Montpelier Estate Heritage Site, Antigua and Barbuda

# Project Concept Feasibility Report

pico

Pro.

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# -A-

# EXECUTIVE SUMMARY

**A | EXECUTIVE SUMMARY**

## Findings at A Glance

In undertaking this study on behalf of Antigua Distillery Ltd ("ADL") Pico PRO, supported by Algonquin Advisors, (the "Team") has formulated a phased development for the existing Montpelier Sugar Factory and surrounding acreage that will evolve into a **sustainable** and **authentic** mix of visitor attractions and **profitable** businesses that will reside at the "Montpelier Estate" Heritage Site.

## Objective

The objective of this study is to create a quality destination attraction that highlights the heritage and pride of the founders, families and business associates of ADL; to place this within the narrative of the history of the site, sugar plantations and of course the centrality of rum production and distillation to the story of Antigua & Barbuda.

## Goals

The goal of preserving heritage assets by creating a "living" environment, rather than a static museum, was clearly articulated at the briefing stage of the project and has been very much been taken to heart by the team. Today's travelers, explorers and visitors are demonstrably willing to pay a premium for **unique** and **engaging experiences** over owning a product or using a service. The creative drivers that will make this a long-term success have to be focused on imaginative story-telling, immersive activities and giving the visitor the opportunity to capture those memories and share their discoveries with others.

In addition to the requirement of economic sustainability for the project, the Montpelier Estate in of itself will become a powerful brand that will add value to the island, ADL and the ancillary businesses that will build upon the platform of the development.

## Solution

The primary approach has been to focus on creating a series of inter-connected visitor attractions that each break down into their own compelling environment; while complementing each other and coming together as a total destination attraction. As the primary driver of visitation is the cruise ship guest, this needs to be carefully choreographed to not only insure that this is a powerful attractor of their time and spending but also falls into the "must do, cannot miss category". The main components would be a Heritage Center, Sugar Factory, Cane Railway, Sugarcane fields and Estate Farm and the Rum Distillery. In addition, there would be a nature trail, observation platform, Artisans' village and restaurant components that would form the basis of subsequent phases. The opportunity of developing two residential parcels of land adjacent to St. Philips and Freetown is also considered a component of the overall Estate development plan.

## Project Outline

### Phase 1

| | |
|---|---|
| Heritage Center | Functioning as the visitor reception, this venue would house the galleries and theatre as well as retail, café and administrative offices. |
| Sugar Factory | A sensitive reconstruction of the process in-situ with the existing equipment and structures whilst retaining the character of the rusting/nature reclaiming feel of the abandoned factory. |
| Cane Railway | One of the highlights of the Estate, the railway will travel approximately 1 mile around the grounds and pass through the cane fields to bring the visitor around the property and into the loco sheds where they could enjoy a static attraction of historic artefacts. |
| The Estate Distillery | From field to bottle, this will be a functioning boutique Cane Rum Distillery and include a theatre/tasting room to host tours and events as well as sell the rums produced here and by ADL. The Distillery will also include ageing warehouses for their product and ADLs intention to relocate existing facilities from St. Johns. |

### Phase 2

| | |
|---|---|
| Estate Restaurant | Housed within the Estate Manager's House and with views across the landscape to the Windmill and beyond, the restaurant would be a showcase of organic, local cuisine and a signature rum bar to enjoy the spirit of Antigua. |
| Artisans' Village | Utilizing some of the existing buildings around the Sugar Factory and select additions, the Village will include retail, bakery, arts and crafts and other opportunities for local businesses to participate in the overall Estate offering. |
| Farm, Nature Trails<br>Observation Tower | The Farm would be at the center of the agricultural component including the sugarcane fields. The venue would include hydroponic fields and aquaponic tanks that would be cultivated to be used by the restaurant/café and also sold locally. The nature trails would wind through the property and include a spectacular viewpoint from the top of an 80 ft observation tower. |
| Residential Estates | Two parcels of land would be developed into lots and homes on land adjacent to the villages of St.Philips and Freetown. |

### Phase 3

| | |
|---|---|
| Event Center<br>High Ropes<br>Wind Turbines | There are a number of other attractions and facilities that could be considered, including the creation of an Event Center to host festivals and concerts, a High Ropes adventure course and the provision of wind turbines to produce sustainable power for the Estate and surrounding communities. (Phase 3 is outside of the financial model of this study). |


Montpelier Estate – Feasibility Study
Site- Master Plan
FUTURE PAVED ROAD ACCESS
FREETOWN ESTATE
RESIDENTIAL PLOTS
FREETOWN
N
0 FEET 400
200
1 ACRE
HORSE TRAIL
TO HALF MOON BAY
CANE FIELDS
32 Acres
MONTPELIER ESTATE
WIND TURBINES
ESTATE FARM
STABLES
FARM HOUSE
CP
21 Acres
CANE FIELDS
33 Acres
BIKE TRAIL
HIGH ROPES
CANE RAILWAY
LOCO SHED
EVENTS VENUE
OBSERVATION TOWER
NATURE TRAILS
TRAIL HEAD
CP
DISTILLERY
CARPARK
HERITAGE CENTER
SUGAR FACTORY
ARTISANS VILLAGE
ST PHILIPS ESTATE
RESIDENTIAL PLOTS
ROAD TO BETTY'S HOPE
MAIN ENTRY
FUTURE PAVED ROAD ACCESS
ST PHILIPS
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## Size

**Phase 1**

| | | | |
|---|---|---|---|
| Heritage Center | 4,000sqft | | |
| Sugar Factory | 2,000sqft | | |
| Cane Steam Railway | Railway – 1.2 miles of track | | Loco Shed- 1,500sqft |
| The Estate Distillery | 5,000sqft | Warehousing- | 2 X 10,000sqft buildings |
| Residential Estates | St Philips | 25 acres | 19 residential plots |
| | Freetown | 28 acres | 27 residential plots |
| Sugar Cane Fields | 65 acres | Under cultivation | |

**Phase 2**

| | | | |
|---|---|---|---|
| The Restaurant | 3,000sqft | | |
| Artisans' Village | 3,000sqft various buildings | | |
| Farm, Nature Trails | 21acres, | 1,500sqft | Farm building plus outbuildings, stables etc.,.. |
| Observation Tower | 80ft high viewing platform | | |

**Phase 3**

| | |
|---|---|
| Event Center | |
| High Ropes | To be studied, proposed at a future date. |
| Wind Turbines | |

## Capital Budget [All figures in USD$]

Phase 1 – **$4.0 million** Phase 2 –**$2.0 million**

## Annual Attendance

**50,000 visitors per year**

## Operating Expenses

Phase 1 – **$1.7 million** Phase 1 and Phase 2 –**$3.1 million**

## Earned Income from Visitors

Phase 1 – **$2.5 million** Phase 1 and Phase 2 –**$5.0 million**

# -B-

# METHODOLOGY

# B | METHODOLOGY

## The Roadmap

The guiding principal of this feasibility report is to give the Client the necessary insights into the opportunities and costs/returns of a potential development while balancing this with the goals of creating a compelling destination, showcasing the heritage of ADL, the estate and the island. The program, layout and creative narrative contained herein however is **NOT** meant to be illustrative of a final physical plan layout but rather a set of variables that can form the basis of a subsequent concept development phase.

That there is a real shortage of engaging and unique activities for visitors and residents on the island to engage in is sadly beyond dispute. The current government has even highlighted this fact in their last annual budget presentation. Antigua and Barbuda needs to raise its game in the competitive Caribbean market beyond the standard fare of sun and sand. If the beach is just the beginning, then Montpelier Estate needs to be the next step on that journey.

## Visitor experience goals

### What do I want to do in the Montpelier Estate Heritage Site?

In planning for the visitor experience of the Montpelier Estate Heritage Site, the team naturally approaches the task for the viewpoint of the audience: what will visitors expect to be able to do? Their hoped-for experiences could include:

-Understand and experience the history of the plantations and sugarcane harvesting of Antigua.
-Explore the history and innovation of the steam era in transporting and milling the sugarcane.
-See, hear and ride a real steam locomotive around the estate passing sugarcane fields.
-Visit a working farm and be educated about new technologies in organic, hydroponic farming.
-Understand the process, science and art in creating a cane rum right in the distillery.
-Interact with locals in an authentic environment showcasing food, art and crafts.
-Enjoy a nature walk that includes plants, herbs and spices of the Caribbean.
-Climb up a dramatic observation tower to views of the island and the ocean beyond.
-Dine in an historic home on local produce, great rums and cocktails off the beaten path.

## Visitor Experience Mapping

These goal statements describe the specific experiences visitors would like to have – and that Montpelier Estate Heritage Site officials would like them to have – when visiting the Montpelier Estate Heritage Site (either in person or remotely).

They describe opportunities that will enable visitors to fully enjoy, understand, and appreciate the diverse resources associated with the Montpelier Estate Heritage Site. They create “benchmarks” against which final recommendations can be measured: do the recommend-ations help the Montpelier Estate Heritage Site meet these goals?

Visitor experience goals address the ways that visitors will connect with the Montpelier Estate Heritage Site intellectually, actively, emotionally, and through all their senses. They also address how visitors will plan their trip, how they will become oriented to Montpelier Estate Heritage Site geography, how they will enjoy recreation, learn, and – hopefully – engage in stewardship of Montpelier Estate Heritage Site’s natural and cultural resources.

## Goals for interpretation

*“I would assert the virtues of narrative as our best and most compelling tool for searching out meaning in a conflicted and contradictory world … When a narrator honestly makes an audience care about what happens in a story, the story expresses the ties between past and present in a way that lends deeper meaning to both … At its best … historical storytelling helps keep us morally engaged with the world by showing us how to care about it and its origins in ways we had not done before.”*

William Cronon, "A Place for Stories: Nature, History, and Narrative," Journal of American History 78:4, March, 1992

At its heart, interpretation is about the stories a place has to offer. We know that the history of any local place can be interpreted to reflect the story of the nation as a whole, and that we can gain an understanding of broad patterns of Antigua’s history and culture when we place our own stories within a wider context. Our stories help us find and appreciate our place in the continuum of Caribbean history, and speak to the roots that have made us what we are today. They help us understand who we have been, and who we may become. Our youth, in particular, need to hear these stories, as they will guide and manage our future.

