if the amendment is a material and substantial modification of the Plan which adversely affects purchasers, then anyone who has theretofore executed a Purchase Agreement shall be given not less than fifteen (15) days after a copy of the duly filed

amendment is mailed or otherwise delivered to them by written notice to the Sponsor to cancel the Purchase Agreement and to obtain a refund, in full, of the down payment made therewith with interest, if any. No person has been authorized to make any representation which is not expressly contained herein. This Plan may not be changed or modified orally.

Plan as Fair Summary

This Plan contains a fair summary of the pertinent provisions of the various documents referred to herein and does not knowingly omit any material fact or contain any untrue statement of a material fact relating to the offering. Any information or representation made, not contained in this Offering Plan must not be relied upon.

ST. JAMES MANAGEMENT COMPANY, LTD.
Sponsor

Dated: May 23, 1987

PART II

ST. JAMES COURT



EXHIBIT A

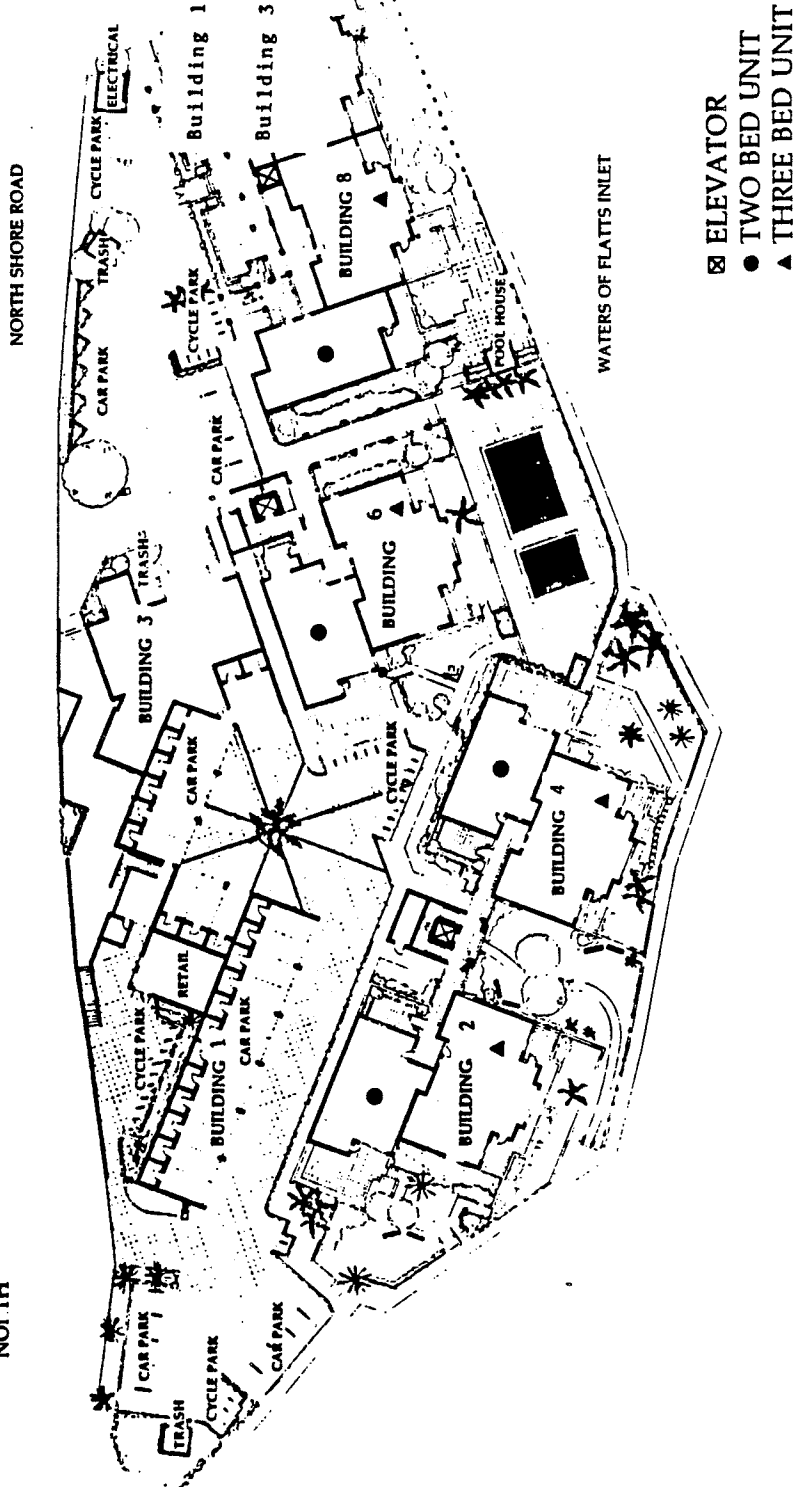
RESIDENTIAL UNITS

Building 2-three stories
Building 4-three stories
Building 6-five stories
Building 8 four stories

RETAIL SPACE

Building 1 -two stories with unit parking and storage for Buildings 2 and 4.
Building 3 -three stories with unit parking and storage for Building 6.

Dimensions not to scale.
Unit layout, design and fixtures subject to change without notice.



- ☒ ELEVATOR
- TWO BED UNIT
- ▲ THREE BED UNIT

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COOPER & GARDNER

JAMES V. GARDNER R.I.B.A.
JOHN A. GARDNER A.I.A.
STUART L. PEARSON M.S.A.A.T.

ARCHITECTS
& INTERIOR DESIGNERS

P.O. BOX HM 1376
CLOVELLY VICTORIA STREET
HAMILTON 5 BERMUDA
TELEPHONE (809-29) 2-2521/2
TELEX 3578 COGAR BA

ST. JAMES COURT

FLATTS VILLAGE,
HAMILTON PARISH,
BERMUDA.

ARCHITECT'S DESCRIPTION OF PROPERTY

PREPARED BY R. WINDJACK, M.R.A.I.C.

SIGNED:


JAMES V. GARDNER, R.I.B.A.
Principal

DATE: 23RD FEBRUARY 1987

LONDON ASSOCIATES: HIGGINS GARDNER & PARTNERS, 15, BURY WALK, LONDON, S.W.3

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16th February, 1987.

COOPER & GARDNER ARCHITECTS, HAMILTON, BERMUDA.

ARCHITECT'S DESCRIPTION OF PROPERTY

RE: ST. JAMES COURT, FLATTS VILLAGE,
HAMILTON PARISH, BERMUDA.

LOCATION

St. James Court is situated in Flatts Village, Hamilton Parish, Bermuda, and is approximately 3.33 miles from the City of Hamilton (Capital).

The St. James Court site is that of the old Coral Island Hotel which was completely demolished to make way for the new development. This site is zoned as "High Density" under the current Bermuda Planning Department zoning regulations. Under this type of zoning category, residential development is allowed by of the Planning Board, the Planning Department and the Government Minister in charge of the Planning Department.

STATUS

The St. James Court development currently under construction complies with all zoning and use requirements. Approval for its construction was granted by way of a Development Order issued by Bermuda's Minister for Planning.

Construction of the aforementioned development is currently at approximately 75% completion. Outstanding work to date includes interior finishing, mechanical and electrical systems, elevators, site works and some exterior building works. It must be stated however, that all the aforementioned works are in progress.

Local government authorities require that a building be habitable before an Occupancy Permit can be issued. Therefore, the issuing of the Occupancy Permit for St. James Court is contingent upon completion of the items listed in the preceeding paragraph and final inspections and approvals by the governing authorities.

SITES

The St. James Court site covers an area of 1.653 acres of water front property. The St. James Court condominiums consists of four apartment type buildings of three, four or five stories, containing a total of thirty-four dwelling units, which provide 19 three bedroom units and 15 two bedroom units. Two additional buildings are located on the site and contain retail space as well as general support systems for the entire development (i.e., water, electrics, etc.).

The development does not contain any streets, but is served by two access drives to the designated parking areas. These vehicular areas are paved with an imprinted cobblestone concrete slab, are of new construction, and are made to fall to below ground drainage "soakaways" or to outlets which will direct the water into the waters of Flatts Inlet. There are approximately eight of these control points through-out the site.

All curbing is to be made up of new precast concrete units, and sidewalks shall be either imprinted concrete with a tile pattern or concrete with brick inserts.

New site lighting is provided throughout the development. The lighting fixtures range from lit redwood bollards along the water frontage to carriage lamps on the buildings and gate posts. Exterior stairs are provided with step lights. The site lighting has been designed to eliminate the need for high level street lights by utilizing lights on buildings as well as inside open communal areas.

UTILITIES

Oil generated electrical power is supplied to the development by the Bermuda Electric Light Company from a centrally located generating plant which supplies the entire country. Each condominium owner is metered individually and is responsible for their own monthly payments. In addition, electrical power used in the common areas will be monitored by a "house meter" and a respective percentage shall be paid by the condominium owner within the condominium fee structure.

The primary water supply is from rain water collected from the roofs and stored in two holding tanks, one of approximately 115,000 imperial gallons and the other of approximately 54,000 imperial gallons. As is common practice in Bermuda, all roofs of the development contribute to the collection of rain water. In addition to the rain water collection, each holding tank is connected to the Government Reverse Osmosis Plant via a water main which is to be installed solely for use by this project and at the Owners expense. This secondary water supply is automatically activated when the storage tanks reach one third capacity and de-activated when two thirds capacity is reached. The amount of Government water pumped into the holding tanks will be metered, as will individual condominium water use. This will establish a ratio whereby Government water use will be charged to the condominium owners relative to their individual water requirements. At present, the estimated price of Government water is \$11.00 per thousand gallons. This is subject to periodic increase.

The development has been provided with all the necessary wiring, equipment and connections to provide full telephone service to each condominium. Individual telephone service is the responsibility of the condominium owner and will be provided by the Bermuda Telephone Company through which rental or purchasing arrangements are made.

Sewage collection and disposal is through a system provided for St. James Court. Operating costs for this system shall be born by the condominium owners within the monthly condominium fee. A detailed description of the system occurs later in this report.

SUB-SOIL CONDITIONS

Sub-soil conditions on the St. James Court site are of two primary types. The first is solid limestone rock and the second is compacted stone rubble backfill. Each of these sub-soil conditions is considered sufficient to support the building loads as designed, with specially suited foundations for each condition.

No corrective measures were required to deal with moisture or water seepage other than water-proofing membranes on sub-surface walls. This is considered standard practice in Bermuda due to the porosity of the Island's limestone rock structure.

The only danger of flooding to St. James Court is under very extreme circumstances such as unusually high tides due to a hurricane. This one possibility is due to the site's water front location. Mudslides pose no threat to the development and any possible erosion danger has been eliminated along the water front by a new concrete sea-wall and/or additional structural reinforcing to the existing sea-wall.

LANDSCAPING

The common outdoor areas consist of soft and hard landscaping. Hard surfaces consist of imprinted concrete and quarry tile, while soft areas consist of grass cover, planting beds or planters. Grass cover areas are seeded with Bermuda grass and overseeded with Italian rye. Topsoil depth varies from four to eight inches in grassed areas.

New plantings and trees consist of semi-tropical plant material. A number of mature palm trees have been retained insitu. In addition, a substantial number of mature palm trees were removed from the site at the time of demolition and are currently being kept at a temporary nursery until they can be transplanted back in the St. James Court site. For a full listing of plant material, see Schedule A attached.

Gates have been provided to private gardens entries, service areas and to the pool area. All gates are of redwood construction.

All garden walls are of concrete block construction founded on reinforced concrete strip footings. All exposed wall surfaces are plastered and painted. These walls enclosed private gardens, semi-private gardens and the pool area.

Retaining walls are of filled concrete block construction and engineered with steel reinforcing. Retaining walls are founded on reinforced concrete strip footings. All exposed wall surfaces are plastered and painted.

BUILDING HEIGHT AND OCCUPANCY

For the purposes of this report, the individual buildings comprising St. James Court shall be referred to as Building One, Two, Three, Four, Six and Eight. These numbers correspond to the address numbers of the buildings and not their working project numbers. For the project number and address number schedule, see Schedule B attached.

Building Six has a total height of 59 feet at its maximum grade to roof ridge dimension. It contains no sub-sub cellar, sub cellar or cellar, and houses five floors. There is no penthouse or parapet but the elevator equipment room extends an additional 4 feet above the highest roof ridge.

Building Six houses ten dwelling units, one two bedroom unit and one three bedroom unit per floor. Each two bedroom unit provides 1111 sq. ft. of living area plus 173 sq. ft. of balcony. (Ground floor unit has a private garden area in excess of the 173 sq. ft.) Each three bedroom unit provides 1635 sq. ft. of living area plus 230 sq. ft. of balcony. (Ground floor unit has a private garden area in excess of the 230 sq. ft.)

Building Four has a total height of 40 feet at its maximum grade to roof ridge dimension. It contains no sub-sub cellar, sub cellar or cellar and houses three floors. There is no penthouse or parapet but the elevator equipment room (shared with Building Two) extends an additional 4 feet above the highest roof ridge.

Building Four houses six dwelling units, one two bedroom unit and one three bedroom unit per floor. The specifics of these units are as per Building Six above.

The specifications for Building Two are exactly the same as Building Four above.

Building Eight has a total height of 54 feet at its maximum grade to roof ridge dimension and 31 feet at its minimum. It contains no sub-sub cellar, sub cellar or cellar but does have an 8 foot (approx.) crawl space under 30% of its area. Building Eight houses four floors. There is no penthouse or parapet but the elevator equipment room extends an additional four feet over the highest roof ridge.

Building Eight houses twelve dwelling units, one two bedroom unit and two three bedroom units per floor. Each two bedroom unit provides 1208 sq. ft. of living area and 127 sq. ft. of balcony. (Ground floor unit has a private terrace in excess of 127 sq. ft.) Each three bedroom unit provides 1635 sq. ft. of living area and 230 sq. ft. of balcony. (Ground floor units have private terraces in excess of 230 sq. ft.)

Building Three has a total height of 51 feet at its maximum grade to roof ridge dimension and 23 feet at its minimum. It contains no sub-sub cellar, sub cellar or cellar. Building Five houses three floors. There is no penthouse, parapet or equipment room above the high point of the roof.

Building Three houses some of the development's major support systems (water, electrics, etc.), covered parking as well as retail space. There is no residential component to Building Three.

Building One has a total of 29 feet as its maximum grade to roof ridge dimension. It contains no sub-sub cellar, sub cellar or cellar. Building One houses two floors. There is no penthouse, parapet or equipment room above the high point of the roof.

Building One houses retail space as well as covered parking spaces. There is no residential component in Building One.

STRUCTURAL SYSTEM

Two types of foundations have been used for the buildings comprising St. James Court, each best suited to the type of sub-soil conditions encountered.

Buildings founded on solid limestone rock utilize poured in place reinforced concrete footings. Buildings founded on compacted stone rubble /and fill utilize driven steel mono-tube friction piles which are filled with concrete after being driven to their correct bearing capacity. These piles then support poured in place reinforced concrete ground beams which in turn support the building's bearing walls.

All building walls are constructed of concrete block. Load bearing walls are of 12", 10" or 8" block sizes while interior partitions are of 6" or 4" block. All wall surfaces are plastered and painted. Load bearing block walls are filled with concrete and reinforced as determined by the Structural Engineer. Lintels and beams occurring in the walls are of poured in place reinforced concrete construction. As is common practice in Bermuda, walls are not insulated.

Windows used throughout the development are "SEASON-ALL # 556", 3 1/4" all aluminium frame and sash. Sashes are removeable and windows are double hung and double glazed. The window units are rated by the American Architectural Manufacturers Association (AAMA) as DH-C-50.

The manufacturer's listed air infiltration for these window units is .15 cfm/ft. at 1.56 psf. Water resistance is 7.67 psf and the structural capacity is rated at 90 psf, sufficient to handle 130 m.p.h. hurricane loads. This complies with Bermuda Codes.

The caulking used in the frame to masonry opening joint is Tremco Mono #555 with the Canadian Specification Reference Number 19-GP-5M. Glass to frame caulking is General Electric 1200 Silicon.

There are no parapets or copings used within the scope of the work.

One chimney has been provided in Building Three, one of the two retail buildings. The chimney is of filled concrete block construction with exterior plaster and paint finish. It has been designed with two flues, one to serve a fireplace and the other, complete with pre-fabricated liner, to serve as the exhaust outlet for the emergency generator.

Residential building balconies are of reinforced concrete construction supported by the building walls and wood clad steel columns. Terraces are concrete slabs on grade. The deck finish to both balconies and terraces is quarry tile (8" x 8"). Balcony balustrades are made up of solid concrete block with plaster and paint and/or 3" x 4" milled redwood rails top and bottom with 2" x 4" milled vertical redwood pickets in between. Railings are of redwood construction as above. No copings or soffits are provided. The underside of balconies are painted concrete. Top floor balconies are provided with a redwood pergola over. Access doors to balconies are of two types, glazed aluminium hinged doors or aluminium sliding glass doors. Sliding glass doors are Peachtree "Citation 80" series and the aluminium hinged doors are T.M. Products Co. Ltd. "200" series.

Residential Buildings Two, Four, Six and Eight are designed with an open air common circulation system. Within this design there are no exterior entrances nor vestibules attached to these buildings. The unit entrance doors shall be described at a later point.

Exterior stairs are of concrete construction with brick nosing. Railings are generally constructed of plastered and painted concrete block. Handrails are of redwood construction.

Letter slots have been provided in each unit entry door and, as required by the Bermuda Post Office, three centralized mail box locations are being provided. One to serve Building Two and Four, one to serve Building Six and one to serve Building Eight.

Lighting of the common areas of each building and their immediate exterior is provided by incandescent light fixtures. They are located outside each unit entrance, in walkways ("corridor"), stair areas, elevator lobbies, gardens, balconies and exterior paths and stairs.

The residential buildings do not have service entrances.

Roofs on all the buildings of St. James Court are of traditional Bermuda construction. This type of roof is composed of Bermuda stone slates (12" x 18" x 1" approx.) laid upon wood timber rafters and battens in a lapped configuration. The slates are mortared in place and two coats of cement wash applied to the outer surface. Three coats of a Department of Health approved roof paint are then applied. All roof timbers are wolmanized pitch pine to prevent insect damage as well as to prevent rot. Fibreglass insulation (R-11) is provided for all residential building roofs.

While no bond or guarantee is attached to roofs of traditional Bermuda slate construction, the expected useful life with proper maintenance can be well in excess of fifty years.

No flashing or counter flashing is used in this roofing system, except around pipe penetrations. In these instances, a fibreglass compound is used to seal any openings between the pipe and roofing materials. This method is standard practice with traditional Bermuda slate roofs.

The number of roof drains provided varies from building to building. All buildings in the St. James Court development have a typical roof slope of 10 in 12. Rain water glides of precast concrete are mortared to the roof slates near the eaves to maximize the roof's water catchment potential. Rain water is channeled by the glides to P.V.C. drains which direct the water to the common storage tanks. Building Six has eight drains, Building Four has seven drains, Building Two has eight drains, Building Eight has nine drains, Building Three has nine drains and Building One has five drains.

There are no skylights within the scope of the work.

Bulkheads are of two types of construction, either exterior grade drywall with textured paint finish or rock lath and plaster with paint finish. Framing systems used are either a metal suspension grid or timber framing.

There is no metal work at the roof level of any of the buildings. The only elements which may be recorded herein are wall mounted mechanical ventilation louvres of factory finished aluminium. These louvres are accessible from some roof surfaces.

No rooftop facilities or fire escapes are provided within the scope of the work. Exit stairs are provided within each building to suit requirements of the Bermuda Planning and Fire Safety Authorities.

Paving materials and finishes of gardens and courts within the St. James Court development are either imprinted concrete or concrete with a quarry tile finish. Areas are made to fall to low points allowing surface drainage as earlier described. Concrete block walls with plaster and paint finish are provided in gardens and courts in lieu of railings or fencing. Stairs are reinforced concrete with brick nosings.

Building Six contains one interior stair, Building Four and Building Two share one interior stair and Building Eight contains two interior stairs. Each stair is connected to the common circulation system of its respective building.

The stairs are housed within a plastered concrete block enclosure. These enclosures have open walls with no glazing in the openings. The stair construction is poured in place reinforced concrete with brick nosings on each tread. Guard rails are either plastered concrete block or redwood. Balustrades are redwood construction with milled 3" x 4" members top and bottom with milled 2" x 4" pickets in between.

Unit entrance doors are typically solid raised panel 1 3/4" hemlock doors set into hemlock frames. Due to the exterior nature of the individual unit entries, ratings were not required for the entrance doors. Interior doors to rooms are of solid lumber core construction with 1/8" wood veneer. These doors are typically 1 3/8" thick. Interior closet doors are louvred and of solid pine construction. These doors are typically 1 3/8" thick. Interior door frames are of solid pine construction. All doors are manufactured by Timberland, California.

Doors located off communal areas such as walkways etc. are of solid lumber core construction with a wood veneer. These doors are typically 1 3/4" thick and are hung on solid pine frames. These doors are provided with fire labels as required by the local fire safety authority. There are no stair hall, roof or basement doors within the scope of the work.

There are a total of three passenger elevators provided within the scope of the work. One serves Building Six, one is shared between Building Four and Building Two and one serves Building Eight. These elevators serve five, three and four floors respectively.

All elevators are by Westinghouse/Hyundai, World Class ACVV series. Each elevator has a capacity of 1200 lbs. and is of an overhead traction type of operation. All units are operated by AC-VV solid state system. Elevator doors are single speed centre opening.

In all instances the elevator machine room is located directly above the elevator shaft. Electrical feed to each elevator is 208 volt, 3 phase 60 cycles. Full load average is rated at 114 amps requiring a feeder wire size of #1/0. The fused disconnect is 200 amperes fused at 150 amps. All elevator equipment is as manufactured by Westinghouse/Hyundai.

The elevator cabs are all produced by Westinghouse/Hyundai model number C-400 P. Floors are finished in quarry tile as supplied by the Owner. Walls are of formed steel baked enamel finish with decorative plastic laminate panels attached. The ceiling is made up of painted steel sheet with fluorescent lighting through plastic diffuser lenses set in a suspended anodized aluminium frame.

AUXILIARY FACILITIES

There are no centralized laundry facilities as clothes washers and dryers are provided within each dwelling unit. Laundry equipment specifications shall be provided within another section.

The St. James Court development provides no garbage disposal facilities. Each dwelling unit is provided with a trash compactor from which individual condominium owners remove and deposit their garbage in one of three garbage holding areas provided on the site. Garbage is collected from these enclosures twice weekly by the Bermuda Public Works Department. Payment for this service occurs through the condominium owners land tax assessment.

PLUMBING AND DRAINAGE

As previously documented, the primary water supply is from rain water collected from the roofs and stored in two holding tanks. Both water storage tanks are of filled reinforced concrete block construction for walls, reinforced concrete floor slab and reinforced concrete roof slab. The 115,000 imperial gallon tank has an interior plaster finish while the 54,000 gallon tank has a 36 mm Hypalon rubber membrane liner as manufactured by the Burke Rubber Company of San Jose, California. Access to the water tanks is typically via a manhole opening with a permanent wall mounted ladder in place. There is no designated fire reserve capacity within the water tanks.

Water from the storage tanks is drawn out via suction lines and pumped into two 1500 gallon hydropneumatic tanks, one serving Building Eight and the other serving the remaining buildings. Each hydropneumatic system is made up of two centrifugal pumps, one 1500 gallon hydropneumatic tank and an air compressor to maintain an air cushion in the hydropneumatic tank. Domestic water is drawn from the hydropneumatic tank.

Each access stair for each building is fitted with a dry 4" diameter schedule 40 steel standpipe and a vertical two-way polished brass siamese connection. (One in Building Six, one shared between Building Four and Building Two and two in Building Eight.) At each floor level of each building, a 2 1/2" pressure reducing fire department valve is connected to the standpipe. No hoses, hose racks, nozzles or sprinkler heads are provided within the fire protection system.

