

Project SCR | Process Agreement

PROCESS AGREEMENT

Between:

- (1) The Proprietors of Strata Plan No. 52, c/o Bedell Cristin Cayman Partnership, PO Box 1990, KY1-1104 (**CRR**);
- (2) The Proprietors of Strata Plan No. 16, c/o Bedell Cristin Cayman Partnership, PO Box 1990, KY1-1104 (**Seagull**); and
- (3) IRG Developments Ltd., c/o Appleby (Cayman) Ltd., PO Box 190, KY1-1104 (**Developer**).

BACKGROUND

- (A) CRR and Seagull (each a **Strata**, and together, the **Stratas**) have entered into discussions with the **Developer** to investigate the feasibility of developing a luxury residential beach resort development (**Development**) at the property registered at the Cayman Islands Land Registry as WBBS Block 12E Parcel 53 (**CRR Property**) and WBBS Block 12E Parcel 41 (**Seagull Property**, which together with the CRR Property shall be referred to as the **Property**).
- (B) CRR, Seagull and the Developer propose to enter into a formal development agreement (**Development Agreement**) regarding the Development and the Property.
- (C) The parties have agreed to enter into an interim agreement, which sets out the current understanding and next steps between the Stratas and the Developer, the proposed key terms of the Development Agreement and timetable for implementation of the aforementioned project. This Process Agreement is not intended to be legally binding except as specifically set out below.

1. Next Steps

- 1.1. [A group of owners of existing units at the Property, comprising at least a super-majority of each Strata, have provided their consent via an informal survey to enter into this Process Agreement and carry out the transactions contemplated, subject to a formal vote prior to entry into of the Development Agreement and the Consent to Proceed.]¹
- 1.2. The parties shall, as soon as reasonably practicable following the date hereof, negotiate in good faith, and enter into, a short project oversight agreement pursuant to which a number of nominated individuals from each Strata form a redevelopment committee (**Redevelopment Committee**) that is authorised to provide instructions, directions and consents to the Developer on behalf of each Strata, and the decisions of which will be binding on the Stratas (**Project Oversight Agreement**). The Project Oversight Agreement shall contain, among other things, a provision that decisions of the Redevelopment Committee shall be made by a simple majority of its members, but subject to each individual Strata having a veto together with a method for resolving deadlock.
- 1.3. As soon as reasonably practicable following the Project Oversight Agreement having been entered into, the Redevelopment Committee and Developer shall:
 - (a) commence and use their reasonable endeavours to diligently proceed with the initial services set out in section 3 of this Process Agreement;
 - (b) agree an indicative projected timeline for the Development; and
 - (c) negotiate in good faith, and enter into, the Development Agreement reflecting the terms of this Process Agreement. It is acknowledged that this Process Agreement is not intended to be an exhaustive list of the contents of the Development Agreement but shall attempt to substantively cover its contents.

¹ It is acknowledged that CRR and Seagull have not yet held this survey. The paragraph remains in square brackets as the vote will need to have passed prior to entry into this Process Agreement.

Project SCR | Process Agreement

2. Owners

- 2.1 Owners of existing units at the Property have the opportunity to change to a new unit in the new Development by way of compensation for contributing their existing unit to the development, such compensation to be as set out in the attached **Appendix 4**. In this Process Agreement, each owner who has provided their consent (in form and content determined by the Developer, **Consent to Participate**) to contribute their unit in exchange for a new unit in the Development is referred to as a **Consenting Owner**. Each Consenting Owner will receive an allocated new unit (**Substitute Unit**) plus a stipend allowance in exchange for their existing unit at the rate set out in **Appendix 1**. The remaining units in the Development not allocated to Consenting Owners will be retained by the Developer (**Developer Units**). Consenting Owners may 'swap' Substitute Units amongst each other with consent, or upgrade or downgrade their units within the Development with a Developer Unit (subject to availability and on such terms at the Developer's sole discretion).
- 2.2 Those owners of existing units that have not provided a Consent to Participate at the date hereof will have up to thirty (30) days from the date of this Process Agreement to do so. Owners who have not consented within this period (**Non-Consenting Owners**) will be required to conclude their interest in the Stratas prior to redevelopment works commencing, either through compensation from the Developer or by electing to sell their existing unit on the open market to a Consenting Owner or third party. The Developer has indicated a method for the calculation of such compensation in **Appendix 2**, however the amount payable will be subject to the number of owners choosing to participate and the availability of funding once the full development business model has been finalised.