## The BIG Picture - Caribbean

“I’m pleased to announce that for the first time ever, the pace of growth of Caribbean tourism outperformed every major tourism region in the world. Our region has set new arrival and spend records in 2015, far surpassing expectations.

Caribbean tourism grew by an estimated seven per cent to 28.7 million visits, much higher than the projected four to five per cent. This performance was above the global rate of growth, which the UN agency, the World Tourism Organization quotes at 4.4 per cent.”

CTO – State of the Tourism Industry Report, February 2016

## Snapshot – Antigua & Barbuda

## DEMAND ( Arrivals )

From the table below, 913,289 visitors came to the shores of Antigua and Barbuda in 2015. Of this number, 250,450 arrived by air and 662,848 arrived by sea. A vast majority of visitors arrived by sea accounting for 73% of the total number of visitors arrived for 2015, while 27% arrived by air.

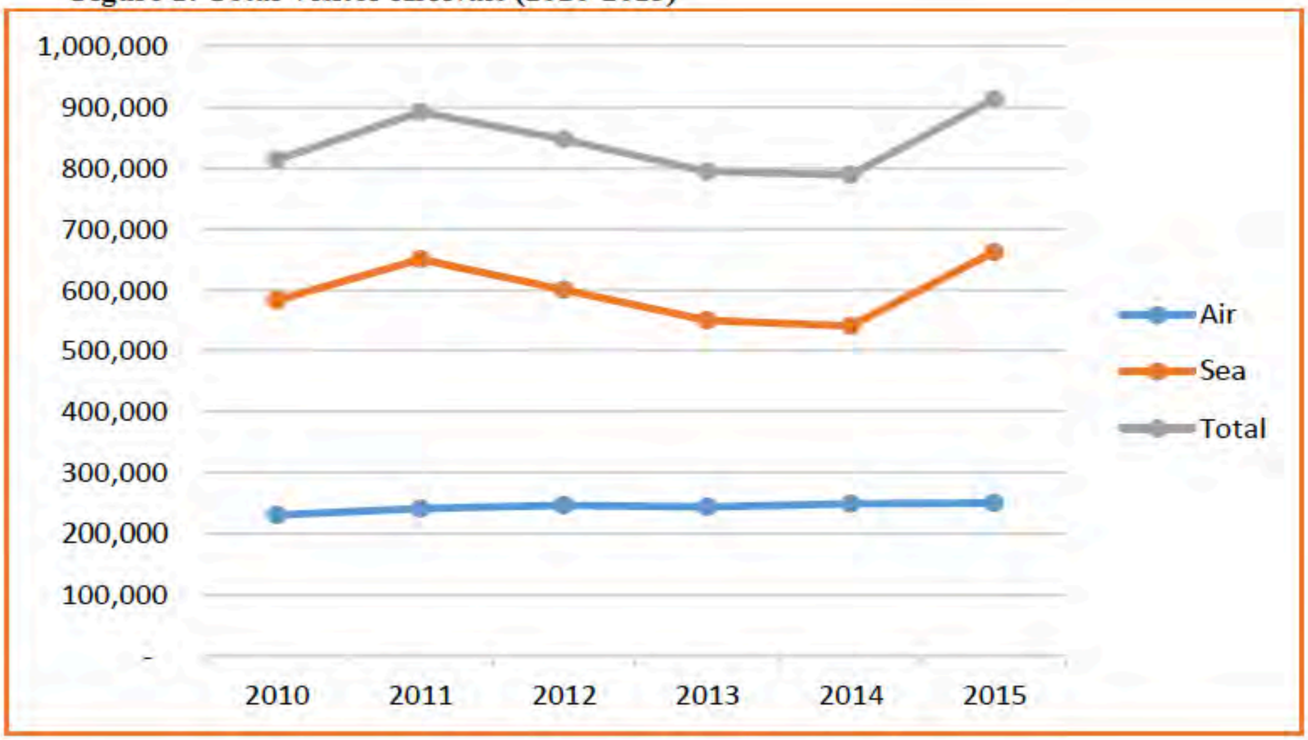
In contrast, there were 789,580 visitors to Antigua and Barbuda in 2014, 68% of the total number of visitors came by sea and 32% by air. Thus, there has been a 16% increase in the number of visitors to Antigua and Barbuda from the previous year. Moreover, in 2015 Antigua and Barbuda has seen its highest level of total arrivals for the past five years.

**Table 1: Total Visitor Arrivals (2010-2015)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | % change 2014-2015 |
|---|---|---|---|---|---|---|---|
| Air | 229,943 | 241,331 | 246,926 | 243,219 | 249,316 | 250,450 | 0% |
| Sea | 583,521 | 650,840 | 600,213 | 550,645 | 540,264 | 662,848 | 23% |
| Total | 813,464 | 892,171 | 847,139 | 793,864 | 789,580 | 913,298 | 16% |

Source: Antigua and Barbuda Ministry of Tourism, Statistics Department 2015

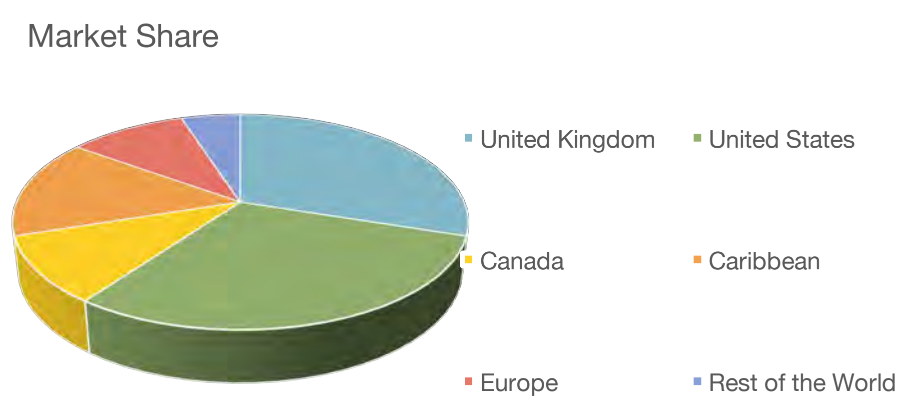
**Figure 1: Total Visitor Arrivals (2010-2015)**




Source: Antigua and Barbuda Ministry of Tourism, Statistics Department 2015

## Source Markets

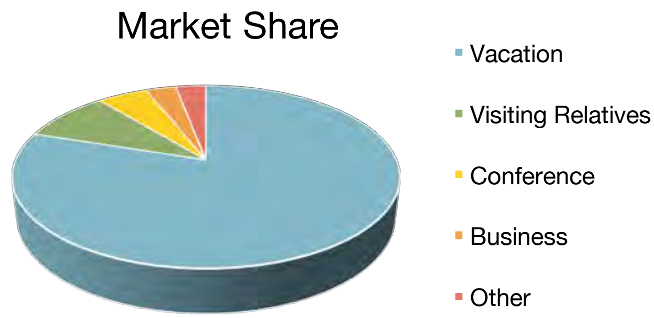
| | |
|---|---|
| United Kingdom | 30% |
| United States | 30% |
| Canada | 10% |
| Caribbean | 15% |
| Europe | 10% |
| Rest of the World | 5% |




Source: ABTA

## Purpose of Trip

| | |
|---|---|
| Vacation | 30% |
| Visiting Relatives | 30% |
| Conference | 10% |
| Business | 15% |
| Other | 10% |




Source: Antigua and Barbuda Ministry of Tourism

## Travel Patterns & Seasonality

The most popular season in Antigua and Barbuda is the December-April period with over 23.000 visitors per month. These four months represent 55% of the total arrivals per year. UK, USA and Canadian tourists are come to A&B during the winter season to avoid the cold weather in their countries.
May, June, August and November are intermediary months. With the introduction of different events such as sport events (sailing and cricket) or cultural event such as the carnival (July), the arrivals are being maintained at a minimum of 17.000 arrivals per month.

The lowest months are September and October which correspond to the slower activity season (most of the hotels close for holidays and/or for refurbishment). The cruise high season is from November to April. From May to October, cruise ships in Antigua are quasi inexistent as most cruise boats are moving to Europe during summer months  The yachting seasons follow the cruise. The high season is from November to April.

**Table 3: Visitor Arrivals by Quarter (2010-2015)**

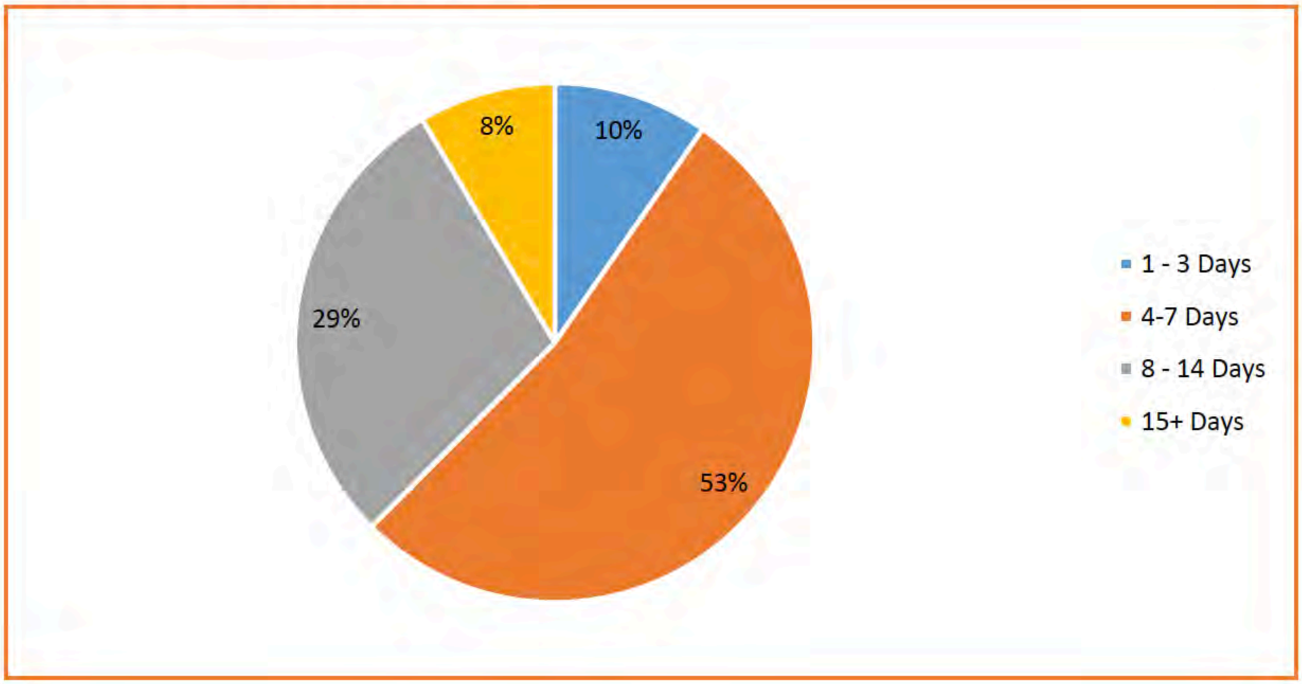
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | % change 2014-2015 |
|---|---|---|---|---|---|---|---|
| First Quarter | 340,052 | 374,042 | 404,590 | 373,164 | 358,097 | 404,582 | 13% |
| Second Quarter | 133,180 | 155,656 | 142,447 | 124,884 | 111,442 | 142,570 | 28% |
| Third Quarter | 78,463 | 79,822 | 69,733 | 86,671 | 89,696 | 90,205 | 1% |
| Fourth Quarter | 261,769 | 282,651 | 230,369 | 209,145 | 230,345 | 275,941 | 20% |

