

NON-BINDING LETTER OF INTENT

June 23, 2020

APAC B.V.
Orange Ltd.
Orange International Ltd.
Jolly Harbour, Antigua

Attention: Mr. Wim Berends & Mr. Albert Hertog

Re: Acquisition of Jolly Harbour

This letter sets out the head of terms of the proposed purchase (the "Acquisition") of all of the issued and outstanding shares (the "Shares") in the capital of:

- (a) Caribbean Development (Antigua) Limited ("CDAL");
- (b) Stardust Marina Residence Ltd., JH Commercial Ventures Ltd. and Marina Vista Ltd., each being an Orange Ltd subsidiary (the "Orange Ltd Subs");
- (c) Queens Bay Ltd (in respect of lot 27: Hall Pike) being a subsidiary of Orange International Ltd. ("Queens Bay");

whereby the Orange Ltd Subs and Queens Bay are jointly referred to as the "Orange Subs", which each hold part of the real estate development land in Jolly Harbour and whereby CDAL and the Orange Subs are jointly referred to as the "Corporation".

The Shares will be acquired by a special purpose vehicle incorporated by a client of Still Meadow Holdings Limited (the "Purchaser") from APAC B.V. as the beneficial owner of the CDAL bearer shares, Orange Ltd. as the owner of the Orange Ltd Subs and Orange International Ltd. as the owner of Queens Bay (jointly the "Vendors").

Other than the Binding Provisions (as defined below), which will become binding on the Purchaser and the Vendors upon acceptance of this letter of intent by the Vendors, this letter of intent is not intended to and shall not constitute a binding offer or agreement.

1. Security Interests

Any security interest or encumbrance affecting the Shares or the assets of the Corporation and its subsidiaries (except for any permitted encumbrances on the assets of the Corporation and its subsidiaries to be identified in the Definitive Agreement, as defined below) granted by the Vendors or the Corporation to any third parties would be released as at the closing of the Acquisition contemplated herein (the "Closing Date"). The Vendors would be released from all personal guarantees and assurances given by the Vendors to third parties related to any encumbrances on the Shares or assets of the Corporation being released in accordance with this Section 1.

2. Purchase Price

The proposed purchase price for the Shares is \$29,350,000.00 United States dollars (the "Purchase Price").¹ The Purchase Price excludes and is separate from the amounts payable pursuant to the South Finger Parking Agreement, which agreement is discussed below.

The parties shall jointly determine the attribution of the Purchase Price over the various entities. The Purchaser shall pay the Purchase Price as follows in cash United States dollars:

- (a) **Letter of Intent.** Upon the execution of this Letter of Intent, the Purchaser will deposit with its legal counsel a refundable deposit of \$100,000.00 (the "Deposit").
- (b) **Up Front Cash Consideration.** On the Closing Date, the Purchaser will pay to the Vendors \$5,900,000.00 plus the release of the Deposit to the Vendors.
- (c) **Vendor Take-Back Mortgage.** The Purchaser will pay the remainder of the Purchase Price in four equal installments of \$5,837,500.00 without interest, payable on each successive twelve-month anniversary of the Closing Date. The balance of the Purchase Price would be secured by a mortgage against the real property owned by the Corporation, the terms of which would be negotiated by the parties.

3. Concurrent Closing of South Finger Parking

The parties will proceed in good faith to complete the transactions contemplated in the purchase agreement dated September 13, 2019 between Caribbean Developments (Antigua) Limited and JH Vista Limited (a subsidiary of the Corporation) and CEA Real Estate Holdings Inc. (the "South Finger Parking Agreement") in accordance with the terms of said agreement. Subject to the Definitive Agreement being entered into and on the assumption that the \$550,000 is advance pursuant to the terms of the South Finger Parking Agreement to the vendor thereunder, the parties would amend the South Finger Parking Agreement to provide that the outstanding balance of \$1,100,000 would be paid to the Vendors concurrently with the closing of the Acquisition, and upon which payment to Vendors, the payment obligations under such purchase agreement shall be deemed discharged. In consideration of the foregoing payments, the Vendors will assume the representations, warranties and indemnities of the vendors in the South Finger Parking Agreement. For certainty, nothing herein amends or waives the terms and conditions of the South Finger Parking Agreement.