The sanitary sewage system is privately operated by St. James Court. Sewage mains from each building are tied into a centrally located 18,000 gallon sewage settling tank. Wastes generated in the dwelling unit move through the sewage mains by gravity and are deposited in the settling tank where solids are settled out. The liquid effluent is drained from the settling tank and collects by gravity in a second tank. It is from the second tank that two dry pit non-clog lift pumps draw the liquid effluent and pump it through a 6" sewer force main to one of two deep bore sewage disposal wells provided for the development. Solids are periodically removed from the settling tank by private contractors and disposed of in a Government controlled dumping area.

The above system is in accordance with requirements of the Bermuda Health Department and the Planning Department. Obtaining Occupancy Permits requires completion of the system's installation as well as final inspection by Government authorities.

All sanitary sewage lines are of p.v.c. material. Primary sewage mains are of 6" diameter. The effluent pumps are Deming Pumps Model 7196 by Crane Co., Salem, Ohio. Each pump is rated at 200 gpm at a total head of 150 feet.

As previously recorded, storm drainage occurs as surface drainage to designated low points from which water is directed into either soak-aways or into p.v.c. pipes which direct it into the waters of Flatts Inlet. Water directed into the soak-aways readily disipates into the porous limestone rock structure of the Island. Soak-aways are in common use in Bermuda.

HEATING

No central heating system is provided within the St. James Court development. Rather, space heating is provided by through wall heat pumps with a heating and cooling capability. One of these units is installed in each habitable room with the exception of kitchens, where such a unit is not required and in the 3 bedroom dwelling unit Living Rooms where two such units are provided. For a more detailed description of the heat pump units refer to the section dealing with air conditioning.

GAS SUPPLY

This section is not applicable.

AIR CONDITIONING

A central air conditioning system has not been provided. Rather, "through-wall" heat pumps with heating and cooling capabilities have been provided.

Based upon an internal temperature and ambient temperature of 67 F. degrees and 95 F. degrees respectively, and the size of room being serviced, two sizes of units have been specified.

The units are manufactured by Carrier, model numbers A5143 and A2073. Both models vent 70 cfm.

Model number A2073 has a cooling capacity of 7,400/7,200 Btuh and a heating capacity of 7,800/6,500 Btuh. Its energy efficiency ratio (EER) is 10.0/10.0. The unit's listed amps cooling is 3.3/3.5 and heating is 10.9/10.1.

Model number A5143 has a cooling capacity of 14,000/13,700 Btuh and a heating capacity of 17,000/13,900 Btuh. Its EER is 7.3/7.1. The unit's listed amps cooling is 8.7/9.7 and heating is 23.0/20.8.

VENTILATION

Ventilation of all units is primarily natural or by the heat pump units in the vent mode. Bathrooms, where no windows are provided, are served by individual ventilation/heater units. These fixtures are vented directly to the exterior and are rated at 70 cfm.

Kitchens are provided with operable windows for natural ventilation. In addition, indoor venting charcoal filter range hoods are provided in all kitchens.

Laundry closets or rooms are not vented, however, clothes dryers are vented directly to the exterior.

ELECTRICAL SYSTEM

Electrical service to St. James Court is provided by the Bermuda Electric Light Company (BELCO) high voltage supply cable into two transformer banks, also supplied by BELCO. One transformer bank, located in Building Three, consists of three 100 KVA transformers providing a total of 300 KVA to serve residential Buildings Six, Four and Two as well as retail Buildings Three and One. The other transformer bank, located adjacent to residential Building Eight, consists of three 50 KVA transformers providing a total of 150 KVA to serve Building Eight only. Both transformers are housed in vaults approved by the governing authorities.

For the electrical service to Buildings Six, Four and Two, secondary cables connect the transformer to the main electrical switchboard in the adjacent electrical room. The main electrical switchboard has a 120/208 volt, 3 phase, 4 wire, 4000 amp splice compartment for taps into the individual buildings. A three pole 2000 amp main disconnect is provided as well as three, three pole 800 amp circuit breakers for Buildings Six, Four and Two.

From the main switchboard, 120/208 volt, 3 phase, 4 wire, 800 amp service is provided to Buildings Six, Four and Two. Cable size is #600 MCM housed in 4 inch diameter schedule 40 p.v.c. conduit. This service runs underground to a meter room serving Building Six and a common meter room serving Building Four and Two.

In both meter rooms, metering equipment is modular stacked, similar to General Electric "Meter Mod II", rated for 120/208 volts, 3 phase, 4 wire service. The incoming 120/208 volt, 3 phase, 4 wire, 800 amp service is converted to 120/208 volt, 1 phase, 3 wire, 200 amp service, via the stacked module meters and distributed to the dwelling units. The incoming 120/208 volt, 3 phase, 4 wire service is tapped for 208 volt, 3 phase service to the building elevator.

All electrical wiring is housed in schedule 40 p.v.c. conduit throughout the development.

The electrical service to Building Eight is provided from a 100 KVA transformer supplied by the Bermuda Electric Light Company. Secondary cables connect the transformer to the main electrical switchboard in Building Eight proper. These cables are #600 MCM housed in 4 inch diameter schedule 40 p.v.c. conduit. A three pole, 1200 amp main fused disconnect switch is provided.

As in Buildings Six, Four and Two, Building Eight's metering equipment is modular stacked, similar to General Electric "Meter Mod II", rated for 120/208 volt, 3 phase, 4 wire service. The incoming 120/208 volt, 3 phase, 4 wire, 1200 amp service is converted to 120/208 volt, 1 phase, 3 wire, 200 amp service via the stacked module meters and distributed to the dwelling units. The incoming 120/208 volt, 3 phase, 4 wire service is tapped for 208 volt, 3 phase service to the building elevator.

In all residential buildings, electrical service into the individual units is provided by 3-#3/0 wire rated 200 amperes housed in 2" diameter schedule 40 p.v.c. conduit.

All Three Bedroom Units are typically provided with 38 circuits and a 2 spare circuit capacity. All Two Bedroom units are typically provided with 31 circuits and a 7 spare circuit capacity. All air conditioners are provided with a 20 amp circuit as are all dishwashers. All clothes dryers are provided with a 30 amp circuit. All microwave/stove/oven centers are provided with a 60 amp circuit. Hot water tanks are provided with a 125 amp circuit. Light fixtures and receptacles operate on 20 amp circuits, typically.

The following comprises the average number of convenience receptacles per room in a typical 3 Bedroom Unit: Living Room - 13, Dining Room - 5, Kitchen - 7, Master Bedroom - 7, and Bedrooms - 6. In the Two Bedroom Units, the numbers of convenience outlets are as follows: Living Room - 7, Dining Room - 4, Kitchen - 6, Master Bedroom - 8, and Bedrooms - 5. Bathrooms are provided with one G.F.I. receptacle, minimum.

No intercommunication and/or door signal systems are provided.

TELEVISION RECEPTION FACILITIES

No central television reception facilities have been provided. However, 3/4" p.v.c. conduit has been installed throughout all dwelling units to accept a cable television installation should it become locally available.

PUBLIC AREA LIGHTING

All dwelling unit entrances are provided with a single lamp incandescent light fixture. These are operated by a time clock, and are powered from the "House Meter". They also serve to provide lighting to the circulation system. Circulation areas are fully lit as are all stairs. Exit stairs are provided with incandescent fixtures operated from the "House Meter", as well as a battery supplied emergency lighting system.

All common areas, both interior and exterior, are lit. All exterior stairs are provided with step lights.

GARAGES & PARKING AREAS

Garage space has been provided for the twenty-two dwelling units housed in Buildings Six, Four and Two. These spaces occur on the ground level of Retail Buildings Three and One. The parking area is covered by the upper floors of Buildings Three and One but is not closed in on the access road side. Parking stalls are fully lit by power supplied from the "House Meter". A storage room of approximately forty square feet is provided at the back of each parking stall.

Building Eight is served by a twelve space parking area adjacent the building.

In addition, thirty motor cycle parking stalls have been provided to serve Residential Buildings Six, Four, Two and Eight.

To accommdate visitor parking as well as parking for Retail Buildings Three and One, ten additional car parking stalls and sixteen additional motor cycle parking stalls have been provided on the site.

Paving surfaces in all areas are concrete slabs finished with an imprinted pattern or trowelled smooth. Lines designating parking stalls are provided by bricks set into the concrete slabs. Areas are lit by incandescent fixtures operated by a time clock and metered from the "House Panel". Parking areas are not attended.

In all cases, garage ventilation or special fire protection measures are not required.

Drainage of parking areas is to underground soakaways or into the waters of Flatts Inlet.

RECREATION FACILITIES

St. James Court is provided with two in-ground open air swimming pools. The larger pool, designed for swimming lengths, is 30 feet long by 20 feet wide. The depth of this pool varies from 4'-2" to 7'-2". Based on a ratio of one bather per 20 sq. ft., this pool can accommodate 30 people.

The smaller of the two pools is designed as a soaking pool or children's pool. It is 16 feet long by 20 feet wide with a depth ranging from 2'-4" to 3'-6". Based on a ratio of one bather per 20 sq. ft., this pool can accommodate 16 people.

Both pools are heated by an oil fired pool heater with a 350,000/Btu/hr. input and 262,000 Btu/hr. output. The pool's circulation pump has a one horsepower motor and its sand medium filtering system has a 60 gpm capacity.

No tennis courts or other recreational facilities are provided in the development.

ADDITIONAL ITEMS

A final Occupancy Permit is still to be obtained for all Buildings covered by this report. This permit is to be issued upon substantial completion of the buildings and final inspection and approval by the Planning Department, Fire Service Headquarters, and the Health Department.

The Planning Department inspects the project to ensure that it conforms to the Construction Documents as approved by that Department. Approval of the Construction Documents, and issuing of a Building Certificate, signifies adherence to Building Code requirements.

Fire Service Headquarters inspect areas of the project relating to fire safety. This includes fire department stand-pipes, fire and smoke detection systems, fire separations and means of egress. Such inspections are made to ensure conformance with the approved Construction Documents.

The Health Department inspects areas of the project relating to sanitary systems and domestic water systems. Again, such inspections are made to ensure conformance with the approved Construction Documents.

All approvals, other than individually monitored items of machinery such as elevators, are granted for the life of the residential buildings. In the case of the Department of Health, while final approval is granted for the life of the building, approval is subject to the existing Public Health Act regulations. Should these regulations be contravened at any point, the Owner must correct such contraventions.

St. James Court has no violations outstanding.

UNIT INFORMATION

St. James Court offers three dwelling unit types. A typical three bedroom unit and two types of two bedroom units.

The Three Bedroom Units found in Buildings Six, Four, Two and Eight, contain an Entry Hall, a Master Bedroom complete with "en suite" Master Bath, two additional Bedrooms (all bedrooms are provided with closets), a second Bathroom, a Kitchen, a Pantry/Laundry Room, a Dining Room and a Living Room. Each Three Bedroom Unit has two balconies, with ground level units having two patios plus a garden area. There are a total of 19 Three Bedroom Units offered.

The Two Bedroom Unit typical to Buildings Six, Four and Two contains an Entry Hall, a Kitchen, a Dining Area, a Living Room, a Master Bedroom with "en suite" Master Bath, a second Bathroom, a Laundry Closet and a second Bedroom. All bedrooms are provided with closets. This Two Bedroom Unit has one balcony, with ground level units having two enclosed garden areas. There are a total of 11 Two Bedroom Units of this type offered.

The Two Bedroom Unit typical to Building Eight consists of an Entry Hall, a Kitchen, a Dining area, a Living Room, a Master Bedroom with "en suite" Master Bath, a second Bathroom, a Laundry Room, a General Storage Room, and a second Bedroom. All Bedrooms are provided with closets. This Two Bedroom Unit has one balcony, or a patio on the ground level. There are a total of 4 Two Bedroom Units of this type offered.

Types and grades of finish materials used throughout St. James Court are typical in all Two Bedroom and Three Bedroom Units. Finished wall surfaces are typically 1/2" plaster or cement render applied to the concrete block construction. Three coats of paint are applied to all interior plaster work.

Ceiling construction is typically rock lath and plaster on wood framing in all top level units and 1/2" drywall on a suspended metal framework by Chicago Metallic Corp., in all lower floors. Drywall ceilings are finished with a textured paint surface.

Sub-floors throughout all units are concrete slabs of various thicknesses to suit their structural requirements. All floors, with the exception of bathrooms and kitchens, are left unfinished with flooring to be a purchaser supplied and installed item. All kitchen and bathroom floors are finished with 8" x 8" ceramic floor tiles. These tiles are of Italian manufacture by Monocibec. The product line is entitled "Old Colony".

Bathroom walls are provided with a 4'-0" dado of 4" x 8" wall tile by the same manufacturer as the floor tiles. Shower stalls and bath tub surrounds are provided with wall tiles from floor to ceiling.

Kitchen walls between counter tops and underside of wall cabinets are finished with 4" x 8" wall tiles as above.

Bathroom fixtures in all types of units are of similar specifications. Toilets specified are American Standard Elongated Cadet #2109.405. Bathtubs are American Standard Spectra Recess Bath #2605.103. Whirlpool tubs specified are American Standard Roma Five Whirlpool Baths #2640.507. Bathroom lavatories are Corian single bowl and Corian double bowl vanity tops with American Standard Reliant fittings. Vanity cabinet work is specified as Tielsa "Nova" as manufactured by Tielsa, of West Germany. Shower stall bases are of precast marble Terrazzo as manufactured by Trieste of Stern-Williams Co., Inc. of Shawnee Mission, Kansas.

Kitchen and laundry equipment in all units are of similar specification. Kitchen cabinet work is specified as Tielsa "Nova" as manufactured by Tielsa of West Germany. The kitchen range/micro wave is specified as Caloric, Model EKD 396 with the range exhaust hood specified as Caloric, model HCR 305 with an indoor venting charcoal filter kit by Caloric, model KHC2. All dishwashers are specified as Caloric, model DUS205. Trash compactors are Caloric, model TUR 103. Refrigerators are specified as Frigidaire, model FPE 22 VWC. Laundry equipment is specified as Frigidaire, model LC-248J, a compact washer and dry combination.

All Bathroom, Kitchen and Laundry equipment mentioned above is included in the sale price of all St. James Court dwelling units.

FINISHES IN COMMON AREAS

Common areas in St. James Court are comprised predominantly of stair towers, elevator lobbies, walkways and enclosed garden areas. Due to the nature of the design these areas tend to be of an "open air" nature and the finishes used have been specified accordingly. All walls are of cement plaster finish with three coats of exterior grade paint applied. Floors are of quarry tile finish with tiles laid on the concrete slab sub-floors, or, in the case of stairs and landings are concrete with brick nosings. Ceilings in the majority of cases are cement plaster applied to the underside of the concrete slab above, or painted concrete. Where suspended ceilings are required, exterior grade drywall on either a timber framework or a suspended metal framework has been installed. Drywall ceilings have a textured finish. Ceilings receive three coats of paint.

Mechanical spaces such as elevator machine rooms, are left unfinished.

SMOKE AND FIRE SAFETY DEVICES

With the exception of bathrooms, non-system independent smoke detectors are provided in all of the Two Bedroom and Three Bedroom habitable rooms as well as in major storage rooms. The smoke detectors within a unit are connected to a separate 24 volt dc fire alarm horn which sounds upon activation of any smoke detector in the unit. The individual horns are in turn connected to the building's fire alarm control panel. The fire alarm horn is of sufficient db rating to be heard in any room of the dwelling unit. Both smoke detectors and fire alarm horns are also supplied by a centralized battery back-up system.

Smoke detectors are also provided in walkways and stairhalls. These detectors are a combination smoke and fixed thermal type (at 156 degrees F.). Manual pull stations and audible-visual signals are located throughout the buildings, generally in walkways, stairhalls, and in paths of egress. Manual stations are break-glass, pull level, flush mounted. Horn signals are a combination of horns and flashing lights.

The building fire alarm system is so arranged that actuation of any manual pull station or smoke detector in walkways or stairs will sound all signals (horns) and transmit a signal to the Fire Department, via a leased telephone line, that the building fire alarm system has been activated.

Building Six and Building Eight each have a fire alarm control panel. Building Four and Building Two share a fire alarm control panel housed in their common stair/elevator structure. The fire alarm control panels are arranged for class "A" wiring on alarm initiating circuits, trouble circuits and signal circuits. The control panel is equipped with all required relays, transformer, converters, lamps and signal flasher.

The primary power for the fire alarm system originates from the line side of the main disconnect switch in the electrical rooms of each of the respective buildings. Standby batteries and chargers have been provided to operate the system in the event of primary power failure.

PRIVATE VS. COMMON ELEMENTS

Within the St. James Court development, private elements are considered to be those within the confines of the unit itself, leaving all unit exteriors under the management of the governing condominium association. Private areas do extend to exterior spaces directly attached to the unit, however, the maintenance of these areas and control over their possible development or alteration is governed by the Condominium Association.

Walls, floors and ceilings within the dwelling unit are considered the responsibility of the condominium owner as are windows and doors. An exception is that exterior surfaces of windows and entry doors are the responsibility of the Condominium Association.

All areas outside the buildings, with the exception of the private gardens and Retail Buildings Three and One, are considered common areas. All exterior building and grounds maintenance is the responsibility of the Condominium Association.

For a better understanding of the Scope of Works described, this narrative should be read in conjunction with site, building and dwelling unit plans provided.

9th December, 1986.

ARCHITECT'S DESCRIPTION OF PROPERTY

RE: ST. JAMES COURT, FLATTS VILLAGE,
HAMILTON PARISH, BERMUDA.

SCHEDULE "A"

LANDSCAPE: PLANT MATERIAL LISTING

Palms (Nursery Stock):

<u>Quantity</u>	<u>Botanical Name</u>	<u>Common Name</u>	<u>Size</u>
5	<u>Chamaerops humilis</u>	Med. Fan Palm	10 gal.
1	<u>Chrysalidocarpus lutescens</u>	Cluster Palm	10 gal.
4	<u>Dictysperma album</u>	Princess Palm	10 gal.
3	<u>Hyophorbe verschaffellei</u>	Bottle Palm	10 gal.
2	<u>Roystonea regia</u>	Royal Palm	10 gal.
15			

Palms (Transplanted Stock):

<u>Quantity</u>	<u>Botanical Name</u>	<u>Common Name</u>	<u>Size</u>
3	<u>Cocos nucifera</u>	Coconut Palm	18' ht.
2	<u>Phoenix canariensis</u>	Canary Island	
		Date Palm	20' ht.
1	<u>Roystonea regia</u>	Royal Palm	12' ht.
	Single trunk thatch palms		8' ht.
			12' ht.
1	Double trunk thatch palm		12' ht.
9			

Trees (Nursery Stock):

<u>Quantity</u>	<u>Botanical Name</u>	<u>Common Name</u>	<u>Size</u>
1	<u>Albizzia sp.</u>	Pink Ebony	10 gal.
10	<u>Brunfelsia americana</u>	Lady of the Night	3 gal.
5	<u>Callistemon citrinus</u>	Bottlebrush	10 gal.
5	<u>Calophyllum inophyllum</u>	Kamani	3 gal.
2	<u>Ceratonia siliqua</u>	Carob Tree	3 gal.
4	<u>Cordia sebestena</u>	Cordia	10 gal.
4	<u>Elaeodendron lanceanum</u>	Bermuda Olivewood	10 gal.
5	<u>Plumeria sp.</u>	Frangipani	10 gal.
4	<u>Schefflera actinophylla</u> (min. 3 trunks each)	Schefflera	10 gal.
1	<u>Schefflera actinophylla</u> (single trunk)	Schefflera	10 gal.
41			

Trees (Transplanted Stock):

<u>Quantity</u>	<u>Botanical Name</u>	<u>Common Name</u>	<u>Size</u>
2	<u>Pandanus utilis</u>	Screw Pine	15' ht.
2			

Shrubs (Nursery Stock):

<u>Quantity</u>	<u>Botanical Name</u>	<u>Common Name</u>	<u>Size</u>
9	<u>Acalypha hispida</u>	Chenille Plant	1 gal.
21	<u>Beloperone guttata</u>	Shrimp Plant	1 gal.
19	<u>Carissa macrocarpa</u> "mycophylla"	Dwarf Natal Plum	1 gal.
59	<u>Codiaeum variegatum</u>	Croton	3 gal.
14	<u>Ervatamia coronaria</u> "floreplena"	Bda. gardenia	3 gal.
12	<u>Hibiscus sp.</u> (deep double pink only)	Hibiscus	3 gal.
54	<u>Hibiscus sp.</u> (deep pink only)	Hibiscus	1 gal.
73	<u>Ilex cornuta (dwarf)</u>	Dwarf Holly	1 gal.
3	<u>Jatropha hestata</u>	Jatropha	3 gal.
114	<u>Juniperus chinensis</u> "phitzerina"	Juniper (spreading form only)	1 gal.
26	<u>Juniperus sp.</u> (variety to be approved)	Juniper (semi upright form only)	1 gal.
19	<u>Lagerstroemia indica</u> (dwarf)	Dwarf Queen of Shrubs	1 gal.
6	<u>Nandina domestica</u>	Heavenly Bamboo	1 gal.
26	<u>Nerium oleander</u>	Oleander	3 gal.
7	<u>Plumbago auriculata</u>	Plumbago	1 gal.
75	<u>Rosmarinus officinalis</u> <u>prostratus</u>	Prostrate Rosemary	1 gal.
9	<u>Santolina chamaecyparissus</u>	Santolina	1 gal.
546			

Bulbs, Herbaceous Perennials and Ground Covers (Nursery Stock):

<u>Quantity</u>	<u>Botanical Name</u>	<u>Common Name</u>	<u>Size</u>
1	<u>Asparagus densiflora</u> <u>"sprengeri"</u>	Asparagus fern	1 gal.
19	Other ferns (to be approved)		1 gal.
5	<u>Cuphea hyssopifolia</u>	Heath	1 gal.
12	<u>Cyperus alternifolius</u>	Umbrella Grass	1 gal.
5	<u>Freesia Bulbs</u>	Freesia	n/a
14	<u>Heimerocallis sp.</u>	Day Lilies	1 gal.
3	<u>Liriope muscari variegated</u>	Var. Lily Turf	1 gal.
207	<u>Liriope muscari</u>	Big Blue Lily Turf	1 gal.
1	<u>Strelitzia reginae</u>	Bird of Paradise	3 gal.
277			

Vines (Nursery Stock):

<u>Quantity</u>	<u>Botanical Name</u>	<u>Common Name</u>	<u>Size</u>
1	<u>Allamanda cathartica</u>	Allamanda	3 gal.
4	<u>Bougainvillea glabra</u>	Bougainvillea	3 gal.
8	<u>Ficus pumila</u>	Creeping fig	1 gal.
13			

9th December, 1986.

ARCHITECT'S DESCRIPTION OF PROPERTY

RE: ST. JAMES COURT, FLATTS VILLAGE,
HAMILTON PARISH, BERMUDA.

SCHEDULE "B"

BUILDING REFERENCE NUMBERS

Building Project Number*

One
Two
Three
Four
Five
Six

Building Address Number

Six
Four
Two
Eight
Three
One

- * - The Building Address Numbers are those reference numbers used in the body of the Architect's Description of Property.

When referring to Building Plans, use Building Project Numbers.