Source: Antigua and Barbuda Ministry of Tourism

## Length of Stay

The average Length of Stay for 2015 is 10.01days, whereas its average for 2014 was 9.95 days. Tourist generally stay within the period of 4-7 days, decreased by 3 % from 2014. Followed by 8-14 days, increased by 4%, 1-3 days, increased by 10% and finally 15 or more days increased by 4% from that of 2014. In 2015, 53% of the total number of visitors stay 4-7 days. While, 29% stay 8-14 days, 10% stay 1-3days and 8 % stay 15+ days.

**Figure 11: Length of Stay Percentage (2015)**




Source: Antigua and Barbuda Ministry of Tourism

## Tourist Demographic Profile

According to the 2009 data, the primary age group visiting A&B are the 45-55 years old group ( 22%) followed by the 25-34 years old group (21%). The least represented groups are the < 14 years old and the 65 < corresponding to 7,6% and 7,9% respectively.

**Characteristics of the tourism source markets:**

As stated previously, USA and UK are the 2 main tourism source markets of the country. These 2 markets have different tourism behaviors.

**USA market:**

•Two-fifths of the Americans travelers visit the Caribbean each year

•70% are looking for a destination with natural assets

•77% of them are looking for relaxation on holiday

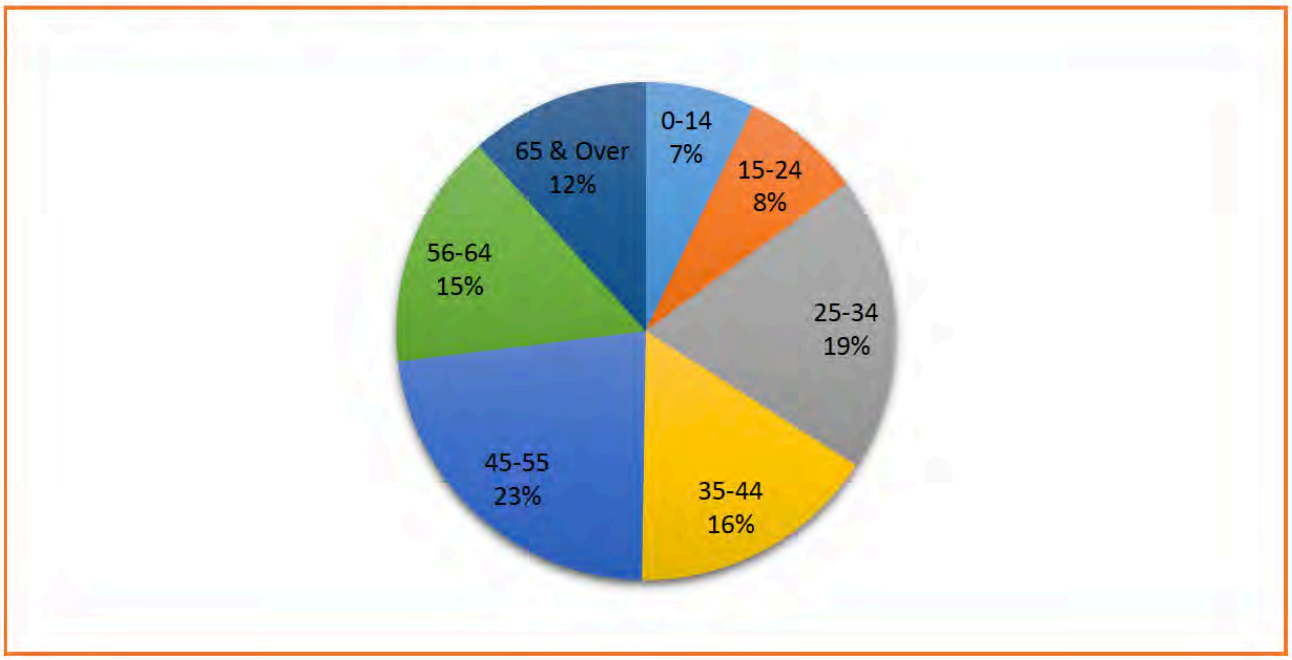
**UK market:**

•They are the most experienced travelers in the world

•80% of the travel are bought by 50 year olds and more

•63% of the travelers are looking for high accommodation standard

**Figure 12: Visitors by Age Group (2015)**

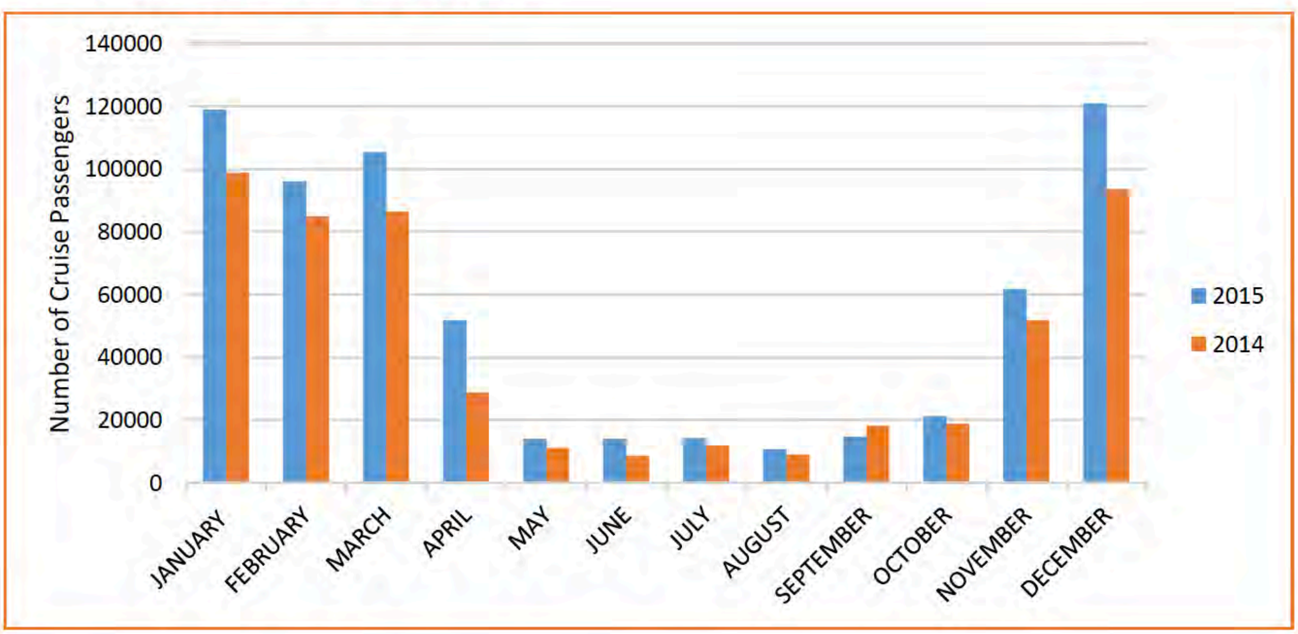



Source: Antigua and Barbuda Ministry of Tourism

# Focus on the Cruise Market

The Cruise Industry within Antigua & Barbuda has received a rejuvenated focus, as Government has made it a key part of its destination strategy to position Antigua and Barbuda as the marquee destination within the Eastern Caribbean for cruise visitors across all cruise-line partners. This is to be achieved by continuing the efforts to improve and diversify the islands' tourism product to enhance the visitor experience on island and to ensure the cruise lines increase their calls to the destination.

**Figure 15: Cruise Passenger Arrivals (2014-2015)**




Source: Antigua and Barbuda Ministry of Tourism

# Economic Impacts

## Summary of economic impact on Antigua and Barbuda

Total Economic Contribution of Cruise Tourism by Destination, 2014/2015 Cruise Year

| Destinations | Total Cruise Tourism Expenditures ($US Millions) | Total Employment | Total Employee Wage Income ($US Millions) |
|---|---|---|---|
| **Antigua & Barbuda** | $ 43.9 | 1,170 | $ 11.10 |

Passengers Onshore Visits and Expenditures by Destination, 2014/2015 Cruise Year

| Destinations | Passenger Onshore Visits (Thousands) | Average Expenditure per Passenger | Total Passenger Expenditures ($US Millions) |
|---|---|---|---|
| **Antigua & Barbuda** | 527.6 | $ 64.88 | $ 34.2 |

The typical cruise passenger in the Caribbean spent an average of $103.83 at each destination call during their cruise vacation.

Just over 75% of passenger expenditures were made in four categories:

- Watches & Jewelry
- Shore Excursions
- Clothing
- Food & Beverages

The most popular expenditure category was shore excursions with over half (53 per-cent) of all passengers making such a purchase at each destination. Local tour oper-ators received an average of $43.99 per passenger directly from cruise passengers and cruise lines **(see Note below table)**. The weighted average expenditure was $23.33 per passenger.

Antigua's average is -38% lower than average. Ranks 16th in Total Expenditure ($34.2m), 18th in number of Onshore Visits and 26th (out of 35) for average Expenditure Per Passenger.