3. Initial Services

- 3.1 There will be a pre-development period of up to March 2026 (which may be amended with agreement of Developer and Redevelopment Committee) whereby Developer will access the Property and perform various services to assess the feasibility of, obtain the necessary approvals for, and procure the compilation of detailed cost estimates and cash-flow forecasts, enter into discussions with financing partners, apply for planning permission and market the Developer Units for sale to enable the redevelopment of the Property. The timeline for this pre-development schedule is attached as **Appendix 3**.
- 3.2 During this period:
- (a) Developer will:
 - (i) present to the Redevelopment Committee plans and specifications for the project and take into consideration feedback;
 - (ii) finalise the business model for the Development;
 - (iii) present to the Redevelopment Committee a schedule of list prices for Developer Units that are intended to be sold on the open market;
 - (iv) recommend a construction approach for the project including pre-qualification requirements for contractor bids, seek and present to the Redevelopment Committee bids from interested general contractors;
 - (v) seek and recommend to the Redevelopment Committee proposals for financing of the project;
 - (vi) provide details of any buy-out terms for Non-Consenting owners, it being understood that any buy-out price would be in the range of 60% of the asking price of anticipated sales of Developer Units as at the date of this Agreement;
 - (vii) market and pre-sell Developer Units; and
 - (viii) take any other actions reasonably requested by the Development Committee or reasonably deemed by the Developer to be in the best interests of the Development.

Project SCR | Process Agreement

- (b) Developer and the Redevelopment Committee shall negotiate in good faith with the aim of agreeing all matters required to ascertain project feasibility and approve commencement of demolition works at the Property.

3.3 As the Developer will need to assume control of the Development (subject to certain matters requiring Redevelopment Committee agreement), it is anticipated that several additional documents will need to be agreed during (or shortly after) this phase, such as:

- (a) agreement of purchase and sale (**Sale Contract**) for entry into by proposed third party purchasers of the Developer Units in the completed development (**Third Party Purchasers**) and the terms of the CIREBA multiple listing agreement with International Realty Group Ltd. (**Agent**) for the listing of such units (**CIREBA Listing Agreement**);
- (b) draft by-laws of the Stratas to be implemented upon completion of the redevelopment, to be appended to Sale Contracts (**By-Laws**);
- (c) power of attorney pursuant to which the Developer shall be authorised to enter into Sale Contracts with Third Party Purchasers and other non-material project related contracts on behalf of the Stratas. For the purposes of this sub-clause "materiality" shall be deemed to be anything whereby the Stratas are liable to pay in excess of US\$10,000 either individually or collectively with the same contracting third party (**Power of Attorney**); and
- (d) direct agreement with the Developer regarding the specification of Substitute Unit, eventual title transfer and up-front payment for any specification upgrades (which will contain at least equivalent undertakings from the Developer as those that are given to Third Party Purchasers in Sale Contracts (**Direct Agreement**),

as to which the Redevelopment Committee and Developer shall use their reasonable endeavours to agree form and content.

3.4 As the proceeds of sale of Developer Units forms the basis of funding the Development, the Developer shall be authorised to market and sell the Developer Units at the prices set by the Developer consistent with its approved financial model. Developer shall provide regular reporting to the Redevelopment Committee on progress of (and terms of) Sales Contracts.

4. Development Specification

4.1 Following agreement by the Redevelopment Committee of the final plans and specifications as submitted to the CPA for planning approval, Developer may thereafter make minor non-material variations to the approved specification. Significant variations may be made only with the approval of the Redevelopment Committee unless specifically recommended or required by the Planning Department or CPA in order to receive planning approval.