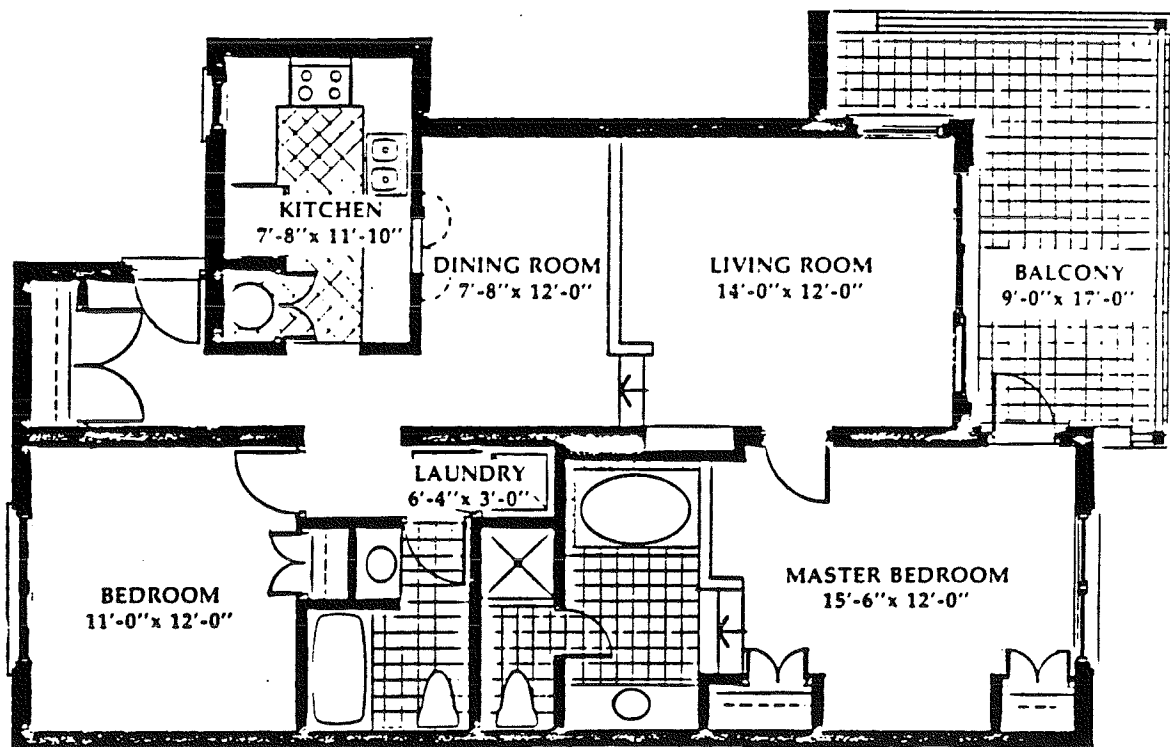
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UNIT DESCRIPTION

A "Residential Unit" as hereinafter referred to shall be defined as follows:

Each Residential Unit shall consist of all of the airspace within the Unit including all floors, ceilings and walls forming the Unit except that where some separate one Unit from another Unit, the Unit will include only one-half of the floors, ceilings and walls.

ST. JAMES COURT

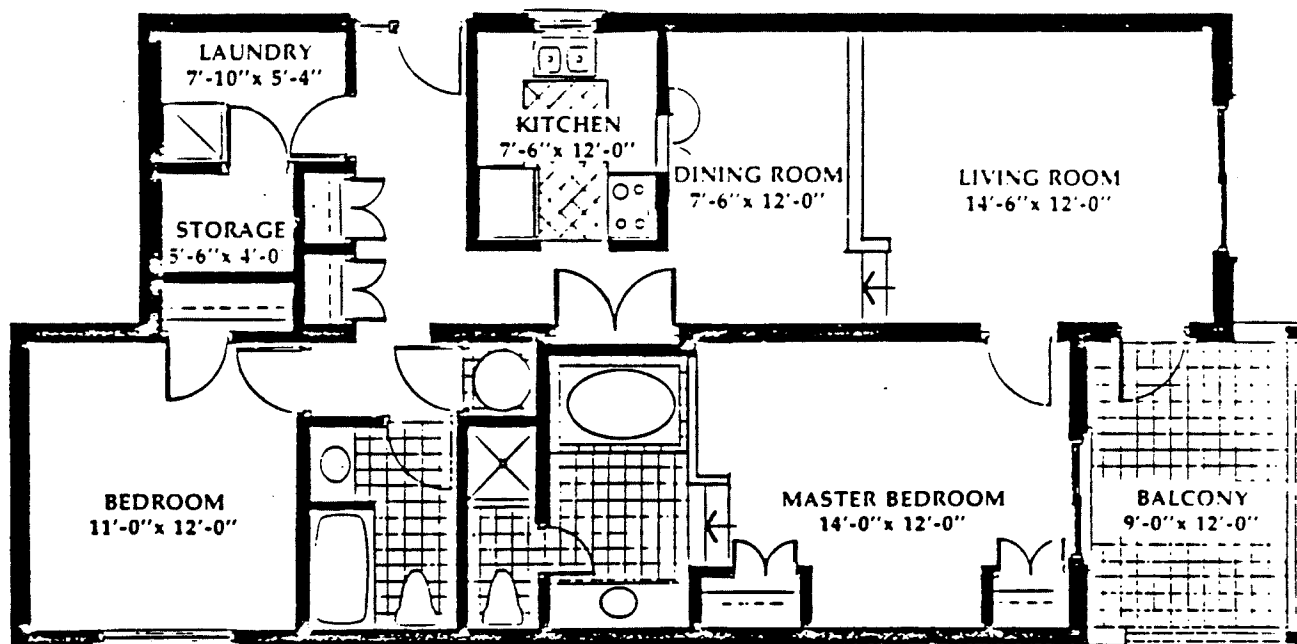


TWO BEDROOM UNIT BUILDINGS 2, 4 and 6

Living space..... 1111 sq.ft.
Balcony..... 173 sq.ft.

Dimensions not to scale
Unit layout, design and fixtures
subject to change without notice
Square footage approximate

ST. JAMES COURT

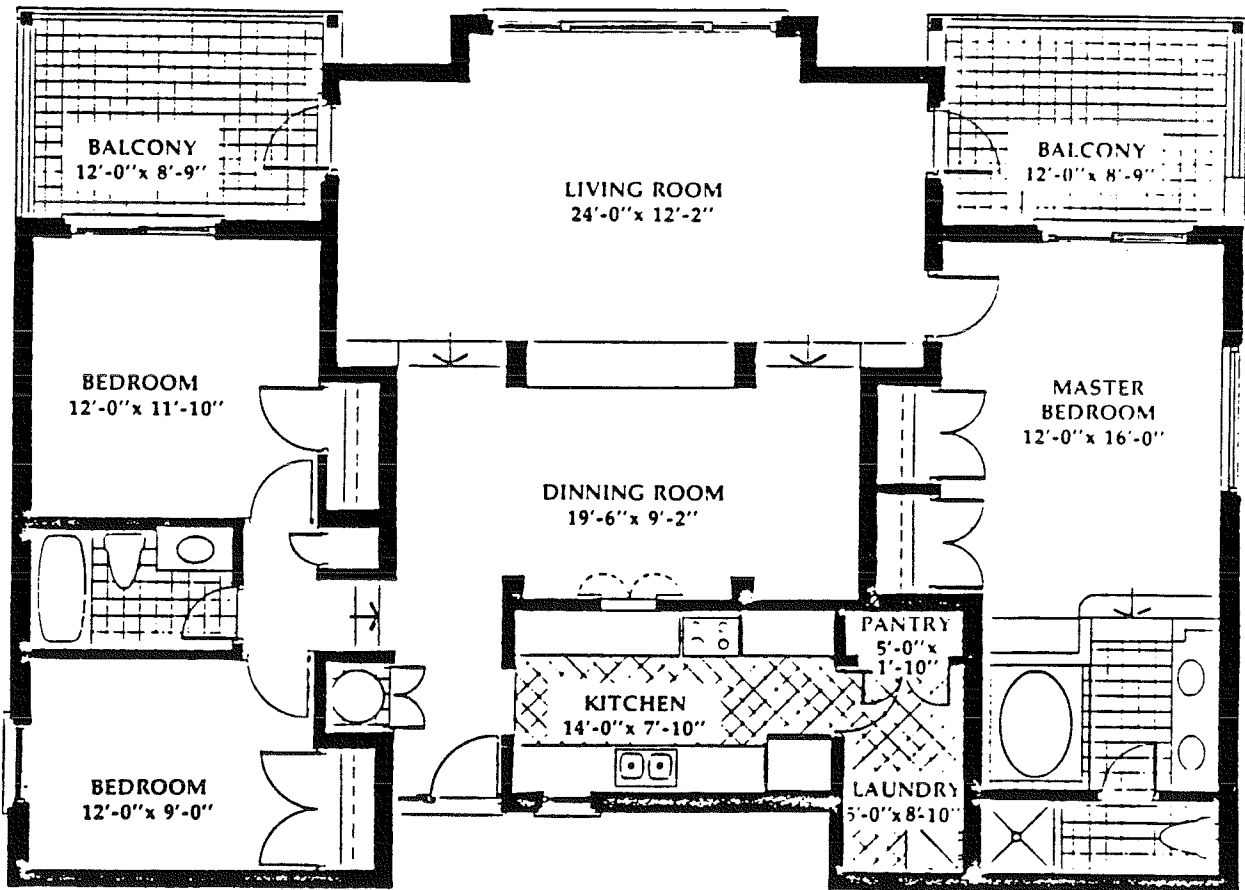


TWO BEDROOM UNIT BUILDING 8

Living space..... 1208 sq.ft.
Balcony..... 127 sq.ft.

Dimensions not to scale
Unit layout, design and fixtures
subject to change without notice
Square footage approximate

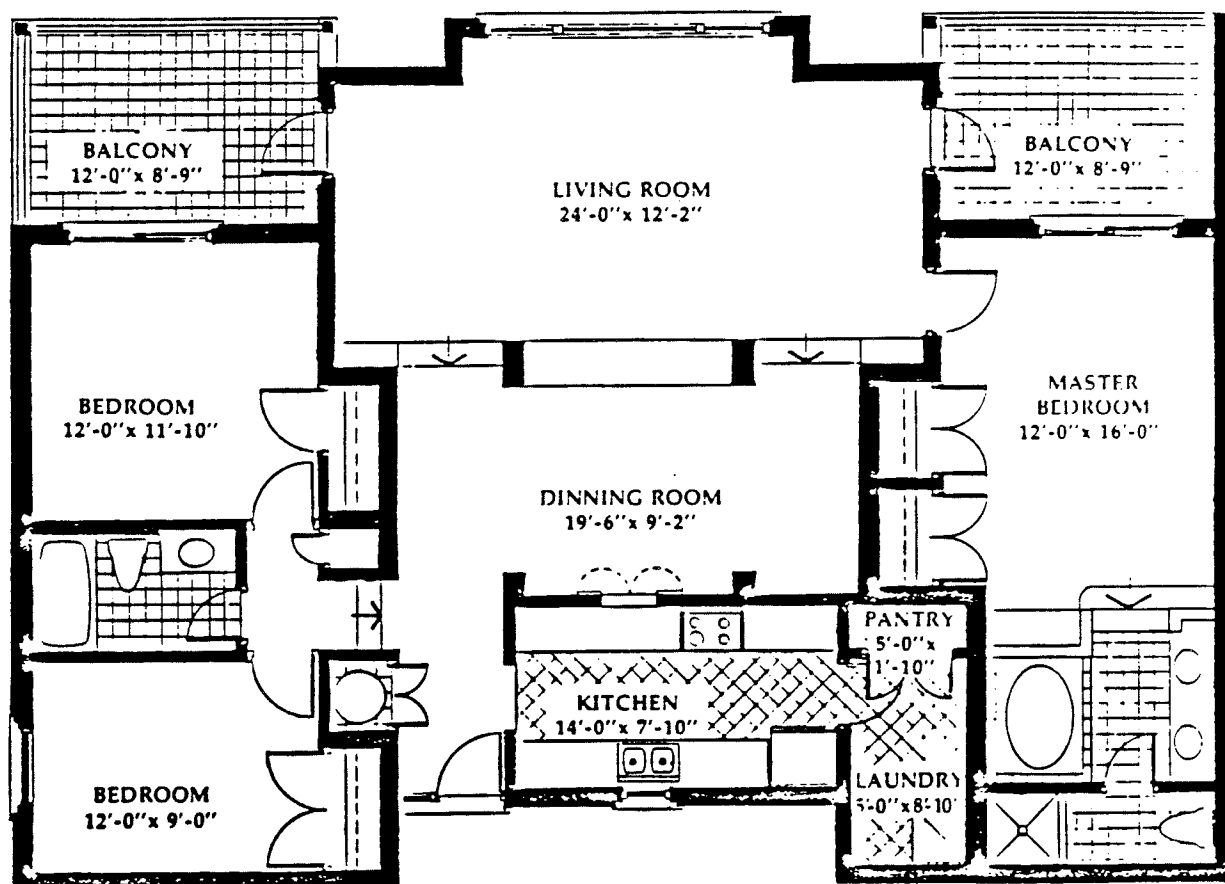
ST. JAMES COURT



THREE BEDROOM UNIT BUILDINGS 2, 4 and 6

Living space..... 1635 sq. ft.
 Balconies 230 sq. ft.
 Dimensions not to scale
 Unit layout, design and fixtures
 subject to change without notice.
 Square footage approximate

ST. JAMES COURT



THREE BEDROOM UNIT BUILDING 8

Living space 1635 sq.ft.
Balconies 230 sq.ft.

Dimensions not to scale

Unit layout, design and fixtures
subject to change without notice

Square footage approximate

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T H I S A G R E E M E N T is made (in duplicate) the day of One thousand nine hundred and eighty- B E T W E E N ST. JAMES COURT LTD. a company organised and existing under the laws of the Islands of Bermuda and having an office at Thirty Cedar Avenue Hamilton Bermuda (hereinafter called "the Owner") of the first part ST. JAMES MANAGEMENT COMPANY LTD. a company organised and existing under the laws of the said Islands of Bermuda and having an office at Thirty Cedar Avenue Hamilton Bermuda (hereinafter called "the Developer") of the second part of (hereinafter called "the Purchaser") of the third part L.P. GUTTERIDGE LIMITED a company organised and existing under the laws of the said Islands of Bermuda (hereinafter called "the Agent") of the fourth part

(hereinafter called "the Sub-Agent") of the fifth part:

W H E R E A S :

- (1) The Owner is seized for an estate in fee simple in possession of certain hereditaments (hereinafter referred to as "the St. James Court Property") in Hamilton Parish in the said Islands of Bermuda;
- (2) The Owner has granted the right to the Developer to develop the St. James Court Property by the construction thereon of certain residential accommodation buildings and other works (hereinafter called "the works") and the Developer has constructed or is in course of constructing the works.

W H E R E B Y I T I S A G R E E D as follows:

1. In consideration of the sum of United States/Bermuda Dollars (US/BD\$) (hereinafter referred to as "the purchase price") to be paid by the Purchaser with the approval and by the direction of the Owner to the Developer the Owner will grant and the Purchaser will take at the time

4. In the event the Developer fails to construct the

Apartment for any reason whatsoever within a period of nine (9) months from the date hereof then and in any such case the Purchaser shall be at liberty forthwith to rescind this Agreement and upon such rescission this Agreement shall be void and all sums paid by the Purchaser hereunder shall be repaid to the Purchaser with interest thereon at the rate of Seven per cent per annum.

5. "The Completion Date" shall be Thirty (30) days after:
- (a) If the construction of the Apartment is complete at the date hereof and the Purchaser is not a restricted person as referred to in Clause 3 hereof the date of this Agreement; or
 - (b) If the construction of the said Apartment is not complete at the date hereof and the Purchaser is not a restricted person as referred to in Clause 3 hereof the date The Certificate of Occupancy issued by The Department of Planning is delivered to the Purchaser's attorneys; or
 - (c) If the Purchaser is a restricted person as referred to in Clause 3 hereof the date the Licence or the date The Certificate of Occupancy issued by The Department of Planning is delivered to the Purchaser's attorneys whichever shall be the later;

And the Developer shall deliver the Lease and Counterpart to the Purchaser's attorneys for execution and completion with vacant possession shall take place on or before the Completion Date.

6. It shall be a condition of this Agreement that the balance of purchase monies will be lodged with the Vendors Attorneys in a negotiable form not less than 24 hours before the agreed completion date.

7. If the Purchaser fails to execute and deliver the Lease and counterpart Lease and to pay the balance of the purchase price to the Developer on the Completion Date of this Agreement the Owner as it shall elect may either charge interest on behalf of and for the account of the Developer on

the balance of the purchase price then outstanding at the maximum rate then permitted by law from the Completion Date to the actual date of completion of the said Lease and counterpart thereof or claim specific performance of this contract or damages for breach thereof or alternatively upon giving Thirty (30) days' notice in writing to that effect to the Purchaser it may forfeit a sum equivalent to Ten per cent (10%) of the purchase price one half of which sum shall be paid and released to the Developer by the direction of the Owner and the remaining half shall be paid and released to the Agent in full satisfaction of any claim by any Owner or the Developer for the default of the Purchaser hereunder and any balance shall be returned to the Purchaser.

8. The Lease shall be prepared by the Developer's attorneys and the Purchaser shall pay to such attorneys the sum of One thousand dollars (\$1,000.00) as the Purchaser's agreed portion of the costs of preparing the Lease and this Agreement. The stamp Duty on the Lease and this Agreement and the counterparts thereof respectively and all other legal disbursements shall be borne by the Purchaser.

9. (a) On completion the Purchaser will pay to the Developer an amount representing the cost of insuring the Apartment and any completed parts of the Common Areas of the St. James Court Property for the period up to the end of the current maintenance period (as defined in the Lease) and the amount of the Insurance payment will be calculated in relation to the appropriate proportion payable by the Purchaser towards the maintenance expenses of the Landlord (as defined in the Lease).

(b) On completion the Purchaser will pay to the Developer an amount equivalent to two months contribution towards the maintenance expenses of the Landlord which said two months payment will be held by the Developer as a contribution towards the operating capital account and the

capital reserve account for the St. James Court Property.

10. On completion the Agent shall be entitled to be paid by the Developer with the approval and direction of the Owner a commission of percent (%) of the purchase price and shall not otherwise be entitled to commission except as provided in Clause 7 of this Agreement.

10. On completion the Agent and Sub-Agent shall each be entitled to be paid by the Developer with the approval and direction of the Owner a commission of Two and a half per cent (2 1/2%) of the purchase price and shall not otherwise be entitled to commission except as provided in Clause 7 of this Agreement.

11. The Purchaser shall not be at liberty to assign the benefit of this Agreement without the written consent of the Developer.

12. The Owner and the Developer hereby jointly and severally agree with the Purchaser that upon completion as herein provided there will be transferred to the Purchaser a portion of the whole of the issued share capital of the Owner (or the maximum number thereof permitted by law) which said portion of issued share capital is to be held by the Purchaser in the proportion the square footage of the Apartment bears to the total square footage of all apartments and commercial/retail space comprising the St. James Court Property in accordance with the formula for such share holding laid down from time to time in the corporate Byelaws of the Landlord. The Owner and the Developer hereby further jointly and severally agree with the Purchaser that there will not at any time after the date of this Agreement be transferred any shares in the Owner other than to existing or future tenants of the St. James Court Property and in accordance with the provisions of this Clause and which said Clause will remain in full force and effect beyond the completion date.

13. The Purchaser hereby agrees and declares as follows:

(a) That the Purchaser has inspected and approved the

plans of the Apartment; and

- (b) That the apartment when completed generally and in accordance with such plans will be unfurnished but with interior painting together with major appliances as contained in the Standard Feature Sheet hereto annexed.

14. The Purchaser hereby admits that neither the Owner nor the Developer has made any representations or warranties of any nature whatsoever as to the amount of the rent or maintenance charge to be reserved by the Lease notwithstanding any statements made or any figures or information contained in any brochure publication or advertising material whatsoever published issued or circulated by or on behalf of the Owner or the Developer or either of them and if (notwithstanding such admissions) there may have been any such representations or warranties the Purchaser hereby releases and discharges the Owner and the Developer or their agents and each and every one of them from all claims demands causes of action and suits whatsoever which the Purchaser now has or at any time hereafter may have by virtue of such representations or warranties or any of them or for or in respect of any matter or thing in anywise relating thereto.

15. Any notices to be served hereunder on the Purchaser shall be served by sending the same to the Purchaser at his address as stated at the beginning of this Agreement (or to such other address as the Purchaser may from time to time notify to the Developer in writing) by prepaid registered airmail if such address is outside the said Islands of Bermuda or by prepaid registered mail if such address is within the said Islands of Bermuda and shall be served on the Owner and on the Developer by delivering the same at their respective addresses as stated at the beginning of this Agreement or by sending the same by prepaid registered airmail if posted outside the said Islands of Bermuda or by prepaid registered mail if posted within the said Islands to such respective address and such notice sent by post shall be

deemed to be given at the time when in due course of post it would be delivered at the address to which it is sent.

16. This Agreement may be modified or varied only by an instrument under hand duly executed by all the parties hereto.

17. The Management of the St. James Court Property is to be with the Developer until the issued share capital in the Owner has been transferred in accordance with Clause 12 hereof and once the share capital of the Owner has been transferred in accordance with said Clause 12 hereof the Management of the St. James Court Property will be in accordance with the Bye-Laws of the Owner.

18. Any major defect shrinkage or other major fault in the Apartment which shall appear within Six (6) months of the Completion Date and which shall result from faulty workmanship or bad materials shall be made good by the Developer within a reasonable time and at the Developer's own expense.

19. If any dispute or question whatsoever shall arise between the parties hereto the matter in difference shall be submitted to three arbitrators one to be appointed by each of the three parties hereto and such appointments to be made within 30 days of notification of the decision being taken to refer to arbitration and such submission shall be considered a reference to arbitration within the meaning of The Arbitration Act 1986 or any Act for the time being in force amending or replacing the said Act and the decision of such arbitrators shall be final and binding on the parties hereto.

20. This Agreement shall be binding upon and shall enure for the benefit of the parties hereto and their respective successors and assigns or their respective successors in title (as the case may be).

21. In the interpretation of these presents:

- (a) where the context so requires or admits words importing persons shall include corporations words importing the masculine gender only shall include the feminine gender and vice versa and

- words importing the singular number only shall include the plural number and vice versa; and
- (b) if the Purchaser shall consist of two or more persons any agreement or obligation on the part of the Purchaser shall be the joint and several agreement and obligation of all persons comprising the Purchaser.

22. This Agreement is conditional upon the Purchaser being able to obtain financing of not more than U.S./Bermuda Dollars (BD/US\$) to help facilitate his purchase of the Apartment and providing the Owner has received written confirmation from the Purchaser not later than Forty-five (45) days from the signing hereof that said financing has not been made available to the Purchaser thus preventing him from proceeding with his purchase then this Agreement shall be declared null and void and the Purchaser shall be entitled to the return of all deposit monies together with any accrued interest thereon less the sum of Five hundred dollars (\$500.00) which represents Legal and Administration Fees incurred in the preparation of this Agreement. In the event the aforesaid written confirmation has not been received by the Owner then this Agreement shall remain in full force and effect.

23. The Purchaser acknowledges that by signing this Agreement he has received copies of (i) The St. James Court Standard Features Sheet (ii) Floor plan of the Apartment and (iii) Estimated completion costs of the Purchaser (iv) Synopsis of Government Restriction on Non-Bermudians acquiring real estate in Bermuda and which said copy documents are attached to this Agreement and will form an integral part of these presents.

24. The Purchaser acknowledges that by signing this Agreement he understands that no mooring rights in the Flatts Inlet attach for the benefit of the Apartment.

25. This Agreement shall be governed by and shall be construed according to the laws of the said Islands of Bermuda.

26. The holding of the deposit as provided in Clause 2 hereof and in so far as it may be applicable to this Agreement is also held as required by the provisions of Section 352 (e) (ii) (b) and Section 352 (h) of the New York General Business Law.

27. IMPORTANT NOTICE

IN ORDER TO COMPLY WITH THE LAWS OF CERTAIN STATES THE OWNER AND DEVELOPTER ARE REQUIRED TO ADVISE THE PURCHASER AND RECORD THE FOLLOWING:

"NOTICE TO PURCHASER you are entitled to the right to cancel this Agreement by midnight of the seventh calendar day following the day on which you have executed this Agreement".

AS WITNESS the hands of the parties hereto.