94% of the cruise parties that completed the surveys disembarked their cruise ship to visit the destination.

55% of the cruise parties that went ashore purchased a shore excursion.

74% of passengers who purchased a tour did so through their cruise line,

Average length of time ashore in Antigua is 4.11 hours.

### Average Passenger Expenditures by Category – All 35 Participating Destinations

| Purchase Categories | Average Spend per Passenger ($US) | Share of All Onshore Visits① | Weighted Average Spend per Passenger | Total Passenger Expenditures ($US Millions) |
|---|---|---|---|---|
| **Shore Excursions** ② | $ 43.99 | 53.0% | $ 23.33 | $ 551.2 |
| **F&B at Restaurants & Bars** | $ 15.90 | 50.4% | $ 8.01 | $ 189.3 |
| **Clothing** | $ 23.24 | 43.4% | $ 10.08 | $ 238.0 |
| **Local Crafts & Souvenirs** | $ 16.07 | 44.4% | $ 7.13 | $ 168.4 |
| **Taxis/Ground Transportation** | $ 15.36 | 23.7% | $ 3.64 | $ 85.9 |
| **Watches & Jewelry** | $ 187.64 | 19.8% | $ 37.11 | $ 876.6 |
| **Other Purchases** | $ 41.27 | 20.5% | $ 8.44 | $ 199.4 |
| **Retail Purchases of Liquor** | $ 20.78 | 10.8% | $ 2.25 | $ 53.1 |
| **Perfumes & Cosmetics** | $ 30.09 | 3.4% | $ 1.02 | $ 24.2 |
| **Entertainment/Night Clubs** | $ 33.92 | 1.5% | $ 0.51 | $ 12.0 |
| **Lodging**③ | $ 139.98 | 1.3% | $ 1.79 | $ 42.4 |
| **Telephone & Internet** | $ 10.48 | 1.4% | $ 0.15 | $ 3.4 |
| **Electronics** | $ 69.87 | 0.5% | $ 0.38 | $ 9.1 |
| **Total** | | | **$103.83** | **$2,452.8** |

1_ For the purposes of this table we have combined the expenditure data for both transit and homeport passengers. The expenditures of each group are analyzed separately elsewhere in this report.

2_ This is the effective average onshore expenditure and is a weighted average of the onshore purchases and the portion of the onboard and travel agent purchases paid to local tour operators. Actual reported average spending for shore excursions by source is as follows: cruise lines - $66.36 per passenger; travel agents/other - $57.71; and onshore tour operators - $28.85. The weighted average actual spend across all sources was $60.07.

3_ Lodging expenditures only apply to those passengers who embarked on cruises in San Juan, Barbados, the Dominican Republic, Guadeloupe, Martinique and Cartagena. For purposes of this table the weighted average has been calculated across all passengers.

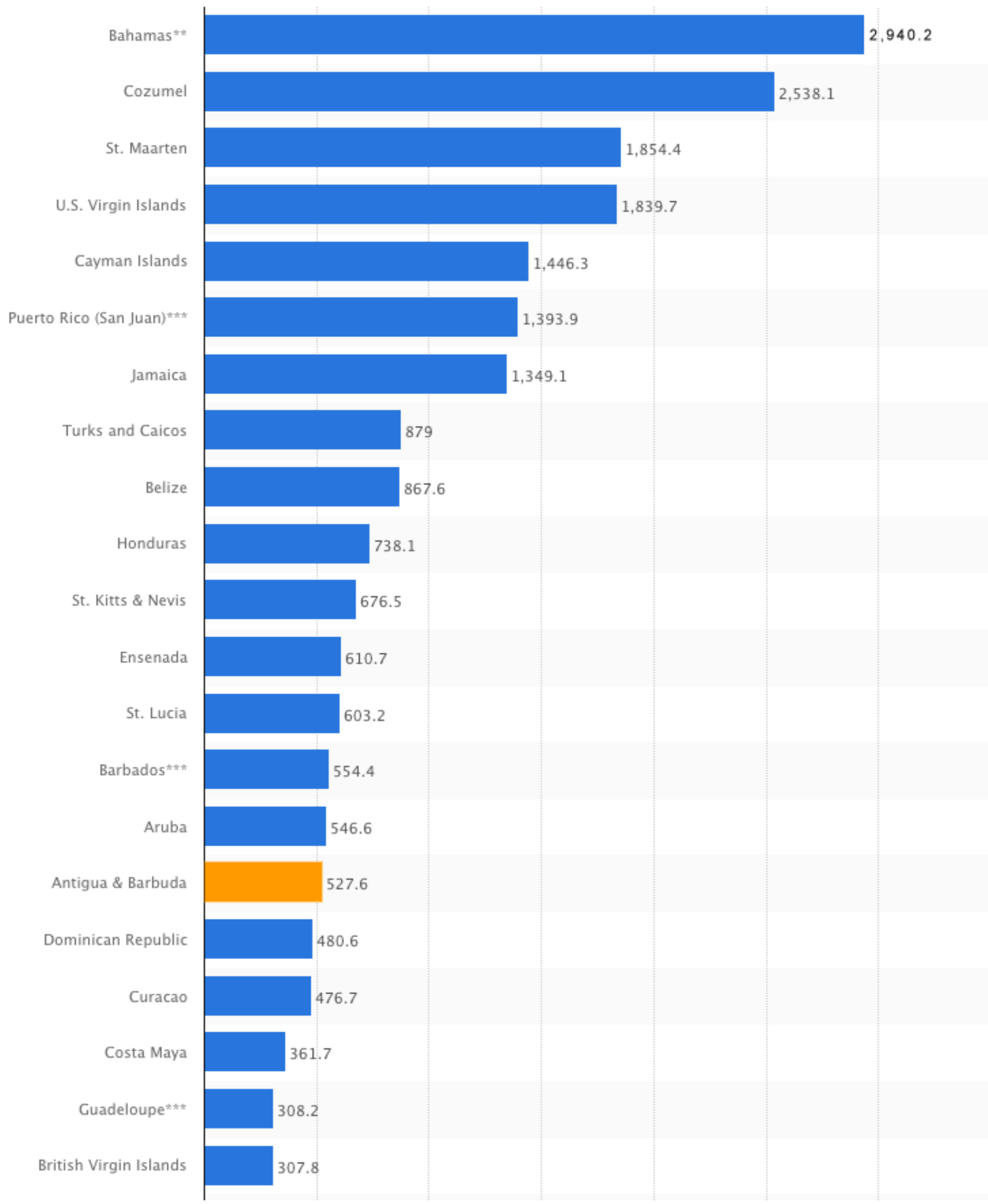
### Major Attributes of Port-of-Call Passenger Visits – All Destinations

| | Number | Percent |
|---|---|---|
| **Total Respondents** | 43,045 | |
| **Number Making First Visit** | 27,118 | 63.0% |
| **Number Ashore** | 40,330 | 93.7% |
| **Number Making Onshore Purchases:** | 26,215 | 65.0% |
| **Average Hours Ashore** | 4.38 | |
| **Average Size of Expenditure Party (Persons)** | 2.02 | |
| **Average Onshore Expenditure per Party ǂ** | $127.84 | |
| **Purchased a Shore Excursion (Tour)** | 22,383 | 55.5% |
| **Purchased Onshore Tour from:** | | |
| **Cruise Line** | 16,563 | 74.0% |
| **Onshore from Tour Operator** | 3,134 | 14.0% |
| **Travel Agent/Other** | 2,686 | 12.0% |
| **Average Cost of Shore Excursion per Party ǂ** | $144.13 | |

Extensive further data on the market is included in the Appendix.

## Number of cruise passenger onshore visits in Latin America and the Caribbean in 2015, by country (in 1,000s)*

This statistic shows the number cruise passenger onshore visits in the Caribbean and Latin America in the 2015 fiscal year, by country. Around 527,600 cruise passengers disembarked at a destination call in Antigua and Barbuda for an onshore visit between May 2014 and April 2015.




https://www.statista.com/statistics/544790/latin-american-and-caribbean-cruise-passenger-onshore-visits/

# -C-

# STAKEHOLDER INPUT

# C | STAKEHOLDERS

## Antigua Distillery Limited

The current Owners of the site, Antigua Distillery Ltd, trace their history back to a local group of businessmen who formed the company in 1932. Today ADL produces well-regarded rums including the Cavalier and English Harbour brands, linking their heritage back to Antigua's naval tradition and the Caribbean's historic association with rum culture and the cultivation of sugar cane.

In the late 19$^{th}$ century, the Montpelier Sugar Factory was a major producer of muscavado sugar, which gets its unique dark brown color and flavor from the juice of sugar cane. The sugar at the factory was made into molasses and then distilled into rum. Closed in 1954, the largely overgrown site contains semi-derelict structures including the estate buildings, factory, warehouses and plant, as well as largely intact steam engines and large flywheels dating back to the 1890's. Overlooking the factory and the magnificent views from the higher ground of the estate manager's house, the splendid remains of the old windmill tower stands as a proud marker of the historic heritage the site embodies.

## Goals

The gradual and continuing decay of the Sugar Factory is central to the timing and desire of Antigua Distillery to explore the opportunities related to saving this important piece of the heritage of Antigua and Barbuda. The surrounding lands also carry the history of the island literally in the soil – as the cultivation of sugarcane and its uses are central to history, culture and families that lived and worked here over the last 400 years. What better story could there be than to expand the Sugar Factory project to encompass a complete exploration of this rich narrative and create the Montpelier Estate Heritage Site as the overarching storyline?

- Create a living environment that delivers an authentic, sustainable and remarkable visitor experience.
- Honor and celebrate the heritage of ADL in the production of its signature spirit – Antiguan Rum
- Educate and entertain the visitor about farming, steam engines, distilling and the history of the land and families that were and are a part of that legacy.
- Ensure that the development is economically sustainable, responsible, ethical and profitable.

## Objectives & Opportunities – The Heritage Center

The range of facilities and amenities that could comprise the Montpelier Heritage Site are numerous and only limited by our imagination and the practicalities of budget, time and ambition. Some of the factors that guided our thoughts and selection range from the obvious – the existing Sugar Factory – to the necessary – Cane Fields and Distillery – to the fun and exciting – Steam Cane Train.

One of the key filters though were the concepts of local, handmade and artisanal.