5. Conditions Precedent to Development Commencing

5.1 Development will be conditional upon the following having been satisfied, achieved or waived by the Redevelopment Committee and Developer before the end of the pre-development period (**Consent to Proceed**):

- (a) entry into the Development Agreement;
- (b) approval of final plans and specifications;
- (c) approval of financial model, drawdown schedule/milestones and sales volumes (and Agent having received all escrow deposits under Sale Contracts);
- (d) approval of project financing terms;
- (e) approval of interim amendments to the by-laws of the Stratas to provide for authority of the Stratas to hold the Property on trust for the Consenting Owners post-resolution to destroy;

Project SCR | Process Agreement

- (f) receipt of waiver of stamp duty on transfer of Substitute Units to Consenting Proprietors;
 - (g) any remaining Non-Consenting Owners having agreed to their compensation or decided alternatively to sell on the open market and having entered into an agreement to extinguish their interest in the Stratas (and there being sufficient funding for the same);
 - (h) Consenting Owners having entered into Direct Agreements for their Substitute Units;
 - (i) Developer having arranged acceptable terms of funding for Consenting Owners to discharge any mortgages affecting their unit, if any;
 - (j) approval of outline form and content of amendment to strata plan;
 - (k) approval of scope and terms of insurance;
 - (l) approval of proposed post-completion reserve fund of Strata and allocation of unused Strata reserves among Consenting Owners;
 - (m) approval of construction schedule and longstop date for completion of works (which shall be prior to longstop dates under Sale Contracts); and
 - (n) entry into a power of attorney pursuant to which Developer will be authorised to register amendment to strata plan, By-Laws and enter into documents necessary to procure transfer of title to units as envisaged by Sale Contracts and Direct Agreements.
- 5.2 Following Consent to Proceed, the Stratas will resolve to destroy the building, deal with Non-Consenting Proprietor interests and register interim amendment to by-laws. Developer will proceed to undertake and diligently complete the redevelopment, put in place and maintain agreed insurances, contracts and otherwise proceed in accordance with the matters agreed/approved pursuant to the Consent to Proceed.
- 5.3 This Process Agreement and/or the Development Agreement may be terminated by either party if a Consent to Proceed is not entered into prior to the expiry of the pre-development period, following which the Developer shall refund all escrow payments made by Third Party Purchasers pursuant to Sale Contracts.
- 5.4 Notwithstanding any other term of this Agreement the parties agree that in the event that the Development Agreement is not signed, the Developer's actual costs (including costs of third parties engaged by the Developer in connection with the project) shall be the sole responsibility of the Developer;
- 5.5 In the event that the Stratas elect not to proceed after the execution of the Development Agreement or breach a material term of the Development Agreement and such breach is not rectified within a reasonable time of the Stratas becoming aware of the same, then:
- (a) the Developer's actual costs (including costs of third parties engaged by the Developer in connection with the project) following the date of the Development Agreement shall be reimbursed by the Stratas within 90 Days;
 - (b) the Developer shall be compensated by the Stratas for its time and expertise following the date of the Development Agreement, on a time-spent basis at a fair rate to be reasonably agreed, which shall be paid by the Stratas within 90 days of demand. The Developer will keep and submit monthly timesheets to calculate these amounts.
- 5.6 The Development Agreement shall also contain the same provisions related to Developer compensation in the event that it is terminated prior to project completion.
- 5.7 The intellectual property in the Development (including but not limited to feasibility studies, drawings, specifications, budgets etc.) generated by or at the cost of the Developer shall at all times belong to the Developer unless otherwise agreed. This paragraph is legally binding.
- 6. Development Fee**
- 6.1 Developer will be paid a fee (**Development Fee**) comprising the profit earned from the Development.

Project SCR | Process Agreement

7. Development Works

- 7.1 Developer will enter into all relevant contracts for the supply of materials and labour and the performance of services on arm's length terms. Developer will procure that all material contracts in its own name will include warranties in favour of Stratas and rights for Strata to enforce their terms, along with adequate 'step in' rights in favour of the Stratas if the Development Agreement is terminated. All warranties from material contractors and suppliers will be assigned by the Developer to the Stratas on completion or termination.
- 7.2 Developer will use reasonable skill and care in the selection of materials. Developer will ensure that the redevelopment is undertaken in a sound and workmanlike manner and materially consistent with the approved plans and specifications. Developer is ultimately responsible for the performance of its contractors and suppliers, and shall take reasonable steps to enforce terms of sub-contracts, and shall not terminate, vary or replace material contracts in any manner that is reasonably likely to have an adverse impact on the agreed matters unless consented to by the Redevelopment Committee.
- 7.3 Developer will provide progress reporting to Redevelopment Committee.
- 7.4 Developer to obtain all final inspections and certificates of occupancy. All Third-Party Purchasers and Consenting Owners shall be afforded opportunity to agree a 'punch list' with Developer prior to transfer of title to their Substitute Units, which the Developer shall use its reasonable endeavours to rectify as soon as reasonably practicable (it being acknowledged that completion of transfer of title shall not be conditional on such remediation having been completed).