SIGNED by)
)
duly authorised on behalf of the)
said ST. JAMES COURT LTD. in)
the presence of:)
)
)
)
)

SIGNED by)
)
duly authorised on behalf of the)
said ST. JAMES MANAGEMENT)
COMPANY LTD. in the presence of:)
)
)
)
)
)

SIGNED by the Purchaser in the)
presence of:)
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SIGNED by the Purchaser in the)
presence of:)
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SIGNED by)
)
duly authorised on behalf of the)
Agent in the presence of:)
)
)
)
)
)
)

SIGNED by)
)
duly authorised on behalf of the)
Sub-Agent in the presence of:)
)
)
)
)
)
)

(iv)

SYNOPSIS OF GOVERNMENT RESTRICTIONS ON NON-BERMUDIANS
ACQUIRING REAL ESTATE IN BERMUDA & COMPANY REQUIREMENTS

1. ACQUISITION OF PROPERTY

In order for non-Bermudians to purchase real estate in Bermuda the property must be over a minimum ARV (Annual Rental Value) as fixed by Government; if the property is available for purchase the prospective purchaser must apply for a Licence to Acquire the property. Application is usually made on behalf of the Purchaser by a firm of Bermuda appointed Attorneys. The form of application will contain a full legal description and plan of the property seeking to be acquired, sundry personal information of the applicant(s), three personal references and one banking reference in support of the application. If approved, the fee for the granting of a Licence is 15% of the purchase price (although The St. James Village/Court Developments will have a Licence Fee of 10% of the purchase price).

2. RENTING OF PROPERTY

The renting of property owned by non-Bermudians is prohibited unless specific Government approval for the rental arrangement is obtained and which said approval will only be given in certain circumstances. If approved, then either \$50.00 or 5% of the rent received, whichever is the greater, must be paid to Government.

3. INHERITANCE OF PROPERTY

As a general rule, it is not possible for non-Bermudians to inherit property owned by a non-Bermudian. Usually the Property must be sold on the death of the non-Bermudian owner. However, special consideration will be given to non-Bermudian widows and widowers of Bermudian spouses and the non-Bermudian children of Bermudians who inherit under a will or intestacy or become entitled through an Order of the Court. Also Government will exercise discretion in those cases where the non-Bermudian spouses of Bermudians seek to acquire property by voluntary conveyance or deed of gift to be held in joint tenancy with the Bermudian spouse.

4. COMPANY AND OTHER CORPORATE REQUIREMENTS

The affairs of the property owning company, in which you will hold shares, are governed by the Companies Act 1981 and the Bye-Laws of the company. It is appropriate to note certain requirements and restrictions imposed under the Companies Act 1981.

The company is designated a "local" company under the Companies Act. Certain restrictions are generally imposed

by the Act namely that 60% of the shares must be held by Bermudians and 60% of the directors must be Bermudian. The company has, to date, been exempted from this requirement by virtue of a licence issued by the Minister of Finance under the Act permitting it to be ultimately controlled by a non-Bermudian entity and generally exempted from the requirements mentioned above. This licence is renewable on an annual basis at a cost of BD\$1,000.00, provided that the company is unable to comply with the usual requirements of the Companies Act.

The company is in possession of such a licence at the present time. This licence will require to be amended upon completion of the development so as to expressly permit the company to carry on the business of property ownership and management and to enable it, if required, to be owned as to more than 40% by non-Bermudians.

It should be noted that the grant of a licence is at the discretion of the Minister of Finance and that he is empowered under the Companies Act to impose any further conditions or add, delete, modify or amend any conditions imposed, giving seven days' notice thereof to the company. The licence is currently expressed to be a permanent licence subject of course to the Minister's right to impose any further conditions, etc.

SPECIMEN AT \$450,000.00 PURCHASE PRICETHE ST. JAMES COURTESTIMATED COMPLETION COSTS FOR NON-BERMUDIAN PURCHASER1. Without Mortgage Package

<u>Less:</u> Purchase Price:	\$450,000.0
10% Deposit Paid:	<u>45,000.0</u>
	\$405,000.0

<u>Add:</u> Legal Fees:	
(i) Conveyancing:	\$ 1,500.00
(ii) Licence to Acquire (payable when instructions given):	\$ 500.00

Stamp Duty:

Lease (1st \$100,000 at 1/2% - After \$100,000 at 1% - c/part at \$1.00):	\$ 4,001.00
Agreement (original & c/part):	11.00

Per diem - quarterly
Maintenance Fee
Two Months pre-payment maintenance fee one for operating capital the other for capital reserve:
Insurance Premium:
Licence Fee/Multiple
Re-entry Permit:

\$ 800.00
\$ 250.00
<u>\$ 45,050.00</u>

52,112.0

BALANCE REQUIRED TO COMPLETE:

\$457,112.02. With Mortgage Package

Purchase Price:	\$450,000.0
<u>Less:</u> Deposit Paid:	<u>45,000.0</u>
	\$405,000.0

<u>Add:</u> Legal Fees:	
(i) Conveyancing:	\$ 2,250.00 *
(ii) Licence to Acquire (payable when instructions given)	\$ 500.00

Stamp Duty:

Lease (1st \$100,000 at 1/2% - After \$100,000 at 1% and c/part at \$1.00):	4,001.00
Agreement (original & c/part):	11.00
Mortgage (1/4% of 1%):	900.00

Per diem-quarterly
Maintenance Fee
Two months pre-payment maintenance fee one for operating capital the other for capital reserve:
Insurance Premium:
Licence Fee/Multiple
Re-entry Permit:

\$ 800.00
\$ 250.00
<u>\$45,050.00</u>

<u>\$ 53,762.0</u>
<u>\$458,762.0</u>

- 2 -

	bal. fd.	\$458,762.00
<u>Less:</u> 80% Mortgage secured by Financing Plan:	\$360,000.00	
<u>Less:</u>		
Finder's Fee:	<u>\$ 3,600.00</u>	<u>\$356,400.00</u>
BALANCE REQUIRED TO COMPLETE:		<u>\$102,362.00</u>

* includes a \$750.00 charge for legal fees for work carried out in respect of Mortgage.

NB: All legal fees are subject to the proviso that an additional charge will be made when, due to the complexity of a particular case, extra work is undertaken on behalf of the Purchaser.

-St. James Court-
-INTERIOR STANDARD FEATURES-

RESIDENCE FEATURES

- * Dual season electric heating and cooling in the living room, dining room and bedrooms for year 'round temperature control.
- * Double-glazed hermetically-sealed operable windows and doors.
- * Frigidaire stack washer and dryer.
- * Solid wood panelled front door with knocker/peephole/mail slot.
- * Telephone jacks in each room, except bathrooms.
- * Individual electric meter and breaker panel.
- * Smoke detectors in all rooms except bathrooms.
- * Private balcony(ies) or garden areas with quarry tiled balcony floor and patio floor.
- * Chandelier electric hookup in dining room.
- * White Hunter ceiling fans in living room and all bedrooms.
- * Solid core room doors/louvred closet doors.
- * Garage and storage area (buildings 2, 4, 6, only).
- * Filled concrete block wall between units providing a minimum of two hour fire separation.
- * Built-in drawer units in Master Bedroom.

KITCHEN FEATURES

- * Tielsa white kitchen cabinets and countertop.
- * Glazed Italian ceramic 8" x 8" tile floor.
- * Glazed Italian ceramic 4" x 8" tile backsplash.
- * Frigidaire FRE 22 VWC refrigerator with Ice-N Water side by side white door.
- * Caloric built-in dishwasher Model No. DUS 205. Full load capacity. Porcelain enamel interior; 750 watt heating element power saver feature; reversible color panels in white, almond, or black.
- * Caloric built-in trash compactor Model No. EKD 396 with variable power microwave cook center.
- * Programmed digital-timed oven system; white range top. Black microwave, oven door and exhaust hood.
- * Pass thru to dining room with louvred shutter doors.

BATHROOM FEATURES

- * Baldwin "Palm Springs" series bathroom accessories.
- * Bone American Standard fixtures in both full baths.
- * Bone Corian countertop on plastic laminate faced vanity in both full baths.
- * Bone 8" x 8" ceramic tile floors.
- * Bone 4" x 8" ceramic tile 4 foot high on walls; to ceiling on tub surrounds and stall shower.
- * Double sinks in master bedroom suite (3 bedroom units only).
- * Jacuzzi in master bathroom.
- * Combination heat/vent/light unit in each bathroom.

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T H I S L E A S E is made (in duplicate) the
 day of One thousand nine hundred and eighty-
 B E T W E E N ST. JAMES COURT LTD. a company
 incorporated under the laws of the Islands of Bermuda
 (hereinafter called "the Landlord" which expression shall where
 the context so admits include its successors and assigns) of
 the first part ST. JAMES MANAGEMENT COMPANY LTD. a company
 incorporated under the laws of the said Islands of Bermuda
 (hereinafter called "the Company" which expression where the
 context so admits include its successors and assigns) of the
 second part and of

in
 the said Islands of Bermuda (hereinafter called "the Tenant"
 which expression shall where the context so admits include the
 successors in title of the Tenant) of the third part:

W I T N E S S E T H as follows:-

1. IN CONSIDERATION of the sum of
 Dollars ()
 paid by the Tenant by the direction of the Landlord to the
 Company (the receipt and payment in such manner whereof the
 Company and the Landlord hereby respectively acknowledge) and
 of the rent hereinafter reserved and the covenants on the part
 of the Tenant hereinafter contained THE LANDLORD HEREBY DEMISES
 unto the Tenant ALL THAT the Apartment Number

(hereinafter called "the said premises") which shall include
 the Garage Garden Patio and Balconies and shown outlined in Red
 on the plan hereto annexed of the St. James Court Property
 (hereinafter called "the Property" as described in the Fourth
 Schedule hereto) TOGETHER WITH one-half of the thickness of the
 floor ceiling and walls of the said premises (where the same
 adjoin another living unit) TOGETHER WITH the easements rights
 and privileges mentioned in the First Schedule hereto but
 excepting and reserving as mentioned in the Second Schedule
 hereto TO HOLD the same unto the Tenant from the
 day of for the term of Nine hundred and
 ninety-nine (999) years (hereinafter called "the said term")

EXHIBIT E

YIELDING AND PAYING
THEREFOR to the Landlord during the said term by way of rent an annual sum of One Dollar (\$1.00) AND in addition in respect of each maintenance period (as defined by Clause 7 (5) of this Lease) maintenance expenses (as defined by Clause 7 (6) of this Lease) as follows:

- (a) Until the expiration of one hundred and twenty days (120 days) after seventy-five percent (75%) of all Units on the Property have been leased in a form substantially similar to this Lease or within three years of the closing of the sale of the first Unit whichever is the sooner such sum as the Landlord may from time to time require such sums to be based on the shareholding of the Tenant as defined in Sub-Clause (b) of this Clause and to be paid quarterly in advance provided that such maintenance sums are to be used for the maintenance and ancilliary expenses incurred including the maintenance of the facilities then being enjoyed by the Tenants;
- (b) thereafter such proportion of the maintenance expenses as the number of shares in the Landlord held by the Tenant bears to the total number of issued shares in the Landlord exclusive of the Landlord's Class "B" Shares (such shares to be issued by the Landlord shall be based on the proportion the square footage of the Apartment bears to the total square footage of all apartments comprising the Property in accordance with the formula for such shareholding laid-down from time to time in the Corporate Bye-Laws of the Landlord) to be paid by the Tenant to the Landlord on receipt by the Tenant of a notice in writing from the Landlord requesting the same which shall be the estimated expenses required for the next maintenance period and are to be paid quarterly in advance;
- (c) provided always it is hereby agreed that ~~notwith~~

standing anything hereinbefore contained:

- (i) at any time or times during or immediately prior to each maintenance period the Landlord may serve written notice on the Tenant notifying the Tenant of the amount which the Landlord estimates to be the maintenance expenses in respect of that maintenance period and thereupon the Tenant shall by quarterly instalments in advance pay to the Landlord a proportion calculated as aforesaid of the amount specified in such notice;
- (ii) as soon as is reasonably practicable after the end of each maintenance period the Landlord shall cause proper accounts to be prepared showing the maintenance expenses (and if a majority of the tenants of the Property shall so request the Landlord in writing on or before the end of such maintenance period or periods such accounts shall be duly audited by some chartered accountant appointed by the Landlord) and the Landlord shall provide the Tenant with a copy of the said accounts. If the sums paid to the Landlord by the Tenant in accordance with paragraph (i) hereof shall exceed the Tenant's proportion of the maintenance expenses then such excess shall be carried forward to the Tenant's account and set off against his liability for the next maintenance period or any succeeding maintenance period;
- (iii) notwithstanding the contents of Clause (a) and (b) hereof the Landlord may demand by notice in writing to the Tenant and the Tenant shall pay such further sum as the Landlord may deem necessary for the purpose

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of creating a reserve fund to be set aside by the Landlord as a working balance for the future discharge of its obligations under this Lease PROVIDED ALWAYS that at no time shall such reserve fund exceed the maintenance expenses for the immediately preceding maintenance period and PROVIDED FURTHER that the Tenant shall not be obliged to contribute to such reserve fund a proportion thereof in excess of the proportion of the maintenance expenses of the whole which the Tenant is obliged to pay under the provisions of Clause 1 (b) of this Lease.

2. The Tenant so that this covenant shall be for the benefit and protection of the Property and the other tenants thereof and every part thereof hereby covenants with the Landlord and also as a separate covenant with every other tenant for the time being of every other part of the Property that the Tenant and all persons deriving title through or under the Tenant will at all times hereafter observe the restrictions set forth in the Fifth Schedule hereof.

3. The Tenant to the intent that the obligations may continue throughout the said term hereby covenants with the Landlord as follows:

- (1) To pay the said yearly rent hereby reserved at the times and in the manner aforesaid without any deductions whatsoever;
- (2) To pay for all telephone charges and electricity consumed in the said premises and to pay for all excess water in accordance with rules set-up by the Landlord from time to time;
- (3) To pay all taxes and charges in respect of the said premises (payable under The Land Valuation and Tax Act, 1967 or any Act for the time being amending or replacing same);
- (4) To keep the interior of the said premises and the

fixtures therein and the internal and external doors and the window sashes thereof including the glass window panes storm windows and screens in first-class repair and condition;

- (5) Not without the previous consent in writing of the Landlord to cut alter or injure any of the main walls timbers or the floors of the said premises or to make any alteration to the exterior or appearance of the said premises or in the construction or arrangement of the said premises which might affect the stability or safety of the said unit or any part thereof or affect the amenities or enjoyment of any other living unit forming part of the Property and before any changes are made by the Tenant to the plumbing electrics cables pipes or wires in the said premises or before any changes are made to the Fixtures and Fittings of the premises the Tenant will give to the Landlord and to the owners of all adjoining units not less than three days notice of proposed changes for practical and insurance purposes;
- (6) To permit the Landlord and his Agent with or without workmen or others at all reasonable times of the day upon giving previous notice in writing to enter upon and to provide access to the said premises to read the water meters installed therein and to view the state of repair and condition thereof and upon the Landlord serving upon the Tenant a notice specifying any defects or want of reparation then and there found and requiring the Tenant forthwith to execute the same. If the Tenant shall not within the period of one month after such notice or sooner if required proceed to repair and make good the same according to such notice and the covenants in that behalf hereinbefore contained then to permit the Landlord to enter upon the said premises and execute such

repairs the costs thereof to be a debt due from the Tenant to the Landlord and forthwith to be recoverable by action;

- (7) Not to do or permit or suffer to be done or omitted anything on any part of the said premises which may render void or voidable any insurance policy obtained by the Landlord under Clause 4 (2) of this Lease or which may increase the rate of premium payable in respect thereof and in any event to indemnify all adjoining unit owners for loss suffered as a result of the Tenants own negligence regarding the Tenants use of the demised premises;
- (8) Not at any time during the said term to use or occupy or permit to be used or occupied the said premises otherwise than as a single private residence and not to carry on in the said premises any trade business or occupation whatsoever and not to do or permit or suffer to be done on the said premises any act or thing which may be or become a nuisance disturbance annoyance or inconvenience to the Landlord or its other lessees or occupiers of any larger unit of which the said premises may form part or the owners lessees or occupiers of any adjoining or neighbouring premises or which may deteriorate or tend to deteriorate the value of any adjoining or neighbouring property;
- (9) Not to assign or underlet or attempt to assign or underlet any part other than the whole of the said premises. In any event not to assign or underlet for a period of less than 6 months;
- (10) Not to assign or underlet or part with the possession of the said premises as a whole (otherwise than by way of mortgage or charge) or allow the said premises to be occupied by others without the consent in writing of the Landlord first being obtained which consent shall not be unreasonably withheld but as a condition of consent to any

assignment or underlease and contemporaneously therewith the Landlord will require to be made a party to such assignment or underlease of the said premises to signify its consent to such assignment or underlease which assignment or underlease shall contain a covenant by such intended assignee or underlessee to perform the covenants on the part of the Tenant contained in this Lease (to be set out fully in such assignment or underlease) as if these covenants were therein repeated with the substitution of the name of the intended assignee or underlessee for the name of the Tenant and containing also a provision that the proviso for re-entry contained in this Lease shall take effect as if the covenant contained in such assignment or underlease were a covenant on the part of the Tenant contained in this Lease and thereupon in respect of an assignment only the obligations of the Tenant or other assigning party under this Lease or any such assignment as aforesaid shall cease but without prejudice to any right of action against the Tenant or other assigning party for any antecedent breach thereof;

- (11) Not to affix any placard announcement advertisement name or sign upon the external walls or in the windows of or write or expose to view upon the said premises or any other part of the Property any name or sign except with the consent in writing of the Landlord being first obtained and specifically not to allow any "For Sale" "For Rent" or "For Lease" signs or other window displays or advertising to be maintained or permitted on any part of the demised premises and not to allow the demised premises to be used for transient hotel or motel purposes and the Tenant acknowledges the right of the Landlord to place such signs on any unsold or unoccupied Units or in the common areas and/or grounds;

- (12) At the expiration or sooner determination of the said term quietly yield up unto the Landlord the said premises with all fixtures and fittings (other than the Tenant's fittings) which now or at any time during the term of the Lease shall be thereon added thereto well and substantially repaired and with all locks and keys and fastenings complete.
- (13) Not to object to Buildings 1 and 3 on the Property being used for retail/storage/garage purposes.
- (14) To notify the Landlord immediately should the Tenant mortgage or charge the demised premises and to provide the Landlord with full details of the names and addresses of any Mortgagees/Chargees.
- (15) Not to moor any boats in that stretch of water of the Flatts Inlet which runs alongside the Property.
- (16) To insure for personal property and furnishings stored within the said premises.

4. The Landlord hereby covenants with the Tenant as follows:

- (1) That the Tenant paying the rent reserved and performing and observing the covenants and stipulations herein on the Tenant's part to be performed and observed shall peaceably hold and enjoy the said premises during the said term without any interruption by the Landlord or any person rightfully claiming under or in trust for it;
- (2) To keep the said premises insured in fully comprehensive cover to the full reinstatement value thereof and public liability and such other risks as the Landlord may deem necessary in some insurance office of good repute for the full reinstatement value thereof which said reinstatement value shall be fixed every year by an independent person competent and experienced in the valuation of property in Bermuda for construction and rebuilding purposes and to make all payments necessary for that purpose before the same shall

- become due and payable and to produce to the Tenant when required the valuation of the property the policy of insurance and the receipt for the current year's premium. In the event that the said premises shall be damaged or destroyed by an insured cause the Landlord shall use all insurance money received under the said insurance policy to reinstate and make good the said premises as soon as practicable after such damage or destruction;
- (3) To require every person to whom it shall hereafter grant a Lease of any part of the Property to covenant to observe the restrictions set forth in the Fifth Schedule hereto;
- (4) That subject to the payments of the rents hereinbefore reserved at the dates and in manner hereinbefore provided and to the observance and performance of the covenants and stipulations herein contained and on the part of the Tenant to be observed and performed the Landlord will carry out and perform or arrange for the carrying out and performance of the several matters and things set forth in the Third Schedule hereto and will defray the costs and expenses thereof PROVIDED ALWAYS and without prejudice to the generality of the foregoing it is hereby expressly agreed that the Landlord shall appoint and remunerate a managing agent who by the terms of his contract shall be responsible to the Landlord for carrying out and performing the several matters and things set forth in the Third Schedule hereto and for arranging for the defraying of the costs and expenses thereof;
- (5) That all or any part of the Property leased or to be leased by the Landlord shall contain substantially the same covenants stipulations and conditions as are herein set forth except as to the dates of such leases the amounts of the consideration payable on the granting of such leases and the

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commencing date of such leases PROVIDED ALWAYS that nothing herein contained shall be construed to prevent the Landlord from giving selling or leasing the lot of land outlined in Purple on the plan hereto annexed the proceeds of sale from which are to be the exclusive property of the Landlord nor shall the Landlord be prevented from selling any minor part of the Property to any Public Authority or body providing services of a public nature any purchase monies to be used by the Landlord in the manner stipulated in sub-section (4) of this Clause.

- (6) Not to allow the swimming pool on the property to be used by anyone other than Tenants of the Property and Tenants Guests.
- (7) To allow Buildings 1 and 3 on the Property to be used as retail/storage/garage space.

5. IT IS HEREBY MUTUALLY AGREED AND DECLARED as follows:

- (1) If the said yearly rent hereinbefore reserved or any part thereof shall be in arrears for the space of Ninety (90) days after the date whereon the same ought to be paid as aforesaid whether formally demanded or not or if any amount of the maintenance expenses payable under Clause 1 of these presents shall be unpaid for Ninety (90) days after becoming due or after service of a notice under Clause 1 hereof or if any covenant on the Tenant's part herein contained shall not be performed or observed or if the Tenant or other person or persons in whom for the time being the term hereby created shall be vested or any of them shall become bankrupt or make any assignment for the benefit of his creditors or enter into any agreement or make any arrangement with his creditors for liquidation of his debts by composition or otherwise or suffer any distress or process of execution to be levied on his goods then

and in any such case it shall be lawful for the Landlord at any time thereafter:

- (a) To re-enter upon the said premises or any part thereof in the name of the whole and thereupon this demise shall absolutely cease and determine but without prejudice to any right of action of the Landlord in respect of any antecedent breach of the Tenant's covenants or provisions and stipulations herein contained;
- (b) To lease anew the said premises to any person for the unexpired period of the term hereby demised at the rents and subject to the covenants and provisions herein contained except payment of the consideration referred to in Clause 1 of these presents but otherwise upon such terms and for such consideration or premium and at such time as the Landlord may in its absolute discretion determine PROVIDED NEVERTHELESS that the consideration or premium received by the Landlord in respect of such new lease shall be applied FIRSTLY in payment of all lawful claims and demands of the Landlord in respect of all costs and expenses incurred by it in the exercise of the powers in this Clause contained SECONDLY in payment of any outstanding registered mortgages or charges on the said premises and THIRDLY the balance shall be paid to the Tenant PROVIDED FURTHER that when exercising the aforesaid powers the Landlord shall take reasonable care to ensure that the consideration or premium paid is the best which can reasonably be obtained;
- (c) To transfer to such new tenant any shares in the Landlord held by the Tenant and for the purpose of effecting such transfer the Tenant hereby irrevocably appoints and constitutes

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the Landlord as the Tenant's attorney to execute the transfers of the said shares on behalf of the Tenant and to do all such acts deeds and things as may be necessary to complete the transfer of the said shares;

(2) Any notice under this Lease shall be in writing.

Any notice to the Tenant shall be sufficiently served if sent to the Tenant at the said premises by registered post and any notice to the Landlord shall be sufficiently served if delivered at or sent by registered post to the Registered Head Office of the Landlord or sent to the Landlord's Managing Agent at that time by registered post at the address of such Managing Agent. Any notice to the Company shall be sufficiently served if delivered at or sent by registered post to the Registered Head Office of the Company or sent to the Secretary of the Company by registered post at the address of the Company. Any notice sent by post shall be deemed to be given at the time when in due course it would be delivered at the address to which it is sent;

(3) If any dispute or question whatsoever shall arise between the parties hereto the matter in difference shall be submitted to three arbitrators one to be appointed by each of the three parties hereto and such appointments to be made within thirty (30) days of notification of the decision being taken to refer to arbitration and such submission shall be considered a reference to arbitration within the meaning of The Arbitration Act 1986 or any Act for the time being in force amending or replacing the said Act and the decision of such arbitrators shall be final and binding on the parties hereto.