4. Outstanding Debt of the Corporation

The Purchase Price assumes that the Corporation will have no debt at the closing as determined in accordance with generally accepted accounting principles. Any outstanding

¹Note to Vendors, \$28,000,000.00 is allocated to the properties listed on Appendix A and \$1,350,000 is allocated to the properties on Appendix B. The Purchaser is open to considering an alternative form of purchase transaction with respect to the properties on Appendix B after consulting with its legal and financial advisors provided that it is not adversely impacted and the final way forward as to be agreed between the Parties shall be laid down in the Definitive Agreement.

debt of the Corporation at the closing would be a deduction against the outstanding Purchase Price that is payable by the Purchaser.

5. **Adjustments**

At the Closing Date, the Purchaser will require the Corporation to possess working capital equal to the current assets of the Corporation less the current liabilities of the Corporation, of zero (the "Working Capital"). In the event the Working Capital delivered on the Closing Date exceeds zero, the upfront cash component of the Purchase Price payable at the Closing shall be increased, **dollar-for-dollar**, to the extent the Working Capital exceeds the sum of zero. In the event the Working Capital delivered on the Closing Date is less than zero, the cash component of the Purchase Price payable at the Closing shall be decreased, **dollar-for-dollar**, to the extent the Working Capital is less than the sum of zero. Furthermore, the parties will close the transaction based on a reasonable estimate of Working Capital at the closing which estimate would adjust the Purchase Price payable at closing in accordance with the foregoing, with a true up following the closing.

Current assets would include receivables for community fees (with a provision for bad debt for any receivable that is more than 90 days past due or otherwise deemed not collectable by the Purchaser and Vendors jointly in their reasonable opinion which shall include any amounts that are receivable from the class of homeowners that have refused to pay community fees or sinking fund fees), utilities invoiced, cash and other current assets determined in accordance with generally accept accounting principles.

Current liabilities would include taxes and other current liabilities determined in accordance with generally accepted accounting principles, but would exclude employee severance except that the Vendors will be responsible for all accrued employee severance liability related to all employees who elect to receive severance on account of the change of control of CDAL in accordance with applicable law and the Purchaser would be responsible for all accrued severance for the remaining employees who do not make such election.

The Definitive Agreement will contain a customary closing accounts mechanism for current assets and liabilities, including a post-closing Purchase Price adjustment for AR outstanding at the Closing Date that was not provided for in the closing accounts balance sheet and is collected post-closing ("Bad Debt"). This mechanism shall contain a procedure with a time line of a maximum of four years as of the Closing Date, with reasonable commercial efforts by the relevant Corporations to collect the Bad Debt, taking into account Vendors' practical experience and time required to collect, showing that the highest probability to collect such arrears is at the time of sale of a property to a third party, the application for construction license and/or the application for utilities connection.

6. **Consents**

The purchase of the Shares would be conditional upon the Purchaser receiving evidence, in a form reasonably acceptable to the Purchaser, of the Vendors or the Corporation obtaining any required consents from third parties in respect of the change of control of the Corporation including, without limitation, consents required under any lease or other

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agreement to which the Corporation is a party, and consents and approvals required by governmental or regulatory authorities.