**ar·ti·san·al**

/är ˈtēzən(ə)l/

*adjective*

relating to or characteristic of an artisan.
"artisanal skills"

- (of a product, especially food or drink) made in a traditional or non-mechanized way.
  "artisanal cheeses"

### As a social venue, Montpelier might offer/host:

- A showcase for local agro-edibles (cocoa products, honey, syrups, jellies, rum cake etc.)
- Programs and activities that foster community connection and bring people together
- Musical performances
- Evening activities
- Local and regional festivals

### As a resource Center, provide support for:

- Bringing artists together
- Incubating and nurturing new artisans
- Building respect for artisans
- Referring visitors to art galleries and studios on the island

### As an educational venue, the Center could offer:

- Craft classes for adults and children
- Affordable educational experiences
- Hands-on experiences for visitors
- Artisan demonstrations
- Outreach to schools
- Internships for area college students

As a place of authenticity, the Center should strive to:

- Display tools, raw materials and techniques that artisans use to make their products
- Be a place to see how products are made
- Be a place to tell stories about the Antigua's artisans
- Have outside gardens and sculptures
- Be perceived foremost as a place that promotes heritage crafts

As an economic driver/engine, the Center could:

- Function as an anchor for the heritage and artisanal businesses
- Give visitors a reason to stay longer
- Expand opportunities for connected businesses such as restaurants and hotels
- Help keep small towns alive by hiring local staff
- Attract residents looking for a beautiful place to live affordably

## Summary

This wealth of information can be summarized as four key points:

- The essence of the Estate is promotion and stewardship of the area's heritage, artisans and a gateway to cultural tourism in the Antigua.
- The Estate has an interesting story to tell about artisanal crafts and an opportunity to make that creative process accessible to visitors.
- The Estate must have an authentic look and feel that captures the spirit of the endeavor.
- Long-term economic sustainability compels planners to carefully consider the tradeoffs of the Estate's size, scope and phasing.

Governance and institutional capacity analysis

## Public Sector Stakeholders and Civil Society Stakeholders involved in tourism sector

| Nature | Institution | Functions and their relationship to tourism development |
|---|---|---|
| **Private Sector Associations** | | |
| Antigua and Barbuda Hotel and Tourist Association (ABHTA) | The association is the representative voice of the local tourism private sector with a membership which comprises hotels, airlines and nearly 50 other tourism-related entities. It is in charge of the liaison between tourism companies and government. | |
| A&B Cruise Tourism Association (ANCTA) | The association is a private-public partnership aiming to develop cruise tourism in Antigua and in particular in St John. | |
| Antigua and Barbuda Chamber of Commerce | Their mission is to promote businesses and offer training. Due to actual low budget they stopped training sessions and focus on attracting international companies in Antigua and Barbuda | |
| Taxis Associations | There are several taxis association on the islands. They are in charge of representing taxis rights and voice in front of the government | |
| Antigua & Barbuda Tour Operators Association | The association is in charge of representing local tour operators and defend their interests in front of the government | |
| Antigua and Barbuda Airlines Association | The association is in charge of representing airlines operating in Antigua and Barbuda and defend their interests in front of the government | |
| **Private Sector Association** | | |
| Environmental Awareness Group (EAG) | They are in charge of promoting environment protection and sustainable development. They are promoting environmental resources to the locals to raise awareness about the need to protect Antigua and Barbuda natural beauty. | |
| Antigua and Barbuda Marine Association (ABMA) | The Antigua & Barbuda Marine Association is dedicated to the responsible protection, enhancement and improvement of the marine industry and environment in Antigua & Barbuda. | |

Source: T&L researches and T&L interviews with stakeholders

Governance and institutional capacity analysis

## Public Sector Stakeholders involved in tourism sector

| Ministries | Divisions | Functions and their relationship to tourism development |
|---|---|---|
| **Minister of Tourism, Civil Aviation and Culture** | | |
| Public Private Partnership | Antigua and Barbuda Tourism Authority | The Tourism Authority is responsible for the marketing of the destination internationally and regionally. They are also managing the relations and negotiating with airlines. |
| Administrative Authority | St. John's Development Corporation | The corporation is in charge of the development of the St John's city and in particular of the cruise ship port |
| | National Park Authority | They manage and protect the National Park of English Harbour. They are managing the hotel and the marina of Nelson's Dockyard. They run as well a renovation program for heritage buildings |
| | Antigua and Barbuda Hospitality Training institute | This institute is offering tourism training for any local interested in working in the tourism industry |
| | Antigua and Barbuda Airport Authority (ANU) | The authority is in charge of the management of the St.John's airport |
| | Carnival Development Committee and Carnival | The committee organizes and manages the carnival each year |
| **Minister of Agriculture, Land, Housing and the Environment** | | |
| Departments | Environment | The Environmental Division's main function is to ensure environmental protection and management planning. They also have responsibility for the multilateral environmental agreements to which the country is party.<br>They are also supervising the development of the land use plan of the country (creation and land use of the protected areas). |
| | Agriculture | Indirectly concerned by tourism as link with supply for restaurants and hotels |
| Administrative authority | Development Control Authority | DCA is in charge of the approval of new real estate and tourism development project. |
| **Minister of Education, Sports, Youth and gender affairs** | | |
| Departments | Museums | They are responsible for the management of the public museum in the islands |
| | Sports | They are in charge of the development of sport centres and promote sports in the country |
| **Minister of Work and Transport** | | |
| Departments | Infrastructure | They are supervising the development plan of the national infrastructures: roads, water, electricity |
| | Transport control | They are responsible for vehicle licensing and motor vehicle control |
| Administrative authority | Department of Marine Services | The department of Marine services are in charge of the boat and yacht licensing and control on the islands. |

Governance and institutional capacity analysis

## Public Sector Stakeholders involved in tourism sector

| Ministries | Divisions | Functions and their relationship to tourism development |
|---|---|---|
| **Prime Minister and Minister of Foreign Affairs** | | |
| Administrative Responsibility | Antigua Public Utilities Authority | Ensure and secure energy and water supply in terms of quantity and cost |
| | Antigua and Barbuda Investment Authority | They are facilitating the approval process for new development and new construction. They are also in charge of the demand process for concessions and incentives. |
| **Attorney General and minister of Legal Affairs** | | |
| Departments | Law and reforms | They apply the new law and reforms voted by the cabinet |
| **Minister of Finance , the Economy and Public Administration** | | |
| Departments | Tax commissioner | Responsible for collecting and centralizing all tourism tax related income |
| | Customs | They are in charge of placing and collecting custom tariffs, of which hotel concessions act provide relief from |
| | Economic planning and development | In charge of the economic development planning of the country and the implementation of this plan |
| | Statistics | Responsible for all economic, population and employment statistics |
| | Human Resource Development and Management Services | In charge of the control of the necessary worker supply in each industry of Antigua and Barbuda |
| Administrative Responsibility | Antigua and Barbuda Development Bank | The bank provides financing for development of productive industries, loans and macro credit for businesses and students |
| **Minister of National Security** | | |
| Departments | Immigration department | They are in charge to control and regulate immigration in the country. They provide resident permits. |
| | Passport and Citizenship | Responsible for the management of the pass port and in charge of the implementation of the Economic Citizenship Program |
| Administrative Responsibility | Department of labour | They control work permit approval |
| **Minister of Tourism, Civil Aviation and Culture** | | |
| Departments | Civil Aviation | They manage the airports of St John's and Barbuda, airport concessions and are in charge of the development of the new airport terminal in St John's. |
| | Tourism development | They are responsible for the development of new tourism products in the destination, manage the new tourism development projects and promote tourism development in Antigua and Barbuda |
| | Culture | They are in charge of developing cultural event and facilities to promote local culture in the country and to tourists |

Governance and institutional capacity analysis

## Identification of the stakeholders

### Tourism stakeholders

| Public Sector | Main Private Sector Stakeholders | Civil Society Organization |
|---|---|---|
| • Prime Minister and Minister of Foreign Affairs<br>• Attorney General and Minister of Legal Affairs<br>• Minister of Finance, Economy and Public Administration<br>• Minister of National Security<br>• Minister of Tourism, Civil Aviation and Culture<br>• Ministry of Agriculture, Lands, Housing and Environment<br>• Minister of Education, Sports, Youth and gender affairs<br>• Minister of Works and Transport | • Antigua and Barbuda Hotel and Tourist Association (ABHTA)<br>• A&B Cruise Tourism Association (ANCTA)<br>• Antigua and Barbuda Chamber of Commerce<br>• Taxis Associations<br>• Local tour operators<br>• LIAT<br>• Airlines Association | • Environmental Awareness Group (EAG)<br>• Antigua and Barbuda Marine Association<br>• Etc… |

*Note: This is not an exhaustive list*

Governance implies *participation*, setting up a system that will allow and foster participation and commitment of all relevant stakeholders to achieve results.

Governance implies using a set of values: openness, participation, consultation, dialogue, strong leadership, coordination, innovation, coherence, effectiveness, accountability.

The more predictable, transparent, legitimate and fair this framework is, the more governable the system will be.

Antigua and Barbuda's governance framework is composed by a set of stakeholders from the public, private and civil sector, which are active in undertaking several tourism development initiatives.

Civil society organization are according to the World Bank,"Civil Society Organizations (CSOs) refer to a wide of array of organizations: community groups, non-governmental organizations (NGOs), labor unions, indigenous groups, charitable organizations, faith-based organizations, professional associations, and foundations".

**Antigua and Barbuda has very few influencing NGO's and other CSO's in the touristic sectors but several private associations balancing the influence of the government on the sector**

Source: T&L researches; http://www.ab.gov.ag

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# -D-

# COMPARABLE FACILITIES

# D | COMPARABLE FACILITIES

Within each of the categories of attraction identified as suitable for exploration at Montpelier Estate, there are a number of similar facilities that we have studied and a few examples and extracts are shown below. Each is specific to its own location, history and position in the local culture. There are certainly lessons to be learned (and mistakes to be avoided) from looking at comparable facilities but they can only act as signposts and cannot be more than a guide for exploring the full potential for our unique site.

There have been a number of studies undertaken by the Antigua and Barbuda Tourism Authority and the team has also studied and taken their research and conclusions into account in the formulation of this feasibility study.