6. The Tenant being a restricted person within the meaning of The Bermuda Immigration & Protection Act, 1956, duly made application under the terms of the said Act to the Government

of these Islands for sanction to acquire the said premises and by a Licence to Acquire Land dated the day of 198 (which Licence is hereto annexed) sanction was granted to the Tenant to acquire a Leasehold interest in the said premises subject to the conditions and limitations therein set forth.

7. In this Lease:

- (1) "The Property" shall include the property described in the Fourth Schedule hereto and all buildings amenities and other structures now or at any time erected or caused to be erected by the Landlord on the said property described in the Fourth Schedule hereto;
- (2) The singular includes the plural and vice versa and any covenant made by any person in this Lease shall (where the context so admits) be joint and several on the part of the several persons entering into such covenants;
- (3) Words importing the masculine gender include the feminine gender and vice versa;
- (4) Where the context so requires or admits the expression "the Landlord" shall include the reversioner for the time being expectant on the determination of the term hereby granted and the expression "the Tenant" shall include his her or their successors in title;
- (5) The term "maintenance period" shall mean the financial year of the Landlord which is the period of Twelve (12) calendar months commencing on the First day of September of each year during the said term;
- (6) The term "maintenance expenses" shall mean the amount expended by the Landlord during each maintenance period in respect of the costs expenses and outgoings incurred in respect to the matters mentioned in the Third Schedule hereto.

IN WITNESS WHEREOF the parties to these presents have hereunto set their hands and seals or caused their Common Seals to be

affixed (as the case may be) the day and year first above written.

THE FIRST SCHEDULE BEFORE REFERRED TO
(Tenant's Easements Rights and Privileges)

1. Full right and liberty for the Tenant and all persons authorised by the Tenant (in common with all other persons entitled to the like right) at all times by day and by night and for all lawful purposes with or without motor cars and other vehicles to go pass and repass along over and upon the driveways on the Property including all other easements appurtenant and belonging to the Property and to use such of the footpaths gardens grounds and boardwalk of the Property for any lawful purpose subject only to such conditions as the Landlord may reasonably impose having regard to the use of the Property as a residential development of good standing.
2. The free and uninterrupted passage and running of water electricity and other utilities and soil and waste from and to the said premises through the sewers drains water courses cables pipes wires and apparatus which now are or may at any time hereafter be in under or passing through the Property or any part thereof.
3. The benefit of the restrictions contained in the leases of other parts of the Property granted or to be granted.
4. The right to subjacent and lateral support and to shelter and protection from the other parts of the said unit and from the site and roof thereof.
5. The right in common with all others entitled thereto for the Tenant his agents servants workmen and invitees to go pass and repass over and along any stairs in the said unit up to and including the floor on which the said premises are situate for the purpose of going to and from the said premises.

THE SECOND SCHEDULE BEFORE REFERRED TO
(Exceptions and Reservations)

There is excepted and reserved out of this Lease unto the Landlord and the other tenants of the Property:

1. Power for the Landlord and its surveyors or agents with or without workmen and others at all reasonable times on notice (except in case of emergency) to enter the said premises for

the purpose of carrying out the obligations of the Landlord hereunder which said rights of entry will conform to the requirements as set out in Clause 3(6) of this Lease.

2. Easements rights and privileges equivalent to those set forth in the First Schedule hereto but in the case of any other tenants only insofar as they relate to the said unit of which the said premises form part.

THE THIRD SCHEDULE BEFORE REFERRED TO
(Landlord's Maintenance Obligations)

1. Maintaining in good and substantial repair and condition the main structure and the roof of all buildings now or hereafter to be erected on the Property and foundations thereof and the swimming pool the boundary walls or fences and common walkways boardwalk and exterior lighting in the same good order and working condition.

2. Keeping any trash areas meter sheds garages parking areas and other common parts of the Property in good order and condition and the main drains and the common pipes wires and other conducting media in the same and any water pipes running in common parts of the said buildings in good order and condition.

3. Employing and paying personnel to clean and maintain the common parts of any common area now or hereafter to be erected on the Property and to clean and maintain the swimming pool water pump cesspool lifts and other areas used in common.

4. Paying all existing and future rates taxes and assessments payable by law in respect of the Property (other than any tax or other charge payable under The Land Valuation and Tax Act, 1967 or any Act for the time being amending or replacing the same and the obligation for the payment of which is borne by operation of law agreement or otherwise by any persons other than the Landlord).

5. Paying all taxes outgoings professional fees and services in respect of the day-to-day running of the Landlord as a corporate body including without prejudice to the generality of the foregoing legal fees secretarial fees and the fees of the Managing Agent referred to in Clause 4 (4) of this

Lease.

6. Paying all monies necessary to keep the whole of the Property insured against loss or damage by fire windstorm public liability and such other risks as the Landlord may deem necessary in some insurance office of good repute to the full reinstatement value thereof.

7. Keeping any common garden ground and any common forecourt paths yards ways boardwalk walkway and stairs and any part of the Property specifically not leased in terms similar to these presents tidy and in good order and condition.

8. Painting all the wood metal work and masonry surfaces on the outside of all buildings now or hereafter to be erected on the Property and all other outside parts usually painted as often as the Landlord may deem necessary in order to maintain their proper protection and appearance.

THE FOURTH SCHEDULE BEFORE REFERRED TO
(The St. James Court Property)

ALL THAT certain lot of land in Hamilton Parish in the Islands of Bermuda as delineated on the plan hereto annexed and thereon outlined in comprising a total area of Nought decimal point six six nine hectares (0.669 hectares).

THE FIFTH SCHEDULE BEFORE REFERRED TO
(Restrictions on Tenant - Covenant in Clause 2 hereof)

1. No Tenant shall give lessons in music singing or dancing and no piano or other musical instrument gramophone or other mechanical instrument radio loud speaking singing or any noise whatsoever shall be played used operated or permitted at such hours or in such manner as shall reasonably be objected to by any of the occupiers of any adjoining or adjacent premises or by the Landlord.

2. No Tenant shall throw or permit to be thrown anything whether of a liquid or solid nature from any part of the said premises.

3. Not to keep any animals on the demised premises without the prior written approval of the Landlord and if given not more than one cat or one small dog shall be kept and if there are two objections made in writing by separate occupiers of any adjoining or adjacent premises to the said keeping of an animal

on the demised premises then said animal will be removed immediately. If consent to keep an animal on the premises is given the Tenant shall be responsible for cleaning of the common areas which may be fouled by their animals.

4. Not to allow any animal kept by the Tenant on the demised premises to roam free on any part of the common areas and when walking the said animal over any part of the common areas to keep it on a leash and not to allow any animals into the elevators on the Property.

5. No clothes shall be hung up on or from nor carpets rugs mats or clothes be shaken from any windows or balcony and no clothes shall be hung out in any part of the Property other than such part thereof as may be specifically reserved for such purpose.

6. No Tenant shall keep any plants on the exterior window sills or place thereon any ornaments or other thing which might impair alter or mar the uniformity or appearance of the Property.

7. No Tenant shall install any plantings on any terrace balcony or roof without the prior written approval of the Landlord. Plantings shall be contained in boxes of wood lined with metal or other material impervious to dampness and standing on supports at least 2 inches from the terrace balcony or roof surface and if adjoining a wall at least 3 inches from such wall. Suitable weep holes shall be provided in the boxes to draw off water. In special locations such as a corner abutting a parapet wall plantings may be contained in masonry or hollow tile walls which shall be at least 3 inches from the parapet and flashing with the floor of drainage tiles and suitable weep holes at the sides to draw off water. It shall be the responsibility of the Tenant to maintain the containers in good condition and the drainage tiles and weep holes in operating condition.

8. No Tenant shall in any way encumber or interfere with the access to or egress from or place or leave rubbish upon any part of the Property used in common with other tenants thereof (other than such part thereof as is specifically reserved for

such purpose) nor allow any car cycle perambulator cart invalid carriage or other vehicle or thing or any goods or package belonging to the Tenant or the Tenant's servants agents or invitees to be placed or remain upon any part of the Property used in common with the other tenants (other than such part thereof as is specifically reserved for such purpose) nor park any such vehicles or thing in such a manner as to impede or prevent ready access to any entrance of the Property by another vehicle and the Tenant will ensure that his car whilst parked on the demised premises will only be parked in the garage forming part of the demised premises and that the Tenant will also ensure that the garage will be used for no other purpose other than the parking of cars and that any vehicle parked in the garage shall not exceed in length to the length of the spot for parking in the garage.

9. No Tenant shall use the said premises or permit the same to be used for any purpose of an illegal nature.

10. No Tenant shall fix a radio television aerial TV or Satellite Dish to the exterior of the said premises or to any other part of the Property without the permission of the Landlord.

11. No Tenant shall make or allow any person or child under his control (said child to be at all times under the supervision of an adult) to make any undue noise in or about the said premises or any part of the Property or to play on any part of the Property except in areas which may be designated by the Landlord for such purposes.

12. Water closets and other water apparatus in the said premises shall not be used for any purposes other than those for which they were constructed nor shall any sweepings rubbish rags or any other article be thrown into the water closets. The cost of repairing any damage resulting from misuse of any water closets or other apparatus shall be paid for by the Tenant in whose apartment it shall have been caused.

13. No Tenant shall permit any water or liquid to soak through the floors of the said premises and in the event of such happening he will without prejudice to the Landlord's

rights under this Lease immediately rectify and make good all damage and injury to the premises so affected.

14. In the event of any services which pass through other parts of the unit of which the said premises form part requiring attention the tenant on whose behalf such attention is required may himself or by his workmen have access to such other parts of the said unit as may be strictly necessary for that purpose and he will be responsible for ensuring that no unnecessary inconvenience is caused and that any damage done is forthwith made good in satisfactory manner and at his expense.

15. Not to use the Common areas for the purposes of picnics or barbecues.

16. Not to store or keep any chattels or loose equipment whatsoever on the Property other than in those areas which may be specifically allocated by the Landlord and designated accordingly.

17. Not to do any repairs to any vehicle other than minor maintenance such maintenance only to be carried out in the areas specifically allocated and to carry out the maintenance of cars in the garage forming part of the demised premises only and no other place.

18. To keep the garage floor of the garage forming part of the demised premises in a clean and tidy condition at all times.

19. To observe and comply with swimming pool and elevator and common area rules as established by the Landlord and the rules set up by the Landlord from time to time.

20. Not to allow at any one time more than six/four persons over the age of Twelve years to utilize a three/two bedroomed unit for sleeping accommodation.

21. To ensure that all stereos televisions radios and all sound amplifiers shall be lowered in volume if operated during the hours of 11 p.m. to 9 a.m.

22. To use all water on the demised premises sparingly and shall not have water running unnecessarily for any length of time and agree to the Rules set-up by the Landlord from time to time covering payment by the Tenant for excess water

consumption.

23. Except in recreational or storage areas designated as such by the Landlord there shall be no playing lounging or parking of baby carriages or playpens bicycles wagons toys vehicles benches or chairs barbeques hibachis or other portable cooking utensils on any part of the Common Area. Storage by Tenants in areas designated by the Landlord shall be at the Tenants' risk.

24. Not to operate any Power Tools in the demised premises or the garage forming part of the demised premises except during the hours of 9.00 a.m. and 5.00 p.m. or in the case of an emergency.

25. To remove all patio furniture from the patio and balconies forming part of the demised premises should there be a windstorm warning in respect of the area in which the property is situate.

26. Not to use the parking spaces and garages for any other purpose other than to park cars motor-cycles or vans excluding specifically trucks commercial vehicles trailers or boats.

27. Not to park motor-cycles anywhere other than garages or parking spaces assigned for motor-cycles and trucks commercial vehicles or trailers providing temporary services to Tenants may be parked in the spots designated by the Landlord as guest spots but only between the hours of 9.00 a.m. and 5.00 p.m. Tenants their families and guests use the parking spaces at their own risk.

28. Not to park bicycles in any place other than the garage forming part of the demised premises or the designated parking spaces.

29. Not to keep any items stored in the garage forming part of the demised premises other than a motor car motor bike or bicycle and to store all other items in the storage room to the back of the garage area and keep the storage door closed at all times.

30. Not to use anything other than white lined drapes for the windows in the demised premises and to obtain the Landlords approval for the colour scheme of all interior blinds and