7. **Consulting Agreement**

On the Closing Date the Purchaser will enter into a consulting agreement with Wim Berends, whereby Mr. Berends will agree to be employed (or engaged pursuant to a management agreement) by the Corporation as an executive for a term of six months and for a salary substantially similar to what he has received (which the Purchaser understands to be \$170,000/year) and on such other terms reasonably acceptable to each party thereto. The consulting agreement will continue after the initial 6 months where Mr. Berends will continue as a consultant for a monthly salary of 25% of the above mentioned salary and at a commensurate reduction in time and effort for at least as long as the vendor take back mortgage remains outstanding and on such other terms reasonably acceptable to each party thereto. The Purchaser is aware that Mr. Berends remains employed by Orange limited and Parties will discuss and amicably resolve any unforeseen priority conflict between requirements of the Orange employment and the consulting agreement in good faith.

8. **Definitive Agreement**

All of the terms and conditions of the Acquisition, including those contained in this letter, would be set forth in a definitive, written acquisition agreement (the "**Definitive Agreement**"). The Definitive Agreement would contain a limited set of joint and several representations, warranties and covenants and closing conditions, with the relevant customary limitations and exclusions, including:

- (a) the receipt of any required consents and approvals of governmental authorities and third parties;
- (b) representations and warranties with respect to the known and contingent liabilities of the Corporation;
- (c) a procedure to be agreed between the Parties for calculating and objectively determining the adjustments mentioned in paragraph 5;
- (d) customary indemnities for pre closing liabilities for such matters including, but not limited to, taxes, litigation from pre closing periods (i.e. Lockhart litigation) and other matters which may be identified by the Purchaser through due diligence, in each case to the extent not accrued on the balance sheet of the Corporation or used to determine Working Capital;
- (e) whether and to which extent a purchase price adjustment will be agreed for (i) all uncollected pre closing receivables that are reflected as an asset on the balance sheet of the Corporation used to determine Working Capital that are not collected following the closing and (ii) provisions for Bad Debt which is not reflected as an asset on the on the balance sheet of the Corporation used to determine Working Capital that is ultimately collected following the closing, which adjustment would

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apply to the non-payment or payment of receivables, as the case may be, during the four year period following the closing, will be discussed and determined between the Parties;

- (f) representations and warranties with respect to the Corporation's ownership in fee simple title to the parcels of land attached hereto as Appendix "A" and Appendix "B" which constitute all of the real property part of or associated with the gated community known as Jolly Harbour and Lot 27 which is adjacent to Jolly Harbour;
- (g) customary representations and warranties with respect to the Corporation's operations and assets; and
- (h) approval from the Purchaser's Board of Directors (which would be obtained prior to signing);

and other provisions as are customary in transactions of this size and nature or otherwise appropriate under the circumstances, such as a disclosure mechanism and limitation of liability clauses as to breach of warranties/indemnities. The parties would endeavor to close the Acquisition pursuant to the terms of the Definitive Agreement as soon as possible, whereby the Definitive Agreement shall be drafted and finalized to the extent reasonably possible during the Due Diligence Period.

9. Exclusivity

In consideration of the Purchaser considering the Acquisition, the Vendors will undertake for a period commencing on the date hereof and ending on the earlier of 5 p.m. Eastern Time on:

- (a) the final day of the Due Diligence Period;
 - (b) the date this letter is terminated pursuant to section 13; and
 - (c) the Closing Date.
- (i) not to directly or indirectly, take any action to initiate or encourage proposals or offers from, or provide information relating to the Corporation to any person, entity or group in connection with an acquisition or disposition of all or any substantial part of the assets of the Corporation, or any amalgamation, merger, arrangement, sale of all or any substantial part of the shares of the Corporation or any reorganization, restructuring, recapitalization or any other business combination or similar transaction involving the Corporation or its business (an "Extraordinary Business Combination" and (ii) to promptly notify the Purchaser in the event that the Vendors becomes aware of a proposal relating to an Extraordinary Business Combination from a third party other than the Purchaser.

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10. **Non-Solicitation Agreements**

The Vendors would provide the Purchaser with a covenant not solicit any employees of the Corporation for a period of two (2) years following the date of the closing of the Acquisition.