Tourism Development Action Plan- Product Development Section-Project 8-Cultural & Heritage Tourism

## Best practices in Cultural and Heritage Tourism benchmarks

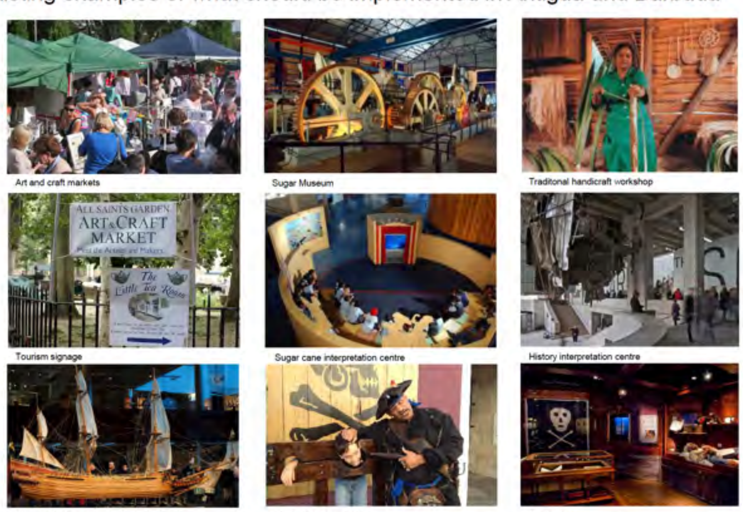
**Interpretation centres, Museums and Handicraft Villages**

| | L'Aventure du Sucre | Domaine Les Pailles | Vasa Museet | Baan Tawai Woodcarving Village | Umnini Craft Village |
|---|---|---|---|---|---|
| **Linked products** | • **Cultural/Heritage**<br>• **Agritourism, Food and Gastronomy** | • **Cultural/Heritage** | • **Cultural/Heritage** | • **Cultural/Heritage** | • **Cultural/Heritage** |
| **Topics** | • **Sugar** | • **Local culture**<br>• **Sugar** | • **Shipwreck**<br>• **Maritime history** | • **Local handicrafts** | • **Local handicrafts** |
| **Strengths of the site/ event** | • The complex comprises a museum, gift shop, a Mauritian restaurant and an auditorium<br>• Museum organized around equipment for production of sugar<br>• Activities for kids:<br>  • 2 museum mascots guide them along the visit<br>  • Questions and answers under envelopes<br>• Sugar Cane Festival<br>• Locals make products associated with cane and sugar which are sold in the gift shop | • Sugar tasting in different steps<br>• In-house rum tasting<br>• 4 restaurants<br>• Railway journey<br>• Old carriage rides<br>• Group incentives and meetings for up to 200 persons<br>• Garden of spices and flowers of the Mauritian saucepan | • Museum covering from the history of the Vasa and life at that time, through to the salvaging of the shipwreck<br>• Free up to 18 years<br>• Extravagant banquet hall (in the museum or on a ship moored outside)<br>• MP3-guide<br>• 20% of the visitors live in Sweden | • Tradition created 40 years ago<br>• Online shop of wooden products produced by the villagers<br>• Online directory of activities and services in the area<br>• Village tour | • Products are produced by locals<br>• Promotion of local community work and techniques<br>• Related services and products, such as food, benefit from the increased traffic |

Note: Details in Appendix

Tourism Development Action Plan- Product Development Section-Project 8-Cultural & Heritage Tourism

## Existing examples of what should be implemented in Antigua and Barbuda




Art and craft markets; Sugar Museum; Traditonal handicraft workshop; Tourism signage; Sugar cane interpretation centre; History interpretation centre; Shipwreck Museum; Pirate themed activities; Pirate Museum

Action Plan– National Sustainable Tourism Development Plan for Antigua & Barbuda 73

## Rum Distilleries

### Appleton Estate – Jamaica

In the Cockpit region surrounded by limestone hills and the Black River, Appleton Estate has been making rum since 1749. Two hours south of Montego Bay, the heirloom distillery that makes the world's oldest barrel-aged rum uses naturally-filtered water and sugarcane that is grown, cut and juiced at the Estate. A national treasure in the Nassau Valley, the distillery is also where Joy Spence has the honor of being the first woman in the rum-producing world to hold the prestigious title of Master Blender. "To create a new rum," she says as she scurries about her rum lab, "you first identify the style of rum, then look at the stocks that are available bearing in mind the compatibility of the different marquees and how they'll react when they're blended together." Tours show off the big copper pots that give the rum its distinctive character and the ageing house where the potent spirits rest in oak barrels for up to 50 years. Offered Monday to Saturday from 9 a.m. to 4 p.m., tours start at USD$25. A tasting session, complimentary bottle and recipes for artsy cocktails like the gingery Jamaica Mule and lemony Honey Soother are included in the tour price. Should you work up an appetite, add USD$15 for a Jamaican lunch. Although bottles are sold island-wide and duty-free at the airport, the gift shop is the only place you'll find the Appleton Estate Edition ready to go in a fancy wooden box.

### Angostura Distillery – Trinidad

Nowhere else in the rum-making Caribbean do butterflies and rum marry as nicely as they do in the Angostura Distillery, which also houses a museum, art gallery and retail store. Start with the tour where the '1919 Aged' variety (named for the rum found in charred casks that were filled in 1919 and discovered after a fire thirteen years later) is made and stay to peruse the magnificent butterfly collection. Although the world's market leader for bitters is also distilled in the massive complex, it's the fine rums that are the main ingredients in classic cocktails like the pink grapefruit-infused 'Rum and Ting' and the diet-forgetting 'Jammy Rum Sour' blended curiously with half an egg, raspberry jam and vanilla-flavored 'Reserva Rum'. Tours are given Monday to Friday at 9:30 a.m. and 1 p.m. with a minimum of eight rum-lovers on each tour. The USD$10 ticket buys the guided tour that includes sampling at the horseshoe-shaped bar and plenty of time to check out the butterflies.

## Cayman Spirits Company Distillery - Cayman Islands

In a gray building with tiny windows, the small-batch Cayman Spirits Company Distillery is only maker of rum in Grand Cayman. Nondescript on North Church Street in George Town, the distillery with its giant steaming copper contraptions and bubbling tanks of water simmering with sugar cane harvested at the farms in the East End, looks more like a warehouse in Willy Wonka's chocolate factory than a rum distillery. Using a unique technique called ocean-ageing, the rum is stored in oak casks and dropped 42 feet underwater or exactly seven fathoms, where the motion of the ocean ages the aptly named Seven Fathoms Rum to smooth perfection. Tours are conducted Monday to Saturday at 11 a.m., 1 p.m. and 3 p.m. and priced at USD$15. Linger in the Tasting Room for the samples of the signature Seven Fathoms, Governor's Reserve Rum and the fancier varieties flavored with coconut.

Come get a behind-the-scenes look at our unique approach. Inside the custom-built 5000 square foot facility you'll see our 1200 gallon Vendome copper pot still, the 30 foot tall Gun Bay Vodka tower, and our original Christian Carl pot still we use to perfect Seven Fathoms Rum.




## Habitation Clement – Martinique

A historical landmark registered with the Ministry of Culture since 1996, the plantation is equal parts distillery, museum, botanical gardens, fine arts gallery and gorgeous venue for weddings, not to mention the only Creole plantation that is entirely open to the public.

Sandwiched between the fields of sugar cane and the Atlantic Ocean on the east side of Martinique, Habitation Clement where Rhum Clément has been distilled for more than a century. A historical landmark registered with the Ministry of Culture since 1996, the plantation is equal parts distillery, museum, botanical gardens, fine arts gallery and gorgeous venue for weddings, not to mention the only Creole plantation that is entirely open to the public. The family mansion, decorated with the original furnishings and keepsakes, is time travel through the pages of French West Indian history.

Formerly known as Domaine de l'Acajou, the shrine to fine rum is open every day of the year from 9 a.m. to 6 p.m. Self-guided with audio in English, tours last 90 minutes and cost about USD$13 or 12 Euros. Courtesy of the catwalk that passes above the two wings of the distillery, rumphiles can see where the aromatic rums are aged, fermented and stored. Yes, the rum tastings are the big draw but stay awhile and peruse the gift shop with its shelves of rare bottles and petit versions of rum barrels (holds four gallons and costs USD$180), which just may make your at- home bar the hippest on the block.

## St. Nicholas Abbey – Barbados

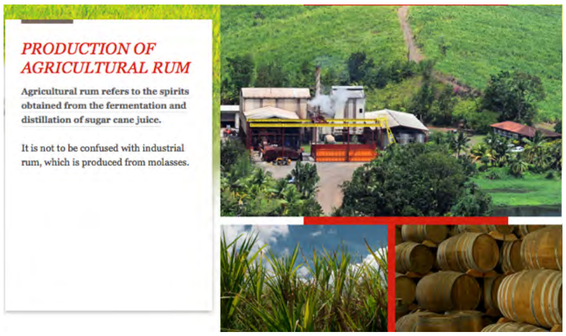


Behind the great house is the rum & sugar museum, housing artefacts from the Plantation's history, including slave records and ledgers. Here visitors will also find St. Nicholas Abbey Rum and our sugar products for sale, as well as other souvenirs of their visit. Visitors can also enjoy lunch, tea, cappuccino and other light refreshment at the Terrace Café overlooking the tropical gullies. North of the great house is the steam mill and rum distillery. The steam mill runs several days a week during the season. Ticket prices include entrance to St. Nicholas Abbey, inclusive the great house, gardens and gullies, rum distillery and nearby Cherry Tree Hill, a historic avenue of Mahogany Trees located just outside the main gate. Cherry Tree Hill offers a breathtaking view of the island's East Coast. Guests can also enjoy a charming home movie c.1935, museum and a complimentary drink (fruit punch or rum punch). Guided tours, subject to availability, are provided at no extra fee. St. Nicholas Abbey is open 6 days per week; the Plantation is closed on Saturdays.



## La Mauny – Martinique

Founded in 1749 by Ferdinand Poulain, Count de Mauny, in addition to rum and sugar production the estate also produced Tafia, a precursor of rum. La Mauny rum obtained the coveted protection of "Appellation d'Origine Controlee (AOC) in 1996.



PRODUCTION OF AGRICULTURAL RUM

Agricultural rum refers to the spirits obtained from the fermentation and distillation of sugar cane juice.