THE COMMON SEAL of ST. JAMES
MANAGEMENT COMPANY LTD. was
hereto affixed in the presence
of:

~~~~~

.....

Prior to the date hereof the sum of                  Dollars  
                                          (                                 ) in Postage and  
Revenue Stamps has been hereto affixed for the purpose of Stamp  
Duty.

## INDIVIDUAL PURCHASER

## TRANSFER OF SHARES

St. James Holding Company, Ltd., a joint stock Company  
incorporated and organised under the laws of Bermuda having its  
registered head office at Thirty Cedar Avenue, Hamilton, Bermuda  
(hereinafter called "the transferor") pursuant to a Deed of  
Lease dated [ ] Between St. James Court  
Ltd. of Thirty Cedar Avenue, Hamilton, Bermuda and [Name  
Address ] (hereinafter called "the transferee") does  
hereby transfer to the Transferee [ ] Class A [# ] Share(s)  
in the joint stock company called St. James Court Ltd. subject to  
the several conditions on which the transferor held the same  
immediately before the execution hereof: and the transferee does  
hereby agree to take the said shares subject to the conditions  
aforesaid.

AS WITNESS the Common Seal of the transferor and the hand of the transferee the                      day of                      19

THE COMMON SEAL of  
ST. JAMES HOLDING COMPANY,  
LTD. was hereto affixed  
in the presence of:-

Signed by the above named  
Transferee in the presence  
of:-

Stamp Duty: \$                      paid

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B Y E - L A W S  
of  
ST. JAMES COURT, LTD.

INTERPRETATION

1. In these Bye-Laws, unless the context otherwise requires -

"Bermuda" means the Islands of Bermuda;

"Board" means the Board of Directors of the Company or the Directors present at a meeting of Directors at which there is a quorum;

"Company" means the company incorporated in Bermuda under the name of ST. JAMES COURT, LTD. (formerly known as St. James Properties, Ltd.) on the 18th day of December, 1984 for the purpose of acquiring the Property and developing thereon condominium units and thereafter to provide those units, by way of long lease, to members of the general public who, by virtue of their leasehold interest, shall, in due course be entitled to become members of the Company in accordance with the provisions of these Bye-Laws;

"the Companies Acts" means every Bermuda statute from time to time in force concerning companies insofar as the same applies to the Company;

"Holding" means St. James Holding Company (Bermuda) Limited, a Bermuda exempted company incorporated on the 18th day of December, 1984 to hold shares in the Company and certain affiliated entities;

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"House Rules" as referred to in Bye-Law 18.1 (xiii) means those rules established by the Board of Directors in respect of the Property for the health, safety, convenience and quiet enjoyment of the Member-tenants.

"Lease" means that Deed of Lease, evidencing the sale of a leasehold interest, for a term of nine hundred and ninety nine (999) years, in a Residential Unit to a purchaser, as set out in Exhibit 1 hereto;

"Member" means a member of the Company;

"paid up" means paid up or credited as paid up;

"Principal Residence" means the address of such place as a Member shall provide in writing for the despatch of Notices of all kinds by the Company for his attention.

"Property" means the land and other items of real and personal property more particularly described in the Schedule to the Company's Memorandum of Association and includes the land, the buildings and all other improvements and structures on the land (including the residential and retail units and the common areas and facilities on the land) and all easements, rights and appurtenances belonging thereto, and all other property, personal or real intended for use in connection therewith.

"Register" means the Register of Members of the Company;

"Residential Unit" means any one of the thirty-four (34) units constructed on the Property developed exclusively for the purpose of constituting a single and separate



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dwelling unit as distinct from any Retail Unit or Common Areas;

"Retail Unit" means those areas developed exclusively for the purpose of utilisation as retail outlets or such other form of commercial use as may from time to time be determined as distinct from any Residential Unit or Common Areas;

"Seal" means the common seal of the Company;

"Secretary" includes a temporary or assistant Secretary and any person appointed by the Board to perform any of the duties of the Secretary;

"these Bye-Laws" means these Bye-Laws in their present form or as from time to time amended;

for the purposes of these Bye-Laws a corporation shall be deemed to be present in person if its representative duly authorised pursuant to the Companies Acts is present;

words importing the singular number only include the plural number and vice versa;

words importing the masculine gender only include the feminine and neuter genders respectively;

words importing persons include companies or associations or bodies of persons, whether corporate or un-incorporate;

reference to writing shall include typewriting, printing, lithography, photography and other modes of representing or reproducing words in a legible and non-transitory form;

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any words or expressions defined in the Companies Acts in force at the date when these Bye-Laws or any part thereof are adopted shall bear the same meaning in these Bye-Laws or such part (as the case may be).

REGISTERED OFFICE

2. The Registered Office shall be at such place in Bermuda as the Board shall from time to time appoint.

SHARE CAPITAL

3.1 The authorised and issued share capital of the Company is One million Bermuda Dollars (BD\$1,000,000) divided into One million (1,000,000) shares having a par value of One Bermuda Dollar (BD\$1) each.

Save as provided hereunder in Bye-Law 3(2), each share has one vote and shall rank pari passu with each other in all respects.

The shares are divided into three (3) classes, namely:

CLASS A - pertaining to the shares held or to be held by the holders of a leasehold interest in the Residential Units, with the total number of shares in each shareholding to be determined by multiplying the total area of a residential unit (inclusive of that area covered by the floor plan of the unit in question and the garage if any; exclusive of any garden or balcony area or interest in any common area) by 16.88497906 with the sum thereof to be rounded out to the nearest whole number, as more particularly set out hereunder; and

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CLASS B - pertaining to the shares held or to be held by the holders of a leasehold interest in the Retail Units with the total number of shares in each shareholding to be determined by multiplying the total floor area of the retail unit in question by 16.88497906 with the sum thereof to be rounded out to the nearest whole number, as more particularly set out hereunder; and

CLASS C - pertaining to the shares held or to be held by any person requiring at least one share in the Company in order to qualify him to serve as a Director; which said classes of shares are sub-classified as set out hereunder:-

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| CLASS A | CORRESPONDING WITH<br>RESIDENTIAL UNIT # |      | NUMBER OF SHARES<br>(BASED ON FLOOR AREA<br>OF UNIT) |
|---------|------------------------------------------|------|------------------------------------------------------|
| A201    | BUILDING                                 | 2.01 | 22,136                                               |
| A202    |                                          | 2.02 | 30,984                                               |
| A203    |                                          | 2.03 | 22,136                                               |
| A204    |                                          | 2.04 | 30,984                                               |
| A205    |                                          | 2.05 | 22,136                                               |
| A206    |                                          | 2.06 | 30,984                                               |
| A401    | BUILDING                                 | 4.01 | 22,136                                               |
| A402    |                                          | 4.02 | 30,984                                               |
| A403    |                                          | 4.03 | 22,136                                               |
| A404    |                                          | 4.04 | 30,984                                               |
| A405    |                                          | 4.05 | 22,136                                               |
| A406    |                                          | 4.06 | 30,984                                               |
| A601    | BUILDING                                 | 6.01 | 22,136                                               |
| A602    |                                          | 6.02 | 30,984                                               |
| A603    |                                          | 6.03 | 22,136                                               |
| A604    |                                          | 6.04 | 30,984                                               |
| A605    |                                          | 6.05 | 22,136                                               |
| A606    |                                          | 6.06 | 30,984                                               |
| A607    |                                          | 6.07 | 22,136                                               |
| A608    |                                          | 6.08 | 30,984                                               |

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|      |          |      |        |
|------|----------|------|--------|
| A609 |          | 6.09 | 22,136 |
| A610 |          | 6.10 | 30,984 |
| A801 | BUILDING | 8.01 | 27,607 |
| A802 |          | 8.02 | 27,607 |
| A803 |          | 8.03 | 20,397 |
| A804 |          | 8.04 | 27,607 |
| A805 |          | 8.05 | 27,607 |
| A806 |          | 8.06 | 20,397 |
| A807 |          | 8.07 | 27,607 |
| A808 |          | 8.08 | 27,607 |
| A809 |          | 8.09 | 20,397 |
| A810 |          | 8.10 | 27,607 |
| A811 |          | 8.11 | 27,607 |
| A812 |          | 8.12 | 20,397 |

886,764 AGGREGATE  
OR 88.6764%

| CLASS B                        |                 | NUMBER OF SHARES<br>(BASED ON FLOOR AREA) |
|--------------------------------|-----------------|-------------------------------------------|
| Bl (subject to<br>Bye-Law 3.3) | BUILDINGS 1 & 3 | 113,231<br>OR 11.3231%                    |
|                                |                 | 999,995 AGGREGATE                         |

| CLASS C | N/A | NUMBER OF SHARES             |
|---------|-----|------------------------------|
| C1      |     | 5<br>OR 0.0005%              |
|         |     | 1,000,000 AGGREGATE<br>===== |

3.2 Notwithstanding the provisions of Bye-Law 3.1, those shares vested in Holding or its nominees, shall, for a period of three (3) years from the date of the first sale of a Residential Unit or until seventy five percent (75%) of all Residential Units have been sold, whichever is the sooner, be designated "Developer Stock" and each share shall have four (votes). Those shares transferred to a leaseholder shall be designated "Leaseholder Stock". Upon the happening of the events contemplated above,

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namely the passing of three years or the sale of seventy five percent (75%) of all Residential Units, the above-mentioned designations shall lapse automatically and all shares shall rank *pari passu*.

3.3 The Leaseholder Stock pertaining to the Retail Units may be sub-classified by division of the aggregate number of shares provided for in Bye-Law 3.1 for Class B shares in such numbers as will correspond to that area, resulting from a subdivision of the area comprising retail space, when calculated in accordance with the formula provided for in Bye-Law 3.1, without requiring further amendment to these Bye-Laws.

3.4 Other than the Class C shares no shares hereafter issued or acquired by the Company shall be issued or reissued, except in connection with the execution by the purchaser and delivery by the Company of a Lease for a Residential or Retail Unit. The ownership of shares shall entitle the holder thereof to occupy the unit for the purposes specified in the Lease to which the shares are appurtenant, subject to the provisions, covenants and agreements contained in such Lease.

#### UNITS OF ISSUANCE

3.5 Except as otherwise provided in Bye-Law 7.5, unless and until all Leases which shall have been executed by the Company, shall have been terminated, the shares appurtenant to each Lease shall not be sold or assigned, except as an entirety, to an assignee of such Lease, after complying with, and satisfying the requirements of, such Lease in respect to the assignment thereof.

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#### MODIFICATION OF RIGHTS

3.6 Subject to the Companies Acts, special rights for the time being attached to any class of shares for the time being issued may not (whether or not the Company is being wound up) be altered or abrogated unless the consent in writing of the holders of not less than seventy five percent of the issued and outstanding shares of that class is obtained or with the sanction of a resolution passed at a separate general meeting of the holders of such shares voting in person or by proxy. To any such separate general meeting, all the provisions of these Bye-Laws as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be two or more persons holding or representing by proxy any of the shares of the relevant class, that every holder of shares of the relevant class shall be entitled on a poll to one vote for every such share held by him and that any holder of shares of the relevant class present in person or by proxy may demand a poll.

3.7 Except as ordered by a court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding any share upon trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as otherwise provided in these Bye-Laws or by law) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

#### CERTIFICATES

4.1 The preparation, issue and delivery of certificates shall be

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governed by the Companies Acts. In the case of a share held jointly by several persons, delivery of a certificate to one of several joint holders shall be sufficient delivery to all.

4.2 If a share certificate is defaced, lost or destroyed, it may be replaced without a fee but on such terms (if any) as to evidence and indemnity and to payment of the costs and out of pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board of Directors may think fit and, in case of defacement, on delivery of the old certificate to the Company.

4.3 All certificates for share or loan capital or other securities of the Company (other than letters of allotment, scrip certificates and other like documents) shall, except to the extent that the terms and conditions for the time being relating thereto otherwise provide, be issued under the Seal. The Board of Directors may by resolution determine, either generally or in any particular case, that any signatures on any such certificates need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any persons.

LEGEND ON SHARE CERTIFICATES

4.4 Certificates representing shares of the Company shall bear a legend reading as follows:

"The rights of any holder hereof are subject to the provisions of the Bye-Laws of St. James Court, Ltd. and to all the terms, covenants, conditions and provisions of a

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certain Lease made between the person in whose name this certificate is issued, as Lessee, and St. James Court, Ltd., as Lessor, for a Residential/Retail Unit in the premises known as St. James Court, Bermuda which lease limits and restricts the title and rights of any transferee hereof. The shares represented by this certificate are transferable only as an entirety and only to an approved assignee of such Lease. Copies of the Lease and the Bye-Laws are available for inspection at the registered office of the Company and office of the Managing Agent.

"The directors of this Company may refuse to consent to the transfer of the shares represented by this certificate until any indebtedness of the Member to the Company is paid. The Company by the terms of said Bye-Laws and Lease, has a first lien on the shares represented by this certificate for all sums due and to become due under the said Lease."

LIEN

5. The Company shall at all times have a first and paramount lien upon the shares owned by each Member for all indebtedness and obligations owing, and to be owing, by such Member to the Company, arising under the provisions of any Lease issued by the Company, and at any time held by such Member, or otherwise arising. Unless and until such Member, as lessee, shall make default in the payment of any of the rental obligations, or in the performance of any of the covenants or conditions of such Lease, and/or unless and until such Member shall make default in the payment of any indebtedness or obligation owing by such



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Member to the Company otherwise arising, such shares shall continue to stand in the name of the Member upon the books of the Company, and the Member shall be entitled to exercise the right to vote thereon as though said lien did not exist. The Company shall have the right to issue to any purchaser of such shares, upon the enforcement by the Company of such lien, or to the nominee of such purchaser, a certificate of the shares so purchased, substantially of the tenor of the certificate issued to such defaulting Member, and thereupon the certificate for such shares issued to such defaulting Member shall become void, and such defaulting Member agrees to surrender such last mentioned certificate to the Company upon the latter's demand, but the failure of such defaulting Member to so surrender such certificate shall not affect the validity of the certificate issued in replacement thereof. The Company may refuse to consent to the transfer of shares of any Member indebted to the Company, unless and until such indebtedness is paid.

#### REGISTER OF MEMBERS

6. The Secretary shall establish and maintain the Register of Members at the Registered Office in the manner prescribed by the Companies Acts. Unless the Board of Directors otherwise determines, the Register of Members shall be open to inspection in the manner prescribed by the Companies Acts between 10:00 a.m. and 12:00 noon on every working day. Unless the Board of Directors so determines, no Member or intending Member shall be entitled to have entered in the Register any indication of any trust or any equitable, contingent, future or partial interest in

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any share or any interest in any fractional part of a share and if any such entry exists or is permitted by the Board of Directors, it shall not be deemed to abrogate any of the provisions of Bye-Law 3.7.

TRANSFER OF SHARES

7.1 Subject to the Companies Acts and to the restrictions contained in Bye-Laws 3.5 and 3.6 and the Lease, any Member may transfer all or any of his shares by an instrument of transfer in the usual common form or in any other form which the Board of Directors may approve.

7.2 The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. All instruments of transfer when registered may be retained by the Company.

7.3 The Board of Directors may decline to register any transfer unless:-

- (a) the instrument of transfer is duly stamped and lodged with the Company, accompanied by the certificate for the shares to which it relates, and such other evidence as the Board of Directors may reasonably require to show the right of the transferor to make the transfer,
- (b) the instrument of transfer is in respect of only one class of share,
- (c) where applicable, the permission of the Bermuda Monetary Authority with respect thereto and the permission of the Ministry of Labour and Home Affairs

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for the assignment of the Lease has been obtained and all sums due thereunder have been paid.

7.4 No fee shall be charged by the Company for registering any transfer, probate, letters of administration, certificate of death or marriage, power of attorney, distringas or stop notice, order of court or other instrument relating to or affecting the title to any share, or otherwise making an entry in the Register relating to any share.

#### TRANSMISSION OF SHARES

8.1 In the case of the death of a Member, the survivor or survivors, where the deceased was a joint holder, and the estate representative, where he was sole holder, shall be the only person recognised by the Company as having any title to his shares and to his interest in the Property; but nothing contained herein shall release the estate of a deceased holder (whether the sole or joint) from any liability in respect of any share or interest in the Property held by him solely or jointly with other persons. For the purpose of this Bye-Law, estate representative means the person to whom probate or letters of administration has or have been granted in Bermuda or, failing any such person, such other person as the Board may in its absolute discretion determine to be the person recognised by the Company for the purpose of this Bye-Law.

8.2 Any person becoming entitled to a share in consequence of the death of a Member or otherwise by operation of

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applicable law may, subject as hereafter provided and upon such evidence being produced as may from time to time be required by the Board as to his entitlement, either be registered himself as the holder of the share or elect to have some person nominated by him registered as the transferee and tenant thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have his nominee registered he shall signify his election by signing an instrument of transfer of such share in favour of his nominee. All the limitations, restrictions and provisions of these Bye-Laws relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or instrument of transfer as aforesaid as if the death of the Member or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer signed by such Member.

8.3 A person becoming entitled to a share in consequence of the death of a Member or otherwise by operation of applicable law shall (upon such evidence being produced as may from time to time be required by the Board as to his entitlement) be entitled to receive and may give a discharge for any moneys payable in respect of the share, but he shall not be entitled in respect of the share to receive notices of or to attend or vote at general meetings of the Company

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or, save as aforesaid, to exercise in respect of the share any of the rights or privileges of a Member until he shall have become registered as the holder thereof. The Board may at any time give notice requiring such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within sixty days the Board may thereafter withhold payment of all moneys payable in respect of the shares until the requirements of the notice have been complied with.

8.4 Subject to any directions of the Board from time to time in force, the Secretary may exercise the powers and discretions of the Board under Bye-Laws 8.1, 8.2 and 8.3.

8.5 The provisions of this Bye-Law 8 shall be made subject to all required consents, namely the consent of the Bermuda Monetary Authority in relation to the transfer of shares and the consent of the Ministry of Labour and Home Affairs, as may be applicable.

#### INCREASE OF CAPITAL

9.1 Subject to the provisions of Bye-Law 3.4 the Company may from time to time increase its capital by such sum to be divided into shares of such par value as the Company in general meeting shall prescribe.

9.2 The Company may, by the resolution increasing the capital, direct that the new shares or any of them shall be offered in the first instance either at par or at a premium or (subject to the provisions of the Companies Acts) at a discount to all the holders for the time being of shares of

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any class or classes in proportion to the number of such shares held by them respectively or make any other provision as to the issue of the new shares.

9.3 The new shares shall be subject to all the provisions of these Bye-Laws with reference to lien, the payment of calls, forfeiture, transfer, transmission and otherwise.

9.4 Any resolution passed at a General Meeting of the Members increasing the capital shall be by the affirmative vote of the holders of not less than seventy five percent (75%) of the issued and outstanding shares in the Company, present in person or by proxy, entitled to attend and vote thereat.

#### ALTERATION OF CAPITAL

10.1 The Company may from time to time in general meeting:-

- (a) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;
- (b) consolidate and divide all or any of its share capital into shares of larger par value than its existing shares;
- (c) sub-divide its shares or any of them into shares of smaller par value than is fixed by its memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall

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be the same as it was in the case of the share from which the reduced share is derived;

- (d) make provision for the issue and allotment of shares which do not carry any voting rights; and
- (e) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Where any difficulty arises in regard to any division, consolidation, or sub-division under this Bye-Law, the Board of Directors may settle the same as it thinks expedient and, in particular, may arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Managing Board may authorise some person to transfer the shares representing fractions to the purchaser thereof, who shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

10.2 Subject to the Companies Acts and to any confirmation or consent required by law or these Bye-Laws, the Company may by resolution in general meeting from time to time convert any preference shares into redeemable preference shares.

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10.3 Any resolution passed at a General Meeting of the Members effecting any matter provided for in this Bye-Law 10 shall be by affirmative vote of the holders of not less than seventy five percent (75%) of the issued and outstanding shares in the Company, present in person or by proxy, entitled to attend and vote thereat.

#### REDUCTION OF CAPITAL

11.1 Subject to the Companies Acts, its memorandum and any confirmation or consent required by law or these Bye-Laws, the Company may from time to time in general meeting authorise the reduction of its issued share capital or any capital redemption reserve fund or any share premium or contributed surplus account in any manner.

11.2 In relation to any such reduction, the Company may in general meeting determine the terms upon which such reduction is to be effected including in the case of a reduction of part only of a class of shares, those shares to be affected.

11.3 Any resolution passed at a general meeting of the Members reducing the capital shall be by the affirmative vote of the holders of not less than seventy five percent (75%) of the issued and outstanding shares in the Company, present in person or by proxy, entitled to attend and vote thereat.

#### GENERAL MEETINGS

12.1 The Board of Directors shall convene and the Company shall hold general meetings as Annual General Meetings in



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accordance with the requirements of the Companies Acts in May of every year at such time and place as the Board of Directors shall appoint. The Board of Directors may, whenever it thinks fit, and shall, when required by the Companies Acts, convene general meetings other than Annual General Meetings which shall be called Special General Meetings.

#### NOTICE OF GENERAL MEETINGS

12.2 An Annual General Meeting shall be called by not less than 30 and not more than 60 days' notice in writing and a Special General Meeting shall be called by not less than 30 and not more than 60 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, day and time of the meeting, and, the general nature of the business to be considered. Notice of every general meeting shall be given in any manner permitted by Bye-Laws 26.1. 26.2 and 26.3 to all Members other than such as, under the provisions of these Bye-Laws or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company. Notwithstanding that a meeting of the Company is called by shorter notice than that specified in this Bye-Law, it shall be deemed to have been duly called if it is so agreed:-

- (a) in the case of a meeting called as an Annual General Meeting, by all the Members entitled to attend and vote thereat;

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- (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right.

PROCEEDINGS AT GENERAL MEETINGS

12.2 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting. Save as otherwise provided by these Bye-Laws, at least 33% of Members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

12.3 If within fifteen minutes (or such longer time as the Chairman of the meeting may determine to wait) after the time appointed for the meeting, a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case, it shall stand adjourned to such other day and such other time and place as the Chairman of the meeting may determine and at such adjourned meeting two Members present in person (whatever the number of shares held by them) shall be a quorum. The Company shall give not less than 15 days' notice of any meeting adjourned through want of a quorum and such notice shall state that two Members present in person (whatever the number of shares held by them) shall be a quorum.

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12.4 Each Director shall be entitled to attend and speak at any general meeting of the Company.

12.5 The Chairman (if any) of the Board or, in his absence, the President shall preside as Chairman at every general meeting. If there is no such Chairman or President, or if at any meeting neither of the Chairman nor the President is present within fifteen minutes after the time appointed for holding the meeting, or if neither of them is willing to act as Chairman, the Directors present shall choose one of their number to act or if one Director only is present he shall preside as Chairman if willing to act. If no Director is present or, if each of the Directors present declines to take the chair, the persons present and entitled to vote on a poll shall elect one of their number to be Chairman.

12.6 The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for three months or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

12.7 Save as expressly provided by these Bye-Laws, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

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VOTING

12.8 Save as provided for in Bye-Law 12.9 resolutions of the Members in general meeting shall be passed by a simple majority of the votes of the Members in attendance, in person or represented by proxy, and entitled to vote thereat.

12.9 In addition to those matters reserved by these Bye-Laws for the affirmative vote or approval in writing of the holders of not less than 75% of the issued and outstanding shares in the Company, entitled to attend and vote at any general meeting, namely those matters referred to in Bye-Laws 3, 9, 10 and 30 the following matters shall be likewise so reserved:-

- (i) the termination of the Leases in their entirety and the adoption of a new form of Lease or otherwise;
- (ii) the amendment or modification of any provision of the Memorandum of Association or the Bye-Laws of the Company;
- (iii) any decision to demolish or reconstruct any part of the Property or to sell or exchange the whole or any part of the fee simple interest in the Property or to deal with the Property in any manner other than as contemplated hereunder or under the Lease.

12.10 In the case of an equality of votes at a general

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meeting, the Chairman of such meeting shall not be entitled to a second or casting vote.

12.11 In the case of joint holders of a share where a unit of the property has been leased by two or more persons, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted unless one of the joint holders objects in

which case the vote shall not be counted for any purpose.

12.12 A Member who is a patient for any purpose of any statute or applicable law relating to mental health or in respect of whom an order has been made by any Court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such Court and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as such Member for the purpose of general meetings.

12.13 No Member shall, unless the Board of Directors otherwise determines, be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

12.14 If (i) any objection shall be raised to the qualification of any voter or (ii) any votes have been counted which ought not to have been counted or which might have been rejected or (iii) any votes are not counted which

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ought to have been counted, the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the Chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the Chairman decides that the same may have affected the decision of the meeting. The decision of the Chairman on such matters shall be final and conclusive.

PROXIES AND CORPORATE REPRESENTATIVES

12.15 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised by him in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

12.16 No person shall be appointed a proxy who is not a Member provided that a corporation may appoint a representative as permitted by the Companies Acts and such representative need not be a Member.

12.17 Any Member may appoint a standing proxy or (if a corporation) representative by depositing at the Registered Office a proxy or (if a corporation) an authorisation and such proxy or authorisation shall be valid for all general meetings and adjournments thereof until notice of revocation

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is received at the Registered Office. Where a standing proxy or authorisation exists, its operation shall be deemed to have been suspended at any general meeting or adjournment thereof at which the Member is present or in respect to which the Member has specially appointed a proxy or representative. The Board of Directors may from time to time require such evidence as it shall deem necessary as to the due execution and continuing validity of any such standing proxy or authorisation and the operation of any such standing proxy or authorisation shall be deemed to be suspended until such time as the Managing Board determines that it has received the requested evidence or other evidence satisfactory to it.

12.18 Subject to Bye-Law 12.16, the instrument appointing a proxy together with such other evidence as to its due execution as the Managing Board may from time to time require, shall be delivered at the Registered Office (or at such place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) prior to the holding of the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.

12.19 Instruments of proxy shall be in any common form or in such other form as the Board of Directors may approve and the Board of Directors may, if it thinks fit, send out with

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the notice of any meeting forms of instruments of proxy for use at that meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall unless the contrary is stated therein be valid as well for any adjournment of the meeting as for the meeting to which it relates.

12.20 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Registered Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other documents sent therewith) one hour at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