11. **Due Diligence**

The Vendors and the Corporation shall afford the Purchaser and its financial advisors, legal counsel and other authorized representatives and agents full access to a virtual data room containing the relevant documents in respect of the Corporation's properties, contracts, management level employees, financial information and books and records to complete its investigation of the business, properties, infrastructure, assets, liabilities, contracts, financial position and condition and operations of the Corporation, and the Corporation and its representatives will fully cooperate in any such investigation. The Purchaser shall undertake to complete its due diligence review within sixty (60) days following acceptance of this Letter of Intent, which due diligence period may be extended upon written request by the Purchaser and approval by the Vendors (which approval shall not be unreasonably withheld by the Vendors) for a period of thirty (30) days by the Purchaser providing the Vendors with written notice (such period, including any mutually agreed extension, being the "Due Diligence Period").

Some relevant items in respect of disclosure by the Vendors to the Purchaser:

- (a) the available reports on maintenance and infrastructure deficiencies related to the property and community of Jolly Harbour will be disclosed and will show that these are old, were built in accordance with relatively high standards of those days and are still in reasonable condition considering wear and tear; all infrastructure will be transferred on an 'as is' basis without any further guarantees by the Vendors; †
- (b) the power generator must be overhauled with a cost of possibly \$500/600K;
- (c) as the desalination plant is located on land formally owned by the government of Antigua (Crown's land) but already used and occupied with consent for over 25 years (most likely by error this plot was never formally transferred to CDAL) the Vendors shall provide all relevant information thereto (including if available the building permit) and this land and desalination plant will be transferred on an 'as is' basis; the Purchaser is aware that it must come to terms with Government in case the Purchaser wants to change the current status of this plot; ✎
- (d) CDAL has an option on additional 60 acres of land from Government adjacent to the Jolly Harbour golf course land, approved by cabinet letter of 1 October 2014; this option will be included in the transaction.
- (e) CDAL will remove the caution on the existing 90 acres of golf land prior to the Closing Date.

PO. [Signature]

12. Conduct of Business

From the date of acceptance of this letter until the Closing Date, the Vendors and the Corporation will conduct the business of the Corporation in the ordinary and usual course, will confer regularly with the Purchaser to report on the status of operations and will not make any decisions likely to have a material adverse effect on the Corporation or its business without consulting with the Purchaser. The Vendors and the Corporation will promptly disclose to the Purchaser any fact that materially affects or would reasonably be expected to have a significant effect on the value of the Corporation or the Business.

13. Confidentiality

The Purchaser, the Vendors and the Corporation will keep this letter and their mutual interest in the Acquisition (as well as all information obtained in connection with their respective due diligence investigations), including any negotiations between the Purchaser and the Vendors in respect thereof, strictly confidential.

The Purchaser, the Vendors, and the Corporation hereby acknowledge the existence of a Non-Disclosure Agreement dated June 6, 2020 made between the Corporation and the Purchaser and agree to be bound by the terms thereof.

Any press or news releases or other dissemination of information regarding this letter or the matters or transactions contemplated hereby by any of the parties hereto shall require the mutual review of and approval by all the parties hereto prior to its release. Notwithstanding the foregoing, the Purchase may discuss the Acquisition with relevant officials from the Government of Antigua for the purpose of its due diligence.

14. Termination

This letter may be terminated, and the transaction contemplated hereby may be abandoned or terminated:

- (a) at any time by the mutual agreement of the parties hereto in which event the Deposit will be returned to the Purchaser, or
- (b) by any party hereto following the expiry of the Due Diligence Period in which event the Deposit will be paid to the Vendors if the Purchaser terminates this letter and will be returned to the Purchaser if the Vendors terminate this letter.

Termination of this letter does not in any manner terminate, waive or amend the terms and conditions or the South Finger Parking Agreement.