It is not to be confused with industrial rum, which is produced from molasses.

CUTTING THE CANES

In Martinique, the month of February marks the commencement of the sugar and rum industry, with cutting the cane and starting up the machines in the distilleries.

More than half of the canes that supply our distilleries are cut by hand, and brought to the estates by cart.

RECEIVING THE CANES

When they arrive at the distillery, the canes are weighed, controlled and unloaded under the gantry.

Only canes with an exceptionally high sugar content are selected to produce La Mauny rum.

To facilitate juice extraction, the cane is cut into pieces and the fibers removed before crushing.

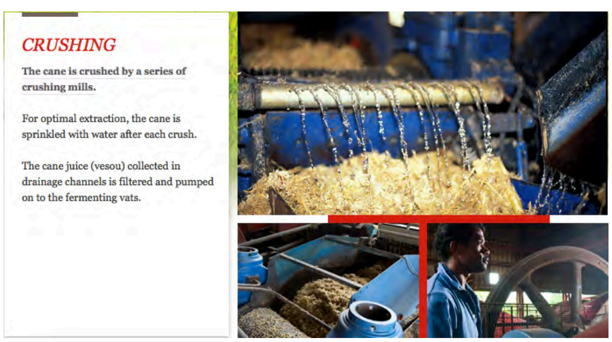
10kg of sugar cane are needed to produce 1 liter of La Mauny 55° proof rum.

FERMENTATION

The La Mauny distillery possesses 36 fermenting vats with a capacity of 30,000 liters each.

During fermentation, yeast acts on the sugar in the canes, transforming it into alcohol. Within 24 hours, a 4 to 5% proof sugarcane wine is produced.

A 30,000-liter vat of juice produces approximately 2,200 liters of 55% proof rum.



CRUSHING

The cane is crushed by a series of crushing mills.

For optimal extraction, the cane is sprinkled with water after each crush.

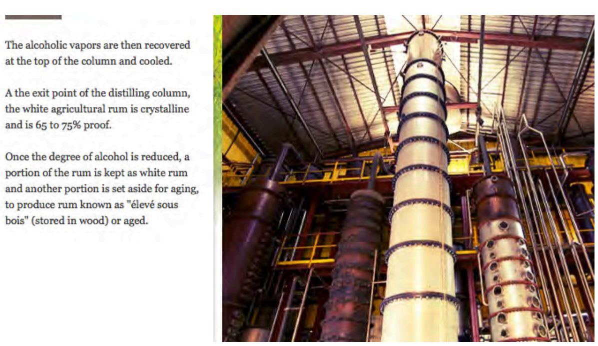
The cane juice (vesou) collected in drainage channels is filtered and pumped on to the fermenting vats.

DISTILLATION

La Mauny owns its distillery.

Three distillation columns, including one that is completely made of copper, distill all the rum produced by La Mauny.

The wine is introduced into the top of the column and descends from one plateau to another, as it is heated by the steam that is introduced at the base of the column.



The alcoholic vapors are then recovered at the top of the column and cooled.

A the exit point of the distilling column, the white agricultural rum is crystalline and is 65 to 75% proof.

Once the degree of alcohol is reduced, a portion of the rum is kept as white rum and another portion is set aside for aging, to produce rum known as "élevé sous bois" (stored in wood) or aged.

BLENDING AND AGING

The La Mauny master blender pays special attention to the blending and aging of La Mauny rums, to enhance the aroma of his products.

He has defined specific blending and aging techniques that are appropriate for each type of rum, to the delight of aficionados.

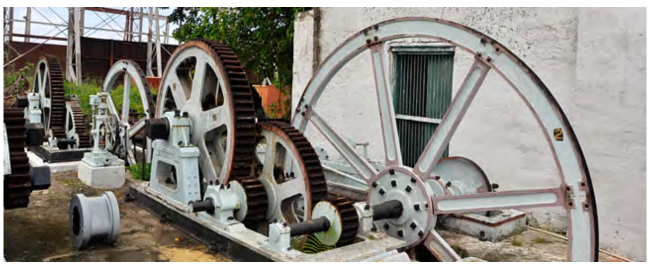
Amber rum or barrel-aged rum is stored for at least 18 months in an oak barrel.

# Sugar Factory & Cane Mills

## Sir Frank Hutson Sugar Museum – Barbados

This museum is a permanent record of how sugar was produced in the eighteenth and nineteenth centuries. The museum now stands a tribute to Sir Frank Hutson, who with assistance from the Barbados National Trust, collected the items in the museum.

The history of sugar cultivation and production is displayed in this attractive museum which is located in the yard of the Portvale Sugar Factory, just off Highway 2A. The museum is open throughout the year but if you visit during the reaping season (February to May), you can compare the machinery of previous times with the modern machinery of the Portvale factory.



## Portvale Sugar Factory - Barbados

Portvale Sugar Factory is a modern-day sugar factory that is located at Blowers in the parish of St. James. Here is where sugar cane juice is processed and transformed into sugar for both local and export purposes. The Portvale Sugar Factory is in full operation during the January to May crop season in Barbados. At this time, tourists and locals alike, have the opportunity to visit and watch the manufacturing process of sugar cane.

# Scenic Railways

## St. Kitts Scenic Railway

The narrow gauge St. Kitts Scenic Railway is one of the most beautiful train rides in the world.  Originally built between 1912 and 1926 to deliver sugar cane from the fields to the sugar mill in Basseterre, the "Last Railway in the West Indies" now provides a fascinating way for visitors to see the island from the comfort of modern passenger train cars and sightseeing buses.  (NB.  Not a STEAM railway though!)

The Railway hugs the Northeastern coastline where spectacular vistas of the ocean, surf, cliffs and lush vegetation surround you.  The train rolls across tall steel bridges spanning deep "ghuts", or canyons, and winds through small villages and farms.  Dark green rain forests are skirted by rippling fields of sugar cane, with the volcanic cone of Mt. Liamuiga rising above the railway.

*The 18 miles by rail and 12 miles by bus make a complete 30-mile circle around the island.
Duration: Approximately 2 hours by Rail and 45 minutes by Bus.

# Other Comparable Properties/Attractions

| Antigua Montpelier - Sugar Factory | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Attendance Estimate---Comparable Venues | | | | | | | | |
| Attraction | Annual Attendance | Adult Price | FTE | Part Time | Volunteers | Museum Size | Museum Location | Relevance/Institution Description |
| Emlen Physick Estate/Cape May Lighthouse | 260,000 | $10.00 | 25 | 125 | 300 | N/A | 1048 Washington St., Cape May, NJ, 08204-1737 | Estate |
| Henry Ford Estate-Fair Lane | 150,000 | | 12 | 5 | 160 | N/A | 1100 Lake Shore Rd., Grosse Pointe Shores, MI, 48236 | Estate |
| Mayslake Peabody Estate | 120,000 | $5.00 | 4 | N/A | 42 | N/A | 1717 W. 31st St., Oak Brook, IL, 60523-1701 | Estate |
| Museo de Arte de Ponce | 87,028 | $6.00 | 49 | N/A | 132 | N/A | 2325 Blvd. Luis A. Ferre-Aguayo, Ponce, PR, 00717- | Puerto Rico Art Museum. |
| Dunsmuir Hellman Historic Estate | 65,125 | $5.00 | 5 | 10 | 65 | 50 acres | 2960 Peralta Oaks Ct., Oakland, CA, 94605-5320 | Estate |
| Glensheen Historic Congdon Estate | 60,000 | $26.00 | 6 | 70 | 15 | N/A | 3300 London Rd., Duluth, MN, 55804-2010 | Estate |
| **Montpelier Estate Heritage Site** | **50,000** | | **43** | | | | **Antigua** | |
| Las Cabezas de San Juan Nature Reserve | 43,830 | $10.00 | 11 | 3 | N/A | N/A | Rte. 987, Km 5.9, Fajardo, PR, 00738 | Puerto Rico Nature Reserve: 316-acre reserve on northeastern tip of Puerto Rico includes 1880 lighthouse (El |
| Alexander & Baldwin Sugar Museum | 35,000 | $7.00 | 2 | 5 | 20 | 1,800 sq. ft. | 3957 Hansen Rd., Puunene, HI, 96784 | Sugar Factory |
| Puerto Rico Museum of Contemporary Art | 30,000 | $5.00 | 11 | 11 | 2 | N/A | Corner of Roberto H. Todd (Stop 18), San Juan, PR, | Puerto Rico |
| Lyman Estate and Greenhouses | 26,632 | $5.00 | | N/A | N/A | N/A | 185 Lyman St., Waltham, MA, 02452 | Estate |
| Hacienda Buena Vista | 25,130 | $8.00 | 14 | 5 | N/A | N/A | Rte. 123, Km. 16.8, Ponce, PR, 00731 | Puerto Rico Historic Site: reconstructed 1833 coffee plantation & corn mill in southern Puerto Rico. |
| Pablo Casals Museum | 15,000 | $1.00 | 1 | 4 | N/A | N/A | 101 San Sebastian St., San Juan, PR, 00901 | Puerto Rico Classical Music Museum. |
| Codman Estate | 13,401 | $5.00 | | N/A | N/A | N/A | 34 Codman Rd., Lincoln, MA, 01773 | Estate |
| Ashland, The Henry Clay Estate | 12,402 | $10.00 | 4 | 7 | 100 | 17 acres of | 120 Sycamore Rd., Lexington, KY, 40502-1842 | Estate |
| Casa Blanca Museum | 12,300 | $2.00 | | N/A | N/A | N/A | Calle San Sebastian No. 1, San Juan, PR, 00901-1156 | Puerto Rico |
| Hills and Dales Estate | 10,000 | $15.00 | 12 | 9 | 1 | N/A | 1916 Hills and Dales Dr., LaGrange, GA, 30240-2958 | Estate |
| Pine Lodge - Hellman Ehrman Estate | 6,508 | $10.00 | 1 | 2 | N/A | N/A | Ed Z'berg Sugar Pine Point State Park, 7585/7595 | Estate |
| Great House at Castle Hill on the Crane Estate | 6,000 | $10.00 | | N/A | N/A | N/A | 290 Argilla Rd., Ipswich, MA, 01938 | Estate |
| Luis Munoz Rivera Museum | 5,000 | Free | 1 | 49 | N/A | N/A | 10 Munoz Rivera St., Barranquitas, PR, 00794-1607 | Puerto Rico History Museum: housed in the birthplace of patriot, Luis Munoz Rivera. |
| Dr. Pio Lopez Martinez Art Museum | 4,360 | Free | 5 | 3 | N/A | N/A | University of Puerto Rico, Cayey Campus, 205 | Puerto Rico |
| Museum of the Puerto Rican Family of the 19th | 2,024 | Free | | N/A | N/A | N/A | 319 Fortaleza St., San Juan, PR, 00901-1715 | Puerto Rico |
| Waimea Sugar Mill Camp Museum | N/A | N/A | N/A | N/A | N/A | N/A | 9400 Kaumualii Hwy., Waimea, HI, 96796 | Sugar Factory |
| Bragg Farm Sugar House | N/A | N/A | N/A | N/A | N/A | N/A | 1005 VT Rte. 14 N., East Montpelier, VT, 05651 | Sugar Factory |
| Lamothe's Sugar House | N/A | N/A | N/A | N/A | N/A | N/A | 89 Stone Rd., Burlington, CT, 06013 | Sugar Factory |
| Antigua's Donkey Sanctuary | N/A | N/A | N/A | N/A | N/A | N/A | Bethesda, Antigua | Antigua Proximity |

| Source of information: |
|---|
| The Official Museum Directory |
| Institution websites |