8. Sales of Developer Units

- 8.1 Changes to list prices or terms of Sale Contracts after Consent to Proceed that are reasonably likely to have an adverse impact on approved business plan, timelines or cash flow forecasts shall be subject to Redevelopment Committee approval.
- 8.2 Sales commission of no greater than 5% of the sales price shall be payable to Agent in connection with sale of each Developer Unit, such sum to be deducted from each deposit paid by a buyer of that specific Developer Unit. 50% of the sales commission will be paid to the Agent after the Consent to Proceed and is non-refundable. The balance will be paid out of closing proceeds. Agent has been selected as exclusive broker for all sales of Developer Units however owners may choose to select an alternative broker to sell Substitute Units. Sales of Substitute Units can only occur once all Developer Units have been sold or two years after construction commencement (i.e. start of demolition of the buildings located on the Development), whichever is earlier.
- 8.3 Third Party Purchasers of Developer Units will pay as follows:
- (a) a deposit on signing;
 - (b) stage payments (if any) throughout the development process; and
 - (c) the remaining balance at closing.
- Funds from (a) will initially be held in escrow by the Developer's agent pending Consent to Proceed. Thereafter, funds from (a) are pledged to the construction financing institution for use by the Developer towards paying for the costs of development. Funds from (b) and (c) (inclusive) will also be pledged to the construction financing institution for use by the Developer against development milestones. All funds received in respect of Developer Unit sales will, after Consent to Proceed, be held in a designated account, which may be operated by the Developer with oversight and consent (in accordance with clause 9.2) of the Redevelopment Committee (**Designated Account**).
- 8.4 Developer shall be responsible for performing all Sale Contracts, including refunding any deposits where applicable out of the Development Fee, and shall indemnify Stratas for all loss, costs and expenses (on a full indemnity basis) in connection with any non-performance. Developer shall be responsible for enforcing Sale Contracts against Third Party Purchasers.
- 8.5 In the event that a Sale Contract is terminated following Consent to Proceed, Developer shall use reasonable endeavours to promptly procure the entry into of a replacement Sale Contract with another Third Party Purchaser on at least equivalent terms.

Project SCR | Process Agreement

9. Funding

- 9.1 It is the intention that all costs (including financing costs, stipend, professional fees, manager's salary, warranty reserves and Development Fee) will be eventually settled from proceeds received from purchasers of Developer Units. It is the intention that during construction, costs will be funded from a blend of Third Party Purchaser deposits, construction financing and Developer equity. It is anticipated that any financing will be secured by a legal charge over the Property and an assignment by way of security of Sale Contracts and material project agreements.
- 9.2 Developer may request funds from Designated Account in line with approved cash flow analysis, budget, drawdown schedule and milestones or otherwise with approval of Redevelopment Committee which shall not be unreasonably withheld (in which case Developer shall explain in reasonable detail variances and impact on such approved matters).
- 9.3 Developer undertakes to use sums advanced only for the purposes of paying development costs.
- 9.4 Developer to submit to Redevelopment Committee detailed cash flow projections and cost monitoring analysis following Consent to Proceed at the frequency and detail as required by the construction financing partner but no less than every 30 days, including where appropriate bank statements and itemized ledgers for relevant accounts.

10. Insurance

Developer shall obtain and maintain insurance on approved terms at all times during development, and shall apply the proceeds of insurance in reinstatement of any loss as required by the construction financing partner or otherwise as Redevelopment Committee and Developer shall agree.

11. Defects Period

A warranty reserve will be included in the approved financial model. Developer will rectify any defects that occur in a one-year period after completion using amounts from a pre-decided warranty reserve as set out in the business plan. Developer shall diligently pursue any relevant third parties with respect to defects, and if in receipt of any payment or other benefit on account of such defects remediated using warranty reserve shall as soon as reasonably practicable credit the same to the warranty reserve.

12. Strata Reserves

- 12.1 The Stratas will be responsible for determining how to apply their reserves prior to completion.