12.21 Subject to the Companies Acts, the Board of Directors may at its discretion waive any of the provisions of these Bye-Laws related to proxies or authorisations and, in particular, may accept such verbal or other assurances as it thinks fit as to the right of any person to attend and vote on behalf of any Member at general meetings.

#### APPOINTMENT AND REMOVAL OF DIRECTORS

13.1 The number of Directors shall be such number not less



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than three nor more than twelve as the Company in general meeting may from time to time determine and, subject to the Companies Acts and these Bye-Laws, shall serve until re-elected or their

successors are appointed at the next Annual General Meeting.

Each new member of the Board of Directors shall execute an instrument in writing indicating his acceptance of election as a member of the Board of Directors and agreeing to be bound by the provisions of the Bye-Laws.

13.2 No person shall be eligible for election or to serve as a Director until there is registered in his name one or more shares in the Company provided that the election of a Director in general meeting without share qualification shall be valid and shall take effect when he is registered as a Member but if he is not so registered within two months his election shall be deemed void ab initio and a casual vacancy shall be deemed to have arisen.

13.3 Subject to Bye-Law 13.1 the Company shall at the Annual General Meeting and may in general meeting determine the minimum and the maximum number of Directors and may in general meeting determine that one or more vacancies in the Board shall be deemed casual vacancies for the purposes of these Bye-Laws. Without prejudice to the power of the Company in general meeting in pursuance of any of the provisions of these Bye-Laws to appoint any person to be a Director, the Board of Directors, so long as a quorum of

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Directors remains in office, shall have power at any time and from time to time to appoint any Member being an individual to be a Director so as to fill a casual vacancy.

13.4 The Company may in a Special General Meeting called for that purpose remove a Director provided notice of any such meeting shall be served upon the Director concerned not less than 14 days before the meeting and he shall be entitled to be heard at that meeting. Any vacancy created by the removal of a Director at a Special General Meeting may be filled at the Meeting by the election of another Director in his place or, in the absence of any such election, by the Board of Directors.

RESIGNATION AND DISQUALIFICATION OF DIRECTORS

14. The office of a Director shall be vacated upon the happening of any of the following events:

- (a) if he ceases to be a Member;
- (b) if he resigns his office by notice in writing delivered to the Registered Office or tendered to the remaining members of the Board of Directors at a meeting of the Board of Directors; or if there be no Board of Directors, to the members at a general meeting;
- (c) if he becomes of unsound mind or a patient for any purpose of any statute or applicable law relating to mental health and the Board resolves that his office is vacated;

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- (d) if he becomes bankrupt or compounds with his creditors;
- (e) if he is prohibited by law from being a Director;
- (f) if he ceases to be a Director by virtue of the Companies Acts or is removed from office pursuant to these Bye-Laws.

#### ALTERNATE DIRECTORS

15.1 The Company may in general meeting elect a person or persons qualified to be Directors to act as Directors in the alternative to any of the Directors of the Company or may authorise the Board to appoint such Alternate Directors. Any Alternate Director may be removed by the Company in general meeting and, if appointed by the Board, may be removed by the Board and, subject thereto, the office of Alternate Director shall continue until the next annual election of Directors or, if earlier, the date on which the relevant Director ceases to be a Director. An Alternate Director may also be a Director in his own right and may act as alternate to more than one Director.

15.2 An Alternate Director shall be entitled to receive notices of all meetings of Directors, to attend, be counted in the quorum and vote at any such meeting at which any Director to whom he is alternate is not personally present, and generally to perform all the functions of any Director to whom he is alternate in his absence.

15.3 Every person acting as an Alternate Director shall (except as regards powers to appoint an alternate and

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remuneration) be subject in all respects to the provisions of these Bye-Laws relating to Directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for any Director for whom he is alternate. Subject to Bye-Law 16.2, an Alternate Director may be paid expenses and shall be entitled to be indemnified by the Company to the same extent mutatis mutandis as if he were a Director. Every person acting as an Alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). The signature of an Alternate Director to any resolution in writing of the Board or a committee of the Board shall, unless the terms of his appointment provides to the contrary, be as effective as the signature of the Director or Directors to whom he is alternate.

DIRECTORS' FEES AND ADDITIONAL REMUNERATION AND EXPENSES

16.1 No Member of the Board shall receive any salary or other form of compensation for so acting without the affirmative vote of a majority of the Members in general meeting, entitled to attend and vote thereat, in attendance, in person or represented by proxy, or approved in writing by a majority of Members entitled to attend and vote at any general meeting.

16.2 Every Director, subject to Bye-Law 16.1, may be paid his reasonable travelling, hotel and incidental expenses in attending and returning from meetings of the Board or

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committees constituted pursuant to these Bye-Laws or general meetings and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. Any Director who, by request, goes or resides abroad for any purposes of the Company or who performs services which, in the opinion of the Board, go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Members may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Bye-Law and the provisions of Bye-Law 16.1 shall apply mutatis mutandis.

#### DIRECTORS' INTERESTS

17.1 A Director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms as the Members may determine, in accordance with Bye-Law 16.1 and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Bye-Law.

17.2 A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to

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remuneration for professional services as if he were not a Director.

17.3 Subject to the provisions of the Companies Acts, a Director may notwithstanding his office be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested; and be a Director or other officer of, or employed by, or a party to any

transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is interested. The Board of Directors may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

17.4 So long as, where it is necessary, he declares the nature of his interest at the first opportunity at a meeting of the Board of Directors or by writing to the Directors as required by the Companies Acts, a Director shall not by reason of his office be accountable to the Company for any benefit which he derives from any office or employment to which these Bye-Laws allow him to be appointed or from any transaction or arrangement in which these Bye-Laws allow him

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to be interested, and no such transaction or arrangement shall be liable to be avoided on the ground of any interest or benefit.

17.5 Subject to the Companies Acts and any further disclosure required thereby, a general notice to the Directors by a Director or officer declaring that he is a director or officer or has an interest in a person and is to be regarded as interested in any transaction or arrangement made with that person, shall be a sufficient declaration of interest in relation to any transaction or arrangement so made.

POWERS AND DUTIES OF THE BOARD

18.1 Subject to the provisions of the Companies Acts and these Bye-Laws and to any directions given by the Company in general meeting, the Board shall manage the business of the Company and shall represent and act on behalf of the Company. The Board may exercise all the powers of the Company including but without limitation the following powers:

- (i) the power to operate, care for, up-keep and maintain the common areas and facilities of the Property and to enter into service contracts relating to the Property;
- (ii) the power to repair, improve and alter the areas and common facilities of the Property;
- (iii) the power to determine the cost of administering the affairs of the Company and the cost of

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maintaining the Property;

- (iv) the power to collect maintenance expenses from Members;
- (v) the power to employ and dismiss the personnel necessary to maintain and operate the Property;
- (vi) the power to adopt and amend the rules and regulations governing the operation and use of the Property;
- (vii) the power to obtain insurance;
- (viii) the power to repair and restore the Property after damage or destruction by fire, flood or storm;
- (xi) the power to lease or otherwise acquire, in the name of the Company or its nominee, units on the Property offered for sale or surrender;
- (x) the power to lease a unit to a resident superintendent on the terms contained in the lease attached hereto as Schedule B; and
- (xi) the power to sell, lease or manage parking spaces acquired by the Company to members.
- (xii) Annual Cash Requirements

The Board of Directors shall, except as may be otherwise restricted by the Lease, from time to time, determine the cash requirements, as defined in the Leases, and define the terms and manner of payment of rent under the Leases. The Board of Directors shall



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have discretionary power to prescribe the manner of maintaining and operating the Property, and to determine the cash requirements of the Company to be paid as aforesaid by the Member-tenants under their respective Leases. Every such determination by the Board of Directors shall be final and conclusive as to all Member-tenants, and any expenditures made by the Company's officers or its agent, under the direction of, or with the approval of, the Board of Directors of the Company shall, as against the Member-tenants, be deemed necessarily and properly made for such purpose.

(xiii) House Rules

The Board of Directors may, from time to time, adopt and amend such house rules as it may deem necessary in respect of the Property. Copies thereof and of changes therein shall be furnished to each Member-tenant at their Principal Residence.

No alteration of these Bye-Laws and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Bye-Law shall not be limited by any special power given to the Board by these Bye-Laws and a meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.

18.2 The Board may exercise all the powers of the Company to borrow money and, subject to obtaining the affirmative vote of a

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majority of the Members in attendance, in person or represented by proxy, or approved in writing by a majority of Members entitled to attend and vote at any general meeting to; (i) mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company; and (ii) issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any other persons.

18.3 All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board of Directors shall from time to time by resolution determine.

18.4 The Board of Directors may from time to time appoint one or more of its body to be a managing director, joint managing director or an assistant managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and may revoke or terminate any such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Any person so appointed, subject to obtaining the affirmative vote of a majority of the Members in attendance, in attendance or

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represented by proxy, or approved in writing by a majority of Members entitled to attend and vote at any general meeting, shall receive such remuneration (if any) (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and either in addition to or in lieu of his remuneration as a Director.

DELEGATION OF THE BOARD'S POWERS

18.5 The Board may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Bye-Laws) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney and of such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

18.6 The Board may entrust to and confer upon any Director or officer any of the powers exercisable by it upon such terms and conditions with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

18.7 The Board may delegate any of its powers, authorities and discretions other than the powers granted to it pursuant to Bye-Law 18.1 (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (ix), (x), (xi), (xii) and (xiii) to committees, consisting of such person or persons (whether a member or members of its body or not) as it thinks fit. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed upon it by the Board.

#### PROCEEDINGS OF THE BOARD

19.1 Regular meetings of the Board may be held for the despatch of business, at such time and place as the majority of the members thereof may determine and the Board may adjourn and otherwise regulate its meetings as it thinks fit. Notice of a meeting of the Board shall be given to each member thereof by telephone, mail, telegraph or telecopier and as far as is possible shall state the time, place and purpose of the meeting and shall be given at least five days prior to the day named for such meeting. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the motion shall be deemed to have been lost. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Board of Directors.

19.2 Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to him personally or by word of mouth or sent to him by post, cable, telex, telecopier or other mode of representing or reproducing words in a legible and

non-transitory form at his last known address or any other address given by him to the Company for this purpose. A Director may consent either prospectively or retrospectively to a shorter period of notice than that specified in Bye-law 19.1 above.

19.2 (a) The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be a majority of the members. Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of the Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

(b) A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or proposed contract, transaction or arrangement with the Company and has complied with the provisions of the Companies Acts and these Bye-Laws with regard to disclosure of his interest shall be entitled to vote in respect of any contract, transaction or arrangement in which he is so interested and if he shall do so his vote shall be counted, and he shall be taken into account in ascertaining whether a quorum is present.

19.3 So long as a quorum of Directors remains in office, the continuing Directors may act notwithstanding any vacancy in the Board of Directors but, if no quorum of Directors remains, the continuing Directors or a sole continuing Director may act only for the purpose of calling a general meeting.

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19.4 The Board of Directors may elect a Chairman of the Board from amongst its members. If no Chairman of the Board is elected or he is absent, the President shall be Chairman. If at any meeting neither the Chairman of the Board nor the President is present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.

19.5 The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Bye-Laws for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board.

19.6 A resolution in writing signed by all the Directors for the time being entitled to receive notice of a meeting of the Board or by all the members of a committee for the time being shall be as valid and effectual as a resolution passed at a meeting of the Board or, as the case may be, of such committee duly called and constituted. Such resolution may be contained in one document or in several documents in the like form each signed by one or more of the Directors or members of the committee concerned.

19.7 All acts done by the Board of Directors or by any committee or by any person acting as a Director or member of a committee or any person duly authorised by the Board of Directors or any committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board of Directors or such committee or person

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acting as aforesaid or that they or any of them were disqualified or had vacated their office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director, member of such committee or person so authorised.

#### MINUTES

20. The Directors shall cause minutes to be made and books kept for the purpose of recording -

- (a) all appointments of officers made by the Directors;
- (b) the names of the Directors and other persons (if any) present at each meeting of Directors and of any committee;
- (c) of all proceedings at meetings of the Company, of the holders of any class of shares in the Company, and of committees;
- (d) of all proceedings of managers (if any).

#### OFFICERS

21.1 The officers of the Company shall include a President and a Vice-President who shall be Directors and shall be elected by the Board of Directors as soon as possible after the statutory meeting and each Annual General Meeting. In addition, the Board of Directors may appoint any person whether or not he is a Director to hold such other office (including a Treasurer and additional Vice-Presidencies) as the Board of Directors may from time to time determine. Any person elected or appointed pursuant to this Bye-Law shall hold office for such period and upon such terms as the Board of Directors may determine and the Board may revoke or terminate any such election or appointment. Any such

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revocation or termination shall be without prejudice to any claim for damages that such officer may have against the Company or the Company may have against such officer for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Save as provided in the Companies Acts or these Bye-Laws, the powers and duties of the officers of the Company shall be such (if any) as are determined from time to time by the Board.

#### SECRETARY

21.2 The Secretary shall be appointed by the Board of Directors at such remuneration (if any) and upon such terms as it may think fit and any Secretary so appointed may be removed by the Board of Directors. The duties of the Secretary shall be those prescribed by the Companies Acts together with such other duties as shall from time to time be prescribed by the Board of Directors.

A provision of the Companies Acts or these Bye-Laws requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.

#### THE TREASURER

21.3 If appointed, the Treasurer shall have the responsibility for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. He shall ensure the deposit of all moneys and other valuable effects of the Company in such depositories as shall be designated by the Board.



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THE SEAL

22. (a) The Seal shall consist of a circular metal device with the name of the Company around the outer margin thereof and the country and year of incorporation across the centre thereof. Should the Seal not have been received at the registered office in such form at the date of adoption of this Bye-Law then, pending such receipt, any document requiring to be sealed with the Seal shall be sealed by affixing a red wafer seal to the document with the name of the Company, and the country and year of incorporation type written across the centre thereof.

(b) The Board shall provide for the custody of the Seal, which Seal shall only be used by authority of the Board or of a committee authorised by the Board in that behalf. Subject to these Bye-Laws, any instrument to which the Seal is affixed shall be signed by a Director and by the Secretary or by a second Director; provided that the Secretary or a Director may affix the Seal over his signature only to authenticate copies of these Bye-Laws, the minutes of any meeting or any other documents requiring authentication.

MANAGING AGENT

23. The Board of Directors shall following each Annual General Meeting of the Company appoint a Managing Agent of the Property who shall not, other than by virtue of his appointment, be associated with the Company as a Member and whose responsibilities and obligations shall include:-

(i) The assumption of all duties in connection with the management of the Residential Units and Common Areas.

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- (ii) The collection and disbursement of all services charge monies.
- (iii) The preparation of and submission of annual and long term budgets to the Board of Directors.
- (iv) The liaison with and general supervision of the landscape, maintenance and technical service personnel employed from time to time to maintain the Property.
- (v) Weekly and additional visits as necessary by professional staff to inspect the condition of the grounds, buildings, pools, common corridors, elevators, garages, parking spaces, loading dock and other features of the Property.
- (vi) To ensure that the smoke-fire detectors situated in the stairwells, other common areas of the buildings of the Property will be maintained in working order in accordance with the manufacturer's instructions, and will ensure that the emergency-battery back-up system of those smoke-fire detectors are examined and checked on a monthly basis by the contractor responsible.
- (vii) Preparation and provision of a list of emergency telephone numbers for the use of Member-tenant complaints.
- (viii) Supervision of all contracts relating to the maintenance including (vi) above.
- (ix) Submission to the Board of Directors of the quarterly statements of account with general report on matters requiring additional attention. Such other meetings on

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a monthly basis to discuss books of account as required by the Board of Directors.

(x) Where the accounts are to be audited all liaison with the auditors provision of invoices and cash books as required.

(xi) To attend the Annual General Meeting whenever convened by the Board of Directors and all other meetings held during normal office hours.

The Managing Agent shall prior to each Annual General Meeting prepare a Management Report for review by the Board of Directors and submission to the Members at the Annual General Meeting of the Company. The assignment to and assumption by the Managing Agent of such responsibilities and obligations shall not be deemed to derogate from the powers and duties vested in the Board of Directors. The Managing Agent shall be entitled to receive compensation for the role performed as may be recommended by the Board of Directors subject to the affirmative vote of a majority of the Members in general meeting in attendance, in person or represented by proxy, or approved in writing by a majority of Members entitled to attend and vote at any general meeting.

#### DIVIDENDS AND OTHER DISTRIBUTIONS

24. Notwithstanding the provisions of the Companies Acts, the Board of Directors shall not declare any form of dividend or other distribution to the Members and no Member shall be entitled to receive any form of dividend or other distribution, except upon a winding-up of the Company. Retained earnings not

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otherwise required for the operation of the Company in the current financial year shall be placed in a Reserve Fund and applied towards a reduction of the Cash Requirements provided for in Bye-Law 18.1 (xii).

#### ACCOUNTING RECORDS

25.1 The Board shall cause the Managing Agent to keep accounting records sufficient to give a true and fair view of the state of the Company's affairs and to show and explain its transactions, in accordance with the Companies Acts including a chronological listing of receipts and expenditures as well as a separate account for each Member which, among other things shall contain the amount of each assessment of common charges against such Member, the date when due, the amount paid thereon, and the balance remaining unpaid.

25.2 The records of account shall be kept at the office of the Managing Agent or at such other place or places as the Board thinks fit, and shall at all times be open to inspection by the Directors and the Members.

25.3 A copy of every balance sheet and statement of income and expenditure, including every document required by law to be annexed thereto, which is to be laid before the Company in general meeting, together with a copy of the auditor's report, shall be sent to each member and every other person entitled thereto within 90 days after the close of each fiscal year in accordance with the requirements of the Companies Acts.

#### AUDIT

26. Auditors shall be appointed and their duties regulated in

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accordance with the Companies Acts, any other applicable law and such requirements not inconsistent with the Companies Acts as the Board may from time to time determine.

SERVICE OF NOTICES AND OTHER DOCUMENTS

27.1 Any notice or other document (including a share certificate) may be served on or delivered to any Member by the Company either personally or by sending it through the post (by airmail where applicable) in a pre-paid letter addressed to such Member at his Principal Residence or by delivering it to or leaving it at his Principal Residence. In the case of joint holders of a share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed as sufficient service on or delivery to all the joint holders. Any notice or other document if sent by post shall be deemed to have been served or delivered seven days after it was put in the post, and in proving such service or delivery, it shall be sufficient to prove that the notice or document was properly addressed, stamped and put in the post.

27.2 Any notice of a general meeting of the Company shall be deemed to be duly given to a Member if it is sent to him by cable, telex, telecopier or other mode of representing or reproducing words in a legible and non-transitory form at his address as appearing in the Register or any other address given by him to the Company for this purpose. Any such notice shall be deemed to have been served twenty-four hours after its despatch.

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27.3 Any notice or other document delivered, sent or given to a Member in any manner permitted by these Bye-Laws shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed as sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

#### WINDING UP

28. If the Company shall be wound up, the liquidator may, with the sanction of a resolution of the Company and any other sanction required by the Companies Acts, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purposes set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but

so that no Member shall be compelled to accept any shares or other assets upon which there is any liability.

#### INDEMNITY

29.1 Subject to the proviso below, every Director, officer of the Company and member of a committee constituted under Bye-Law 18.7 shall be indemnified out of the funds of the Company against all civil liabilities loss damage or expense (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs and expenses properly payable) incurred or suffered by him as such Director, officer or committee member and the indemnity contained in this Bye-Law shall extend to any person acting as a Director, officer or committee member in the reasonable belief that he has been so appointed or elected notwithstanding any defect in such appointment or election PROVIDED ALWAYS that the indemnity contained in this Bye-Law shall not extend to any matter which would render it void pursuant to the Companies Acts.

29.2 Every Director, officer and member of a committee duly constituted under Bye-Law 19.1 of the Company shall be indemnified out of the funds of the Company against all liabilities incurred by him as such Director, officer or committee member in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in connection with any application under the Companies Acts in which relief from liability is granted to him by the court.

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29.3 To the extent that any Director, officer or member of a committee duly constituted under Bye-Law 18.7 is entitled to claim an indemnity pursuant to these Bye-Laws in respect of amounts paid or discharged by him, the relative indemnity shall take effect as an obligation of the Company to reimburse the person making such payment or effecting such discharge.

#### ALTERATION OF BYE-LAWS

30.1 These Bye-Laws may be amended from time to time in General Meeting by the affirmative vote of the holders of not less than 75% of issued shares in the Company, in person or by proxy, entitled to attend and vote thereat.

30.2 The invalidity of any part of these Bye-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bye-laws.

30.3 No restriction, condition, obligation or provisions contained in these Bye-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

#### FORM OF LEASE

31.1 The Board of Directors shall adopt the form of Lease to be used by the Company for the leasing of all Residential Units (to which shares of the Company have been allocated) to be leased to Member-tenants as set in Exhibit 1 hereto.

All Leases (as distinct from the House Rules) shall be in the same form, except with respect to the statement as to the number of shares owned by the lessee, the use of the premises and



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the date of the commencement of the term, approved by Members owning at least 75% in amount of the shares of the Company then issued and outstanding.

#### ASSIGNMENT

31.2 Leases shall be assigned or transferred only in compliance with, and shall never be assigned or transferred in violation of, the terms, conditions or provisions of such Leases. A duplicate original of each Lease shall always be kept on file in the Registered Office of the Company or with the Managing Agent of the Property.

#### ALLOCATION OF SHARES TO ADDITIONAL SPACE

31.3 The Board of Directors may, in its discretion, authorise the conversion of space on the Property not covered by a Lease into space suitable for the primary purposes of the Company, as set forth in the Memorandum of Association thereof, allocate newly created shares to such space, and authorise the execution of a Lease or leases covering such space. The number of such new shares allocated to such additional space shall be calculated in accordance with the provisions of Bye-Law 3.1.

#### ASSIGNMENT OF LEASE AND TRANSFER OF SHARES

31.4 No assignment of any Lease or transfer of the shares of the Company shall take effect as against the Company for any purpose until a proper instrument of transfer (as provided for in Bye-Law 7) has been delivered to the Company; the assignee has assumed and agreed to perform and comply with all the covenants and conditions of the assigned Lease or has entered into a new Lease for the remainder of the term; all shares of the Company

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appurtenant to the Lease have been transferred to the assignee; all sums due have been paid to the Company; and all necessary consents both Governmental and otherwise have been properly obtained. The action of the Board of Directors with respect to the written application for consent to a proposed assignment of subletting must be made within a reasonable time after receipt of said written application.

#### FEEES ON ASSIGNMENT

31.5 The Board of Directors shall have authority, before an assignment or sublet of a Lease, or reallocation of shares takes effect as against the Company, as lessor, to fix a reasonable fee to cover actual expenses and legal fees of the Company, a service fee of the Company and such other conditions as it may determine, in connection with each such proposed assignemnt.

#### LOST LEASES

31.6 In the event that any Lease in full force and effect is lost, stolen, destroyed or mutilated, the Board of Directors may authorise the issuance of a new Lease in lieu thereof, in the same form and with the same terms, provisions, conditions and limitations. The Board of Directors may, in its discretion, before the issuance of any such new Lease, require the owner thereof, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to loss, destruction or mutilation as it deems necessary, and to give the Company an indemnity in such reasonable terms as it directs, to indemnify the Company.

31.7 Anything hereinabove contained to the contrary notwithstanding, the holders of Developer's Stock (as defined in Bye-Law ) shall have the absolute right, without payment of any fee or charge of whatsoever nature, to change the size and layout of any Residential Unit, including the right to subdivide any Residential Unit held by them, or any of them, into two or more Units or to combine all or any portion of any such Units into one or any desired number of apartments. The reallocation of shares shall be determined in accordance with the formula provided for in Bye-Law 3.1, but in any event, the total number of shares so reallocated shall not exceed the aggregate of the former allocation of shares. Upon the surrender of the share certificate or certificates affected by such subdivision or combination, the Board of Directors shall issue a new share certificate or certificates and covering the subdivided or combined units (as the case may be) in accordance with the foregoing.

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# CERTILMAN HAFT LEBOW BALIN BUCKLEY & KREMER

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|                         |                     |
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April 2, 1987

St. James Management Company, Ltd.  
30 Cedar Avenue  
Hamilton HM09, Bermuda

Re: St. James Court  
Flatts Village, Hamilton Parish, Bermuda

Gentlemen:

We note that the Offering Plan states that it is believed that real estate taxes payable by a Unit Owner who is a New York resident which are assessed against his Unit by any governmental taxing authority, are proper deductions in connection with Federal, New York State and New York City Income Taxes payable by the owner of such Condominium Unit. Further, the Offering Plan states that the monthly payments of interest on any mortgage which becomes a lien on a Condominium Unit are proper deductions, provided such Unit is either the principal residence of the Unit Owner or the one other residence that he selects pursuant to Section 163(h)(5)(A)(i)(II) of the Internal Revenue Code of 1986.

We have given this matter careful study and it is our opinion that pursuant to the provisions of the Internal Revenue Code of 1986 as amended (the "Code") (see Revenue Ruling 64-31, 1964-1 C.B. 300) and the corresponding provisions of the New York State and New York City tax laws (See Sec. 615 of the New York State Tax Law and New York City Administrative Code Sec. T46-115.0), such interest payments and the aforesaid real estate tax payments are proper deductions by the owner of a Condominium Unit,

EXHIBIT H

CERTILMAN HAFT LEBOW BALIN BUCKLEY & KREMER

St. James Management Company, Ltd.

April 2, 1987

Page Two

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in connection with his Federal, New York State, and New York City income taxes.

We can offer no opinion with regard to the tax consequences with respect to the purchase of a Unit under Bermuda law.

Very truly yours,

CERTILMAN HAFT LEBOW BALIN BUCKLEY & KREMER

BY /s/  
John P. Donohoe

# APPLEBY, SPURLING & KEMPE

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BARRISTERS &amp; ATTORNEYS

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BERMUDA