15. Taxes, Fees & Expenses

Each of the Corporation, the Vendors and the Purchaser will bear its own costs and expenses in connection with the Acquisition including, without limitation, taxes, stamp duties, fees for its legal counsel, accountants and other professional advisers related to the preparation of this Letter of Intent and the Definitive Agreements. For greater certainty,

each party shall be responsible for any real estate transfer tax applicable pursuant to the Acquisition and payable by it.

16. General Provisions

- (a) This letter contains an outline of terms only and, except for Sections 9, 11, 12, 13, 14, 15 and this Section 16 (collectively, the "**Binding Provisions**"), shall not be legally binding upon any party hereto. Each party hereto represents and warrants that it is duly authorized and has all necessary power and authority to execute and deliver this letter and to perform its obligations hereunder. It is expressly agreed and acknowledged that, with the exception of the Binding Provisions, no other agreement or meeting of the minds has been reached. Accordingly, except for the Binding Provisions, if for any reason whatsoever the purchase of Shares is not consummated, no party hereto shall be entitled to any form of relief whatsoever, including, without limitation, injunctive relief or damages. The Binding Provisions shall survive the termination of this letter and shall be legally binding upon and enforceable against the parties hereto and their successors and permitted assigns.
- (b) No party hereto may transfer or assign its rights or obligations hereunder without the prior written consent of the other parties hereto.
- (c) All dollar amounts referred to in this agreement are in United States funds.
- (d) This letter may be signed in two or more counterparts, any one of which need not contain the signature of more than one party, but all such counterparts taken together will constitute one and the same agreement and shall be governed by the laws Antigua and Barbuda.

Please indicate your consent and agreement to the foregoing by signing both copies of this letter in the space provided below and returning one fully executed copy to us (which return may be made by email to patrick@stillmeadowholdings.com) by no later than 5:00 pm, Eastern Standard time, on June 24, 2020, otherwise our obligations hereunder shall terminate and be of no further force or effect.

Yours very truly,

**STILL MEADOW HOLDINGS IN BEHALF
OF ITS CLIENT**

Per: 

Name: Ron Tarter

Title: Director

--- Acceptance page follows ---

Agreed to and acknowledged this 24 day of June, 2020.

APAC B.V.

Per: 

Name: Wilhelm Berends
Title: Director

ORANGE LTD.

Per: 

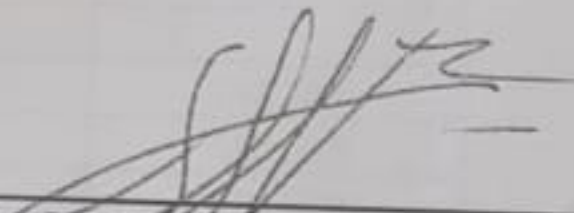
Name: Wilhelm Berends
Title: Director

ORANGE INTERNATIONAL LTD.

Per: 


Name: Wilhelm Berends
Title: Director

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Albert L. Hartog

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Wim Berends

**APPENDIX A
SCHEDULE OF REAL PROPERTY²**

Parcel No.	Size (acres)	Size (sq ft)
266	0.12	5,227
267	0.12	5,227
268	0.14	6,098
269	0.16	6,969
270	0.15	6,534
271	0.21	9,147
272	0.14	6,098
273	0.14	6,098
274	0.15	6,534
275	0.16	6,969
276		
786	2.5	108,900
840	0.1	4,356
841	0.2	8,712
842	0.2	8,712
843	0.2	8,712
844	0.63	27,442
845	2.2	95,832
27	2.7	117,612
17		
860		
858	3.3	143,762
15	11.03	480,649
176	4.9	213,229
783	76.76	3,343,761
38 (warehouse/ sewage treatment plant)		

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²Parcels 836 and 837 were removed as they form part of the South Finger Parking Agreement.

APPENDIX B
SCHEDULE OF ADDITIONAL REAL PROPERTY

1. the six so called "trimoteur" lots;
2. the two lots on Harbour Island;
3. villa 231F of which Albert Hartog/Orange Ltd. is the beneficial owner;

Att.
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