13. Costs and Expenses

- 13.1 Stratas' legal fees and expenses actually incurred in connection with the project shall be for the account of the Stratas.

14. Dispute Resolution

- 14.1 Development Agreement will include an appropriate arbitration dispute resolution clause.

15. Compliance with Laws

- 15.1 Developer to ensure that works and sales comply with all applicable laws (including, but not limited to, applicable laws relating to planning, building regulations, anti-money laundering, data protection and local business licencing).
- 15.2 Developer to assist Stratas with compliance with local licensing laws (if relevant).

16. Termination

- 16.1 Development Agreement terminable in the event of un-remedied breach (or anticipated material breach) by, or insolvency of, Developer.

Project SCR | Process Agreement

- 16.2 Redevelopment Committee may terminate Development Agreement if works remain uncompleted by agreed longstop date, or it is of the reasonable opinion that works will remain incomplete by agreed longstop date and there is a significant risk that Sale Contracts may be terminated by Third Party Purchasers, or if there is any fact, matter or circumstance which in its reasonable opinion have a material adverse effect on Developer's ability to perform Development Agreement and Sale Contracts.
- 16.3 On termination, all authority of Developer shall be revoked and Developer shall immediately assign all of its interest in Sale Contracts and material construction/procurement contracts to the Stratas and, after receiving fair compensation from the Stratas for doing so, hand over all intellectual property generated during the course of the project and do all such other things as the Redevelopment Committee may reasonably require in order to effectively conclude the development.
- 16.4 At any time prior to the entry into of the Development Agreement either party may terminate this Process Agreement by written notice delivered to the address of the other party on the first page hereof. Termination shall be without prejudice to any antecedent breach of any legally binding obligation. Following termination, the authority of the Developer to market and sell Developer Units shall immediately cease, the Developer shall immediately terminate Sale Contracts (if any) and procure the refund of deposits to Third Party Purchasers. This paragraph is legally binding.

17. Miscellaneous

- 17.1 This Process Agreement may be executed in counterparts (whether in the form of a duplicate, photocopy or facsimile of the original) and each such counterpart shall be deemed to be an original; and all such counterparts when taken together shall be deemed to constitute one and the same agreement. When properly executed and exchanged, such counterparts shall (in relation to those parts of this Process Agreement that are intended to be legally binding) evidence a mutually binding contract in accordance with the terms and conditions set forth herein. Transmission of an executed counterpart of this Process Agreement or the executed signature page of a counterpart of this Process Agreement by email (in PDF, JPEG or other agreed format) shall take effect as delivery of an executed counterpart.
- 17.2 This Process Agreement constitutes the entire and complete agreement between the parties. The Stratas admit and acknowledge that there are and have been no representations, warranties, covenants, guarantees, promises or agreements on the part of the Developer or any other person representing the Developer or purporting to do so which have induced the Stratas to enter into this Process Agreement.
- 17.3 If any part or portion of this Process Agreement is for any reason held to be invalid or unenforceable by any court or other authority, then such part or portion shall be deemed to be a separate, distinct and independent provision, and such holding shall not affect the remaining part or portions of this Process Agreement.
- 17.4 This Process Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of the Cayman Islands. Each party irrevocably agrees that the courts of the Cayman Islands shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Process Agreement or its subject matter or formation.
- 17.5 Paragraphs 17.1-17.4 (inclusive) are legally binding.

Each party hereby confirms its agreement to the terms contained in this process agreement in consideration of the other party so doing.

Date:.....

..... [NAME], Chairperson,

duly authorised for and on behalf of The Proprietors of Strata Plan No 52.

Date:.....

..... [NAME], Chairperson,

duly authorised for and on behalf of The Proprietors of Strata Plan No 16.

Project SCR | Process Agreement

Date:.....

..... Jeremy Hurst, Sole Director,
duly authorised for and on behalf of IRG Developments Ltd.

Project SCR | Process Agreement

APPENDIX 1 | STIPENDS

Project SCR | Process Agreement

APPENDIX 2 | BUYOUT PROJECTIONS

Project SCR | Process Agreement

APPENDIX 3 | DRAFT PROJECT TIMELINE

Project SCR | Process Agreement

APPENDIX 4 | STACKING PLAN