**AIDE MEMOIRE**

**(A) OBJECTIVES**

1. Secure additional land,
2. “Kick-start” pre-construction sales of condominiums,
3. Generate generous & safe commissions for the ███████████████████████████ (████████)
4. If possible, provide project working capital for the developer, █████████.

**(B) HOW TO ACHIEVE EACH OBJECTIVE**

1. **Canadian Land Consortium to Secure Additional Land**

█████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████ This would be done within a “Hybrid” to be called ███████ Hybrid, which in turn would grant the developer a 5-year development and purchase agreement.

(Please note: ██████████████████████████████████████████████████████████████████████████████████████████████████████████████)

1. **Canadian Condominium Consortium to Commit to Pre-Construction Condo Purchases**

█████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████ ███████ would commit to purchase say 50 x US$200,000 shares by paying a 10% deposit (i.e. US20,000 for each share) within another “Hybrid” to be called The “CCC Hybrid”. █████████ would include ███████ Hybrid in a trust in the extra 3.6 acres, in order for them to avoid the 9.75% of Stamp Duties on receipt of the condos.

The $20,000 deposits would be held in “Escrow” up until the commencement of construction when they would be released for development & construction.

Subsequent payments per share, which would also be used for development & construction, would be 15% (US$30,000) at the start of construction, 25% (US$50,000) on completion of the floor slab, 25% (US$50,000) on completion of the ring beam and 25% (US$, 50,000) on final completion.

This would entitle ███████ Hybrid to, say, half of the condominiums in the first block of the Beach Club with an approximate pre-construction sales price of US$11,250,000 comprising:-

1. 1st Floor: Two 1-bedroom & two 2-bedroom condominiums,
2. 2nd Floor: Two 1-bedroom & two 2-bedroom condominiums,
3. 3rd Floor: Two 3-bedroom condominiums and
4. 4th Floor and Roof: Two 3-bedroom penthouses

{Please note that this is equivalent to a 12.5% premium over the initial investment of US$10million and could be used as an incentive for ███████ Hybrid, if necessary, and/or to pay the commission to ████████ – see section (c)(II)(vii)}.

1. (I) ████████’s Commissions on Funds Raised for ███████

████████ would receive 10% commission (i.e. US$400,000) on the US$4million raised from ███████ for the land in (a) above. This would be paid to ████████ via an allocation of two US$200,000 shares, one in each of ███████ and ███████ Hybrids.

In order to facilitate the acquisition of these shares in the Hybrids for ████████, the developer will negotiate to secure:-

* 1. A discount from the land vendor’s price of US$4million for a “relatively quick cash purchase,” say if paid by 30th of June 2004 and
  2. A disbursement of approximately US450,000 from the bank with whom he is negotiating a US$5million project financing loan in order to prepay the land duties and secure the land option.

Success in obtaining both:-

* + 1. █████████████████████████████████████████████████████████████████████
    2. The $450,000 disbursement from the bank

would enable ████████ to receive one US$200,000 share in ███████ Hybrid and ████████ would only have to raise █████████████.

The next US$200,000 of any discount/saving would be used to fully pay up ████████’s US$200,000 share in ███████. (Note: they would still have to raise █████████████ within ███████ Hybrid because this second US$200,000 would be protected by being placed in escrow). Alternatively, they could elect at this time to allocate only the 10% deposit and to receive the balance of US$180,000 in cash. However, they would later have to pay the US$180,000 according to the same schedule as in the 3rd Paragraph of (B)(b) above, unless they were successful in raising US$3.6million in pre-construction sales of condos via the CCC Hybrid {see next paragraph (II)(i)}.

(II) ████████’s Commissions on Funds Raised for ███████

████████, in addition to receiving a commission on the funds raised for ███████ Hybrid, would also receive a commission on the funds raised for ███████ Hybrid, according to the following scale:-

1. Up to US$5,999,999………………………………….5% (Max US$300,000)
2. Between US$6million and US$6,999,999…..……..…..6% (Max US$60,000)
3. Between US$7million and US$7,999,999….……….....7% (Max US$70,000)
4. Between US$8million and US$8,999,999….……..…...8% (Max US$80,000)
5. Between US$9million and US$10million….……….....9% (Max US$90,000)
6. Anything over US$10million………………………...10%
7. E.g.: Total Commission for raising US$10million……US$600,000 = 3 shares in the CCC.

(III) ████████’s Grand Total Commissions on Funds Raised for ███████ & ███████

If we achieve our joint objectives with regard to ███████ and ███████, the total commission to be received by ████████ would be at least US$1million (US$400,000 from ███████ plus US$600,000 from ███████). This would be taken by ████████ as one US$200,000 share in ███████ Hybrid and up to four US$200,000 shares in ███████ Hybrid).

As ███████ said (I believe “in jest”) when we were sat in the Family Room during our first conversation last Friday, “Just find us US$1million”…….. OK agreed, but you’ll have to work a little for it!!!!!!!! ██████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████████

1. Raise Working Capital: Unfortunately, under this revised approach, the cash situation is going to be very tight. The developer would only be able to raise working capital if the price paid for the land were to be less than US3,600,000 and once the Bank was ready to disburse more than the initial US$450,000, which will be used to secure the option and prepay the stamp duty. (Please note: If the developer fails to either secure a discount on the land or a disbursement from the bank, there won’t even be cash available for ████████. In which case the developer would have to offer them a condo).