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IN REPLY PLEASE QUOTE

YOUR REF.

OUR REF.

## TO WHOM IT MAY CONCERN

### ST. JAMES COURT, HAMILTON PARISH, BERMUDA

The scheme to be utilised for the acquisition of legal title by prospective purchasers of units erected on the above mentioned property is known as the "long-lease" method whereunder the purchaser will take a 999 year lease over the unit to be acquired (with provision for use of common areas) and will in addition, acquire a proportionate shareholding in St. James Court Ltd., the company holding the freehold interest in the property, thereby gaining an interest in the freehold of the property and being permitted to participate in and govern the management of St. James Court.

The Bermuda Legislature has recently enacted the Condominium Act 1986, which said legislation is available for use in condominium developments. The Condominium Act 1986 is essentially based upon North American legislation (State legislation in the United States and Canadian legislation) and is, as yet, untested in Bermuda. However, as the development of St. James Court has been underway for some time it was determined that reliance should be placed on the "long-lease" method prior to the said Act being enacted. It will be open to the unit owners, in due course, to seek to register St. James Court under the Condominium Act, should they feel this desirable and appropriate for better self regulation.

It is the opinion of this firm that the "long lease" method of acquiring title is entirely appropriate for a development of this nature. A long leasehold title of 999 years with a proportionate shareholding in the freehold owning company is a most satisfactory way of owning property in Bermuda and has proved over the years to be an extremely successful way of acquiring title. It can also be said that such a title is good security for loan and mortgage securing purposes.

Date: 12th February 1987

*Appleby, Spurling & Kempe*  
Anthony B. Bedford - Manager  
Conveyancing Department

EXHIBIT I

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# MEMORANDUM OF DEPOSIT OF SHARES

TO: St. James Holding Company, Ltd.,  
Thirty Cedar Avenue,  
Hamilton,  
Bermuda.

[day], [Month ], 198

Dear Sirs,

I/We refer to a deed of Mortgage (hereinafter called "the Mortgage") made the [day] day of [ ], 198 BETWEEN myself/ourselves as Mortgagors and yourselves as Mortgagee. In consideration of the advance of [amount] (US\$ ) by you to me/us to enable me/us to purchase Residential Unit # situate at St. James Court by way of 999 year lease, I/we hereby acknowledge and agree with you as follows to the intent that the provisions hereinafter set out shall apply for the duration of the Mortgage:-

1. I/We acknowledge that the securities (hereinafter called the "securities") details of which are set out in the First Schedule annexed hereto have been deposited with as a continuing security for the due payment to you of all sums (including interest, costs and expenses) and the satisfaction of all liabilities, present or future, absolute or contingent for which I am/we are now or at any time hereafter indebted or liable to you pursuant to the terms of the Mortgage Agreement.
2. The security hereby evidenced is to be a continuing security, notwithstanding any intermediate payment or prepayment, for the payment of the sums and the satisfaction of the liabilities mentioned above and is to be in addition to, and without prejudice to, any other security which you may now or hereafter hold in respect thereof.
3. I/we shall not vote the securities in favour of any amendment to the Bye-laws of St. James Court Ltd. without your prior written consent having first been obtained.
4. Upon my/our failure to repay all principal and interest due under the Mortgage within the specified time more specifically set out in the Mortgage then, I/we shall at your request either:-
  - (a) subject to any necessary Bermuda Governmental consent, procure that the securities are transferred to yourselves or to your order; or
  - (b) constitute and appoint you and your authorised representative to be my/our proxy to attend and vote at any general meeting or adjournment thereof held during

- 2 -

the continuance of default and whilst any monies are owing to you pursuant to the Mortgage.

5. For the purpose of better securing my/our obligations under paragraph 3 hereof:-

I/We have deposited with \_\_\_\_\_ duly executed transfers of the securities (in the form shown in the Second Schedule) and hereby constitute appoint and authorise you to complete such share transfers on our behalf in the event that you are entitled to transfer them pursuant to the provisions hereof.

6. I/We hereby declare that any person shall be entitled to rely upon a declaration or affidavit sworn by your authorised representative before a Commissioner for Oaths in Bermuda as to the truth of any pertinent matter of fact.

7. In the event that the securities are transferred to you or your order pursuant to this Memorandum of Deposit, you shall remain liable to account to me/us for the balance of the value of the securities after receipt by you of all amounts due to you under the Mortgage and all reasonable costs and expenses (including legal fees and disbursements) incurred by you in relation to the exercise of your rights hereunder. In the absence of agreement, the value of the securities shall be determined by an independent auditor practising in Bermuda and you and I/we hereby submit to such reference and failing agreement on the finding made you and I/we hereby agree to submit the matter to arbitration pursuant to the Arbitration Act 1986 and to abide by any finding made thereunder.

8. I/We hereby warrant that I/we are the beneficial owners free from incumbrances of the securities subject to the terms hereof.

9. The security hereby evidenced and the provisions of this Memorandum shall remain in effect and binding on us notwithstanding any amalgamation or merger that may be effected by you with any other company and notwithstanding any reconstruction by you involving the formation of and transfer of the whole or any of your undertakings and assets to a new company and notwithstanding the sale or transfer of all or any part of the undertaking and assets to another company whether the company with which you amalgamate or merge or the company to which you transfer all or any part of your undertaking and assets either on a reconstruction or sale or transfer as aforesaid shall or shall not differ from you in its objects, character or constitution, it being our intent that the security hereby evidenced and the provisions herein contained shall remain valid and effectual in all respects in favour of, against and with reference to, and that the benefit thereof and all rights conferred upon you thereby may be assigned to and enforced by, any such company and proceeded on in the same manner to all intents and purposes as if

- 3 -

such company had been named herein instead of or in addition to you.

10. This Memorandum shall be construed in accordance with the laws of Bermuda.

SIGNED by

in the presence of:

SIGNED by

in the presence of:

ACCEPTED and AGREED

By: \_\_\_\_\_  
duly authorised on behalf of  
St. James Holding Company (Bermuda) Limited

ACCEPTED and AGREED

By: \_\_\_\_\_  
duly authorised on behalf of  
St. James Court Ltd.

FIRST SCHEDULE

[Number of Shares] Class A shares in St. James Court Ltd.,  
designated Class A [ ] shares having a par value of BD\$1.00  
each, registered in my/our name and represented by share  
certificate # .

SECOND SCHEDULE

INDIVIDUAL MORTGAGOR(S)  
TRANSFER OF SHARES

I, \_\_\_\_\_ of \_\_\_\_\_  
(hereinafter called "the Transferor") pursuant to a Memorandum of Deposit Agreement dated [ ] with St. James Holding Company (Bermuda) Limited a joint stock company incorporated and existing under the laws of Bermuda having its registered head office at Thirty Cedar Avenue, Hamilton, Bermuda, (hereinafter called "the Transferee") do hereby transfer to the Transferee [ ] Class A shares in the joint stock company called St. James Court Ltd. subject to the several conditions on which I, the Transferor, held the same immediately before the execution hereof; and the Transferee does hereby agree to take the said shares subject to the conditions aforesaid.

AS WITNESS our hands and the Common Seal of the Transferee this  
day of \_\_\_\_\_ 19\_\_\_\_

SIGNED by the above named  
Transferor in the presence  
of:

\_\_\_\_\_  
Transferor

\_\_\_\_\_  
\_\_\_\_\_  
THE COMMON SEAL of  
ST. JAMES HOLDING COMPANY  
(BERMUDA) LIMITED was hereunto  
affixed in the presence of:

Director

Director or Secretary

SECOND SCHEDULECORPORATE MORTGAGOR  
TRANSFER OF SHARES

Limited, a joint stock Company  
incorporated and organised under the laws of  
having its registered head office at  
(hereinafter called "the transferor") pursuant to a Memorandum of  
Deposit Agreement dated [ ] with St. James  
Holding Company (Bermuda) Limited of Thirty Cedar Avenue,  
Hamilton, Bermuda (hereinafter called "the transferee") does  
hereby transfer to the Transferee [ ] Class A Share(s) in  
the joint stock company called St. James Court Ltd. subject to  
the several conditions on which the transferor held the same  
immediately before the execution hereof; and the transferee does  
hereby agree to take the said shares subject to the conditions  
aforesaid.

AS WITNESS our Common Seals the                      day of                      19

THE COMMON SEAL of

Limited was hereto affixed  
in the presence of:-

THE COMMON SEAL of  
ST. JAMES HOLDING COMPANY  
(BERMUDA) LIMITED was hereto  
affixed in the presence of:-

**THIS PAGE LEFT BLANK INTENTIONALLY**

THIS MORTGAGE is made the                      day of  
One thousand nine hundred and eighty-six BETWEEN

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(hereinafter called "the Mortgagor" which expression where the context so admits includes the successors in title of the Mortgagor) of the first part

a body corporate under the laws of the said Islands (hereinafter called "the Lessor" which expression shall where the context so admits include the successors in title of the Lessor) of the second part and

(hereinafter called "the Mortgagee" which expression shall where the context so admits includes the successors in title of the Mortgagee) of the third part:  
WHEREAS:

(1) The Mortgagor is seised of a leasehold interest in the hereditaments described in the Eleventh Schedule hereto in accordance with and by virtue of the facts and deeds mentioned in the Tenth Schedule hereto;

(2) The Mortgagee has agreed to lend to the Mortgagor the sum specified in the First Schedule hereto (hereinafter called "the said principal sum") on having the repayment thereof with interest secured to the Mortgagee in manner hereinafter expressed;

(3) The Lessor has agreed to become a party to and to execute these presents for the purposes hereinafter appearing:

NOW THIS DEED WITNESSETH as follows:-

1. IN PURSUANCE of the said agreement and in consideration of the said principal sum on or before the execution of these presents paid by the Mortgagee to the Mortgagor (the receipt whereof the Mortgagor hereby acknowledges) the Mortgagor as Beneficial Owner HEREBY ASSIGNS unto the Mortgagee ALL THAT the hereditaments more particularly described in the Eleventh Schedule hereto (being the hereditaments comprised in and demised by the Lease dated                      (hereinafter called "the said Lease") mentioned in the Tenth Schedule hereto) or expressed so to be TOGETHER WITH all and every the

easements rights privileges and appurtenances to the same or any part thereof belonging AND ESPECIALLY TOGETHER WITH the easements rights and privileges as mentioned in the First Schedule to the said Lease AND SUBJECT to easements as mentioned in the Second Schedule to the said Lease TO HOLD the hereditaments and premises hereby assigned (hereinafter called "the mortgaged hereditaments") UNTO the Mortgagee for all the residue now unexpired of the said term of years granted by the said Lease SUBJECT to the proviso for redemption hereinafter contained PROVIDED ALWAYS that if the Mortgagor shall on such demand by way of notice as is mentioned in the covenant next hereinafter contained or without such demand being made on three months notice to the Mortgagee expiring on the First day of a calendar month pay to the Mortgagee the said principal sum and shall pay to the Mortgagee interest thereon pursuant to the covenant in that behalf hereinafter contained then in such case the mortgaged hereditaments shall at any time thereafter at the request and cost of the Mortgagor be reassigned to the Mortgagor or as the Mortgagor shall direct.

2. THE MORTGAGOR covenants with the Mortgagee as follows:-

- (a) That the Mortgagor will upon a demand by way of notice by or on behalf of the Mortgagee PAY to the Mortgagee or to any person or persons authorised by the Mortgagee the said principal sum with interest thereon at the rate specified in the Second Schedule hereto (hereinafter called "the rate aforesaid") computed from the date specified in the Third Schedule hereto (hereinafter called "the computing date") AND THAT until such demand and repayment in accordance therewith the Mortgagor will pay to the Mortgagee interest on the said principal sum at the rate aforesaid computed from the computing date by equal monthly payments on the days specified in the Fourth Schedule hereto in every year until the said principal sum shall be fully paid;



AND if the said principal sum shall not be paid on demand or otherwise as aforesaid by the Mortgagor to the Mortgagee together with interest at the rate aforesaid then the Mortgagor shall not be in default under the terms of this present covenant PROVIDED THAT the Mortgagor shall for the Mortgage Term specified in the Fifth Schedule hereto computed from the computing date pay to the Mortgagee the said principal sum with interest thereon after the rate aforesaid by the instalments at the times and in the manner hereinafter mentioned (that is to say) by the number of monthly instalments mentioned in the Sixth Schedule hereto which said monthly instalments are assessed on the amortisation period mentioned in the Fifth Schedule hereto each of such instalments to be of the amount mentioned in the Seventh Schedule hereto and to be made in the manner directed by the Mortgagee on the First day of each month of every year of the said Mortgage Term mentioned in the Fifth Schedule hereto (as to which time shall be of the essence hereof) the first of such instalment payments to be made on the date specified in the Eighth Schedule hereto and subsequent instalment payments of the amount specified in the Seventh Schedule hereto each on the First day of each calendar month thereafter (the last of such instalment payments being due and payable on the date specified in the Ninth Schedule hereto) or shall make such instalment payments within seven days after each of the days hereby appointed for such payment (as to which time shall be of the essence hereof) each such instalment payment being applied for payment of interest at the rate aforesaid on the said principal moneys for the time being remaining unpaid upon the security of these presents in reduction of such principal moneys AND the Mortgagor SHALL at the end of the Mortgage

Term mentioned in the Fifth Schedule hereto pay the balance then outstanding on the said Principal Sum AND SHALL duly observe perform and keep all the covenants and stipulations herein contained and on the part of the Mortgagors to be observed performed and kept (save and except for the covenant firstly hereinbefore contained for payment of interest at the rate aforesaid on the said principal sum on the monthly days herein mentioned) AND SHALL not by any deed or deeds inter vivos assign demise convey appoint grant or release the mortgaged hereditaments or any part thereof without the consent in writing of the Mortgagee AND SHALL not commit any act of bankruptcy or enter into any composition or arrangement with or for the benefit of his creditors (or being a limited liability company) go into liquidation (except for the purposes of amalgamation or reconstruction) or commit any act which in the case of an individual would constitute an act of bankruptcy BUT PROVIDED NEVERTHELESS and it is hereby agreed and declared that if at any time during the Mortgage Term mentioned in the Fifth Schedule hereto the Mortgagor is in default of any of his covenants obligations or agreements in this Mortgage Deed the Mortgagee can require the Mortgagor to pay the full amount of the unpaid principal sum together with all other sums then currently due hereunder provided thirty days notice in writing is given to the Mortgagor by the Mortgagee;

- (b) That the Mortgagor will at all times during the continuance of this security pay the rents reserved by the said Lease on the days and in the manner therein provided and will observe and perform all the covenants agreements and conditions therein contained and on the part of the Mortgagor as lessee to be performed and

observed and will keep indemnified the Mortgagee<sup>187</sup>  
from and against the said rents and covenants and  
all claims and demands in respect thereof AND  
FURTHER that the Mortgagor will at all times  
during the continuance of this security cause the  
Lessor to observe and perform all the covenants  
agreements and conditions contained in the said  
Lease and on the part of the Lessor to be observed  
and performed;

- (c) That at the Mortgagor will at all times during the  
continuance of this security cause the Lessor to  
insure the mortgaged hereditaments in accordance  
and compliance with Clause 4 (2) of the said Lease  
AND when required by the Mortgagee will cause the  
Lessor to deliver to the Mortgagee the policy of  
insurance pertaining to the aforementioned  
insurance and the receipt for the then current  
premium therefor AND THAT in case the Lessor shall  
neglect or refuse to keep or should the Mortgagor  
fail to cause the Lessor to keep the mortgaged  
hereditaments insured as required under the said  
Lease or should the Lessor fail to deliver the  
said policy of insurance or any such receipts as  
aforesaid THEN and in every such case it shall be  
lawful for the Mortgagee to insure the mortgaged  
hereditaments against loss or damage by any  
insurable cause or causes which the Mortgagee may  
determine in the amount of the full insurable  
replacement value thereof AND all sums of money  
expended by the Mortgagee in or about such  
insurance as aforesaid with interest for the same  
after the rate specified in the Second Schedule  
hereto computed from the time or times of  
advancing the same shall be repaid to the  
Mortgagee by the Mortgagor on demand and in the  
meantime shall be a charge on the mortgaged  
hereditaments in addition to the said principal

sum and interest thereon AND IT IS HEREBY AGREED AND DECLARED that [notwithstanding the provisions of Section 34.(4) of The Conveyancing Act 1983] all sums of money received by the Mortgagee under or by virtue of any such insurance as aforesaid firstly shall be forthwith applied in or towards substantially rebuilding reinstating or repairing the mortgaged hereditaments AND the balance of such moneys may be applied by and at the absolute discretion of the Mortgagee in or towards;

- (i) the repayment of the said principal money and interest for the time being owing on the security of these presents
  - (ii) and/or any costs and expenses incurred by the Mortgagee in or about the recovery of such insurance moneys or otherwise in relation to this security;
- (d) That the Mortgagor will not do or permit or cause or suffer to be done anything whereby any insurance of the said buildings or any of them against loss or damage by fire or windstorm may become void or voidable or whereby the rate of premiums for any such insurance may be increased;
- (e) That so long as any moneys remain owing on the security of these presents the Mortgagor will keep the mortgaged hereditaments in good condition and repair and for the purpose of ascertaining whether the mortgaged hereditaments are for the time being in good condition and repair the Mortgagee may from time to time cause the same to be surveyed by a competent surveyor appointed by the Mortgagee and such surveyor may without rendering the Mortgagee liable as a mortgagee in possession at all reasonable times enter into and upon the mortgaged hereditaments or any part thereof for

the purpose of making a survey of the mortgaged hereditaments and the certificate of such surveyor shall be conclusive as to the state of repair and condition of the same AND if the Mortgagor shall fail to do or cause to be done to the satisfaction of such surveyor any repairs to the mortgaged hereditaments certified by such surveyor to be necessary and proper then the Mortgagee or its servants or agents may at any time thereafter enter into and upon the mortgaged hereditaments and execute such repairs without thereby becoming liable as a mortgagee in possession AND FURTHER that the Mortgagor will upon demand repay to the Mortgagee all expenses incurred by the Mortgagee in or arising out of the execution of such repairs as aforesaid (including any such surveyor's fees) and will pay interest at the rate aforesaid from the date of any such demand as aforesaid all of which moneys and interest shall be a charge upon the mortgaged hereditaments in addition to the said principal sum and the interest and other charges payable thereon.

3. IT IS HEREBY AGREED AND DECLARED as follows:-

- (a) It shall be lawful for the Mortgagee at any time or times hereafter and without any further consent on the part of the Mortgagor or of any other person or persons TO SELL the mortgaged hereditaments or any part or parts thereof in the event that the Mortgagor fails to comply with all or any of the terms and conditions contained in this deed;
- (b) The power herein contained is in addition to and without prejudice to and not in substitution for all other powers and remedies vested in the Mortgagee by statute or otherwise for recovering or enforcing payment of the moneys hereby secured;
- (c) The restriction on the right of consolidating mortgages imposed by section 29 of The

Conveyancing Act 1983 shall not apply to this mortgage.

4. THE LESSOR hereby separately covenants with the Mortgagee as follows:

- (a) That the Lessor its successors and assigns will at all times hereafter observe and perform the several covenants and undertakings contained in the said Lease and on the part of the Lessor to be observed and performed;
- (b) That if the Mortgagor shall at any time during the continuance of this security be in breach of any of the covenants or undertakings on her part contained in the said Lease the Lessor before taking any steps under the provisions of the said Lease to eject the Mortgagor or to terminate the demise of the mortgaged premises shall give notice of the said breach to the Mortgagee and shall afford to the Mortgagee reasonable opportunity (having regard to the nature of the breach) to make good the matter in which the Mortgagor shall then be in breach.

5. THE LESSOR hereby confirms that it has given its approval to the assignment and demise herein contained AND the Lessor further consents hereby to any assignment or demise of the mortgaged premises made by the Mortgagee pursuant to the power of sale hereinbefore contained but so that subject as aforesaid the provisions of paragraph 3 (9) of the said Lease shall remain in full force and effect.

6. PROVIDED ALWAYS and notwithstanding anything hereinbefore contained it is hereby agreed and declared that the Mortgagor shall be at liberty to pay off the said principal sum or any part thereof by way of partial prepayment at any time after the computing date hereof providing thirty days notice in writing of intention to fully repay or partially prepay is given by the Mortgagor to the Mortgagee.

7. ANY NOTICE required under these presents shall be in writing and shall be deemed to be sufficiently served in the

case of the Mortgagor if such notice is sent by prepaid registered post addressed to the Mortgagor at the usual or last known place of abode of the Mortgagor or left at or affixed to some part of the mortgaged hereditaments or some building thereon and in the case of the Mortgagee if such notice is given or sent by prepaid registered post addressed to the Mortgagee at the usual or last known place of abode of the Mortgagee AND any notice sent by post shall be deemed to be given at the time when in due course it would be delivered at the address to which it is sent.

IN WITNESS WHEREOF the Lessor has caused its Common Seal to be hereto affixed and the other parties to these presents have hereunto set their hands and seals the day and year first above written.

FIRST SCHEDULE

The Principal Sum

SECOND SCHEDULE

Rate of Interest

Ten decimal point five per cent per annum (10.5%)

THIRD SCHEDULE

The Computing Date

The                      day of                      1987

FOURTH SCHEDULE

Monthly Days

The                      day of each calendar month

FIFTH SCHEDULE

Mortgage Term

Ten (10) years

Amortisation Period

Twenty (20) years

SIXTH SCHEDULE

Number of Amortized Instalment Payments

One hundred and twenty (120)

## SEVENTH SCHEDULE

Amount of each Amortized Instalment

### EIGHTH SCHEDULE

First Amortized Instalment Date

The day of One thousand nine hundred and  
eighty-

NINTH SCHEDULE

Last Amortized Instalment Date

The day of Two thousand and one

### TENTH SCHEDULE

Title of the Mortgagors

By the said Lease dated the                      day of  
1986 and made between the Lessor of the first part  
of the second part and the Mortgagor of  
the third part for the consideration thereon mentioned and  
subject to the rents reserved by the Lease and to the  
easements rights and privileges excepted and reserved in the  
Lease and the performance and observation of the covenants and  
conditions therein contained and thenceforth on the lessees'  
part to be observed and performed the hereditaments described  
in the Eleventh Schedule hereto were demised unto the  
Mortgagor for a term of years ending on the                      day of  
and subject thenceforth to the payment of the  
rents thereby reserved and the observance and performance of  
the covenants and conditions on the part of the Mortgagor  
therein contained so far as the same were thenceforth on the  
part of the Mortgagor to be paid observed and performed and  
SUBJECT to the easements therein set forth.



THE COMMON SEAL of \_\_\_\_\_ was hereto  
affixed in the presence of:

SIGNED SEALED AND DELIVERED by )  
the above named )  
in the presence of: )  
)  
)  
)  
)  
)  
)  
)  
)  
)

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## SPONSOR'S CERTIFICATION

STATE OF MASSACHUSETTS )  
 ) ss.:  
COUNTY OF SUFFOLK )

Re: ST. JAMES COURT CONDOMINIUM  
Hamilton Parish, Bermuda

We are the Sponsor and the principals of the Sponsor of the Condominium offering plan for the above captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 20 and such other laws and regulations as may be applicable.

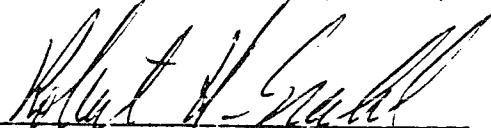
We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the Offering Plan does, and that documents submitted hereafter by us which amend or supplement the offering plan will:

- (i) set forth the detailed terms of the transaction and be complete, current and accurate;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
- (iii) not omit any material fact;
- (iv) not contain any untrue statement of a material fact;
- (v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;
- (vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; (d) did not have knowledge concerning the representations or statement made.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violations are subject to the civil and criminal penalties of the General Business and Penal Law.

ST. JAMES MANAGEMENT COMPANY, LTD.,  
SPONSOR

By:

  
Robert H. Gruhl, Vice President

  
Robert H. Gruhl

  
Richard E. Bergeron

Sworn to before me this  
11<sup>th</sup> day of February, 1987.

  
Notary Public

MY COMMISSION EXPIRES JULY 1, 1988

# COOPER & GARDNER

JAMES V. GARDNER R.I.B.A.  
JOHN A. GARDNER A.I.A.  
STUART L. PEARSON M.S.A.A.T.

# ARCHITECTS & INTERIOR DESIGNERS

P.O. BOX HM 1376  
'CLOVELLY' VICTORIA STREET  
HAMILTON 5 BERMUDA  
TELEPHONE (809-29) 2-2521/2  
TELEX 3578 COGAR BA

20th April, 1987.

RE:

ST. JAMES COURT,  
FLATT'S VILLAGE,  
HAMILTON PARISH,  
BERMUDA.

The sponsor of the Offering Plan for condominium ownership of the captioned property retained our firm to prepare a report describing the property when constructed (the "Report"). We examined the building plans and specifications that were prepared by us dated July 1985 and prepared the Report dated 16th February 1987, a copy of which is intended to be incorporated into the Offering Plan so that prospective purchasers may rely on the Report.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 20 insofar as they are applicable to this Report.

We have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. We certify the Report does:

- (i) set forth in detail the condition of the entire property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that we examined;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the physical condition of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that we examined;

cont'd...

Page 2...

- (iii) not omit any material fact;
- (iv) not contain any untrue statement of a material fact;
- (v) not contain any fraud, deception, concealment, or suppression;
- (vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statement made.

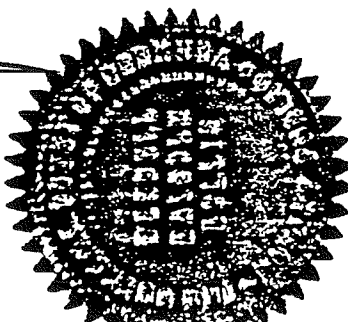
This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

COOPER & GARDNER ARCHITECTS

  
BY: JAMES V. GARDNER, R.I.B.A.

Sworn to before me this 22nd  
day of April 1967

  
Notary Public



# L.P. Gutteridge Limited

L.P. Gutteridge Building, Bermudiana Road, Hamilton.  
P.O. Box HM 1024, Hamilton 5, Bermuda. Telephone: (809-29)5-4545.  
Cables: ESTATES. Telex: 290 3397 LPG BA. Telefax: (809-29)5-4199.

AD/dr

January 15th, 1987

St. James Management Co. Ltd.  
Appleby, Spurling & Kempe  
30 Cedar Avenue  
Hamilton

Dear Sirs,

RE: St. James Court Condominiums

The sponsor of the condominium offering plan for the captioned property retained me to prepare Schedules B and B-1 containing projections of income and expenses for the first year of condominium operation.

I am a licensed real estate broker and managing director of the L.P. Gutteridge Limited's real estate division. I am also a director of the parent firm. I have served as a consultant to numerous housing developments as well as condominium developments and am the immediate past president of the Bermuda Chamber of Commerce Real Estate Section. I also hold the office president of the Bermuda Real Estate Association. I have been actively involved in development projects as well as commercial and residential real estate for the past 16 years. I also served 4 years as the Chairman of the Real Estate Criteria Committee of the Bermuda Housing Corporation.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 20 insofar as they are applicable to Schedules B and B-1.

I have reviewed the Schedules and investigated the facts set forth in the Schedules and the facts underlying them with due diligence in order to form a basis for this certification.

EXHIBIT L-3

## L.P. Gutteridge Limited

I certify that the projections in Schedules B and B-1 appear reasonable and adequate based on present prices (adjusted) to reflect continued inflation and present levels of consumption for comparable units similarly situated).

I certify that this certification and all documents prepared by me hereafter that concern the Schedules does:

- (i) set forth in detail the terms of the transaction as it relates to the Schedules and be complete, current and accurate;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
- (iii) not omit any material fact;
- (iv) not contain any untrue statement of a material fact;
- (v) not contain any fraud, deception, concealment or suppression;
- (vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) not contain any representation or statement which is false, where I; (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort could have known the truth; (d) did not have knowledge concerning the representations or statement made.

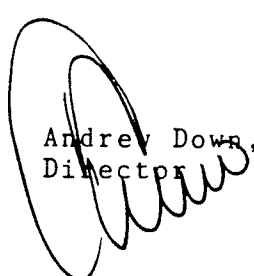
I further certify that I am not owned or controlled by and have no beneficial interest in the sponsor and that my compensation for preparing this Certification is not contingent on the conversion of the property to a condominium or the profitability or price of the offering. I understand that a copy of this Certification is intended to be incorporated into the offering plan so that prospective purchasers may rely on it.

This Certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violations are subject to the civil and criminal penalties of the General Business and Penal Law.

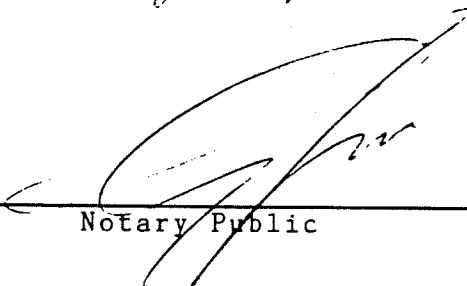


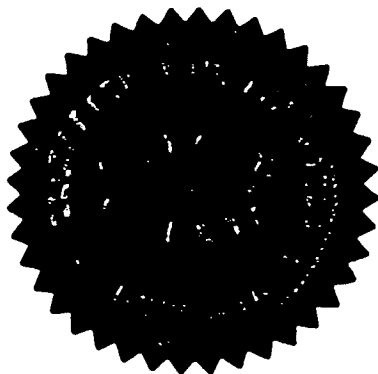
L.P. Gutteridge Limited

L.P. GUTTERIDGE LIMITED

By:  Andrew Down, A.A.C.A., SCV  
Director

Sworn to before me this  
16th day of January 1987.

  
\_\_\_\_\_  
Notary Public



ELIZABETH I.  
L.P. GUTTERIDGE LIMITED  
P.O. BOX 1000  
CROFTON ROAD  
ST. JOHN'S, BERMUDA

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## NOTE

, 19

[City]

[State]

[Property Address]

**I. BORROWER'S PROMISE TO PAY**

In return for a loan that I have received, I promise to pay U.S. \$ (this amount is called "principal"), plus interest, to the order of the Lender. The Lender is ST. JAMES HOLDING COMPANY. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

**2. INTEREST**

Interest will be charged on unpaid principal until the full amount of principal has been paid. I will pay interest at a yearly rate of .

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

**3. PAYMENTS****(A) Time and Place of Payments**

I will pay principal and interest by making payments every month.

I will make my monthly payments on the day of each month beginning on , 19 . I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. My monthly payments will be applied to interest before principal. If, on , I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "maturity date."

I will make my monthly payments at BANCOSTON MORTGAGE CORPORATION or at a different place if required by the Note Holder, via means as required by the Note Holder.

**(B) Amount of Monthly Payments**

My monthly payment will be in the amount of U.S. \$ .

**4. BORROWER'S RIGHT TO PREPAY**

I have the right to make payments of principal before they are due, upon thirty days written notice to Note Holder. A payment of principal only is known as a "prepayment."

I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

**5. LOAN CHANGES**

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces the principal, the reduction will be treated as a partial prepayment.

**6. BORROWER'S FAILURE TO PAY AS REQUIRED**

**(A) Late Charge for Overdue Payments**

If the Note Holder has not received the full amount of any monthly payment by

the end of        calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 1% monthly of my overdue payment of principal and interest. I will pay this late charge promptly.

**(B) Default**

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

**(C) Notice of Default**

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

**(D) No Waiver By Note Holder**

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

**(E) Payment of Note Holder's Cost and Expenses**

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

**7. GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

#### **8. OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

#### **9. WAIVERS**

I and any other person who has obligations under the Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

#### **10. UNIFORM SECURED NOTE**

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible lossess which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

**Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment

in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

.....(Seal)  
-Borrower

.....  
Witness

.....(Seal)  
-Borrower

.....(Seal)  
-Borrower

.....(Seal)  
-Borrower

[Sign Original Only]

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