# -E-

# OPPORTUNITIES

# E | OPPORTUNITIES

## Big Picture – Antigua & Barbuda

Main challenges and opportunities

### Positive +

**Strong brand : Antigua is present in the major markets**

- Luxury positioning:
  - Residential tourism attracting celebrities
  - Famous luxury boutique hotels
  - Wealthy Clientele
  - Yachting reputation
- Successful Boutique hotel experience in Antigua
- Good air connections and high Business class configuration from UK
- Pristine Nature : Beaches, Nature / Birds/ Pink beaches, Virgin Barbuda
- Nelson's Dockyard renowned port and historic site
- Positive characteristics of the island: Safe, quiet and friendly destination
- Good service in general

### Negative -

**Antigua & Barbuda relies on the success of the past.**

- No innovation in Tourism development
- Lack of image and positioning
- No proactive communication
- Lack of activities and attractions
- Lack of product development to attract new type of tourism and new segments
- Cruise tourism is a priority for tourism development, despite limited revenues and high investments
- High investment and operational cost
- Limited quality of facilities and services

Strategy report – National Sustainable Tourism Development Plan for Antigua & Barbuda - OBMI / T&L Europraxis

The potential social and economic benefits of a proposed development of the Montpelier Estate Heritage Site includes:

- Income generation
- Entrepreneurial development
- Next generation education
- Increased tourism
- Improved quality of life
- Job creation
- State tax revenue

The development of the Montpelier Estate Heritage Site will strengthen the tourist draw to the area.

Strengthening and growing this sector will contribute to the economic vitality of the region by adding to the diversity of attractions in a stable industry sector. Increased touring brings revenue to regional businesses, fosters job creation in the service industry and generates tax revenues.

The development of the Montpelier Estate Heritage Site will contribute to the quality of life in the region. The vibrancy of a community, its cultural and recreational activities, its natural resources, its social opportunities – these are all characteristics that encourage skilled, educated workers to settle within a region. This knowledgeable labor force in turn compels other creative, production and service-based companies to locate within that region driving job creation.

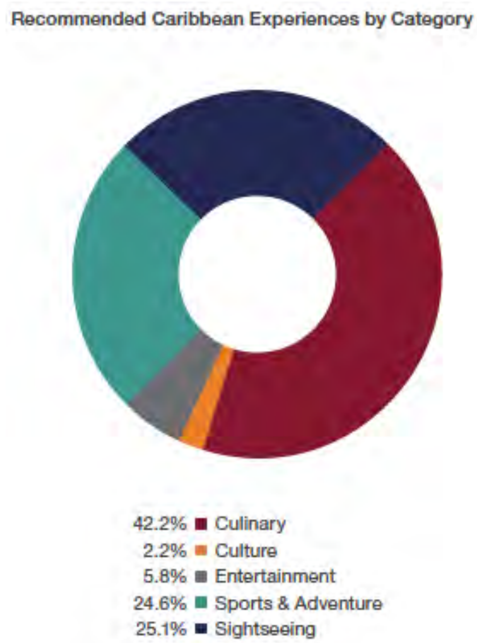
Additional suggestions included:

- Use modern facilities, with video that changes regularly and good interactive exhibits.
- Historic facts need to be explored. Maybe a yearly or a seasonal theme can be developed.
- Have continuing exhibits and programs that keep visitors returning.
- Include festivals that feature local produce, art, artisans, music, food and culture.
- Outreach and educational opportunities for the community.
- A wide array of classes would be a good way to financially support such an endeavor.
- Schools need to be encouraged to participate.
- Involve universities and community colleges in supplying interns.
- Use it as a community resource, not just as a tourist attraction.
- Keep focus on …
- Provide a cafe with as much regional food as possible and food made on the Estate.
- Consider what role agriculture can play in the regional beyond food service.
- Make a nature / artistic trail around the center.
- Be a “green” project, which might be a promotional angle.
- Additional corporate sponsors are a definite asset worth gleaning throughout the development.

## Concepts / Themes

Experiences are integral to travel and today's travelers regularly seek new experiences on vacation; 69 percent of global travelers plan to try something new in 2016, according to a TripAdvisor survey of 44,000 travelers. The Resonance 2016 Caribbean Tourism Quality Index shows that the experiences people enjoy most in the Caribbean, according to their ratings on social media, are culinary, sightseeing, and sports and adventure. Entertainment and culture come in a distant fourth and fifth.

Not surprisingly, food-related experiences occupy the lion's share of our data, accounting for 42.2% of the very good and excellent experiences recommended by travelers to the Caribbean. Of course, food is a necessary part of every traveler's itinerary, but Caribbean food is richly satisfying, offering influences of Europe, India, Africa and Asia – a stew of flavors unique in the world.




2016 Caribbean Tourism Quality Index, Resonance Report

## Program Goals

### Heritage Center

Goals achieved:

- Instruct, educate and entertain the general public.
- Revenue generation from retail sales and café.
- Celebrate the strong bonds connecting the island, its history, families and the land.

### Sugar Factory Site

Goals achieved:

- Preserve the historic heritage of the site, mechanical plant and buildings.
- Educate and entertain the visitor.

### Estate Distillery

Goals achieved:

- Promote the artisanal production of a premium rum product and brand.
- Educate and entertain with tastings and courses on rum production and blending.

### Farm

Goals achieved:

- Cultivate organic produce using innovative techniques and hydroponics.

- Supply organic product to the distillery, restaurant, café and surrounding chefs/hotels.

### Nature Trails & Observation Tower

Goals achieved:

- Share the variety and diversity of flora and fauna of Antigua and the Caribbean.
- Provide a unique vantage point to appreciate the beauty of the estate and the island beyond.

### Estate Residences

Goals achieved:

- Contribute to the future stability and growth of the local economy and communities
- Offer opportunities for locals and residents to find new residential options in this area.

### Artisans Village

Goals achieved:

- Showcase the creativity and passions of the local people in an authentic setting.
- Support local artisans with entrepreneurial opportunities

### Restaurant

Goals achieved:

- Dynamic venue for a local farm-to-table restaurant.
- Opportunity for additional educational programming activities such as cooking classes, rum tasting, etc.

### Event Center

Goals achieved:

- Provide facilities for festivals and special events
- Bring significant activations and events over to this side of the island

### High Ropes

Goals achieved:

- Create a unique and fun skills challenge venue
- Provide a new destination experience for guests staying locally as well as visitors

### Wind Turbines

Goals achieved:

- Develop sustainable energy resources to power the Estate and local communities.
- Connect the plantation heritage of windmills into the technology of the 21st Century

# SUGARCANE

## Sugarcane Planting

Sugarcane production begins with the choice of cane varieties to be planted based on local soil and climate conditions. Choosing the right varieties ensures productivity and resistance to disease. More than 600 varieties have been developed in Brazil. The use of fertilizers is limited because solid residues from sugarcane processing are used in the fields to offset traditional fertilizers. Filter cake, for example, rich in phosphorus, is recovered at the mill and utilized as an organic fertilizer. Residue samples are first analyzed in a lab to determine the volumes that can be applied. Once the exact contents are known, the residue is loaded on to trucks and carried to the fields.

Sugarcane stalks, developed especially for use as seedlings, are scattered over the soil by planting machines. The seeds are actually clumps of sugarcane. As it's pulled by a tractor, the machine opens a groove, separates the clumps, and places them in the soil. On average, a cane field must be re-planted every six years.

Another residue of sugarcane processing is known as vinasse. Its contents are rich in potassium and other nutrients. Canal systems are often used to carry the vinasse to various points in a cane field.
Applying vinasse as an organic fertilizer is a process known as fertirrigation. The practice is tightly regulated by environmental authorities. It reduces the use of petroleum-based fertilizers, which cuts down emissions that contribute to the greenhouse effect. Biological techniques are also widely used in cane fields. Natural enemies are introduced to fight pests and disease, further reducing the use of industrialized chemical products.

## Harvest

Sugar cane takes between fourteen to eighteen months to ripen, but once it is harvested, it must be processed within a few hours to keep it from fermenting and thus spoiling. Because of the intense nature of sugar processing, planters would often stagger their plantings so that the harvest could be spread out over several months. The moist, tropical climate of the Caribbean allowed the cane to grow best when planted between the wet months of June and November and to be harvested in the drier months between January and May. Harvesting at that time of the year allows the cane to reach full maturity with optimized sucrose yields, which can reach 150 kilos per ton of sugarcane.

Mechanized harvesting eliminates the need to burn the sugarcane straw, an essential step for manual cane cutting. The straw is now separated from the cane by the machine and left on the ground as mulch. It also protects the soil against erosion. The cane is chopped and deposited in a vehicle that moves alongside the harvester. A single machine can harvest up to 800 tons of cane per day.

In a growing number of mills, part of the straw is removed from the field and used to generate bioelectricity. In the future, the straw will also be utilized to produce second generation, or cellulosic, biofuels. At the end of the day, the harvested cane is transferred to a larger vehicle to be transported to the mill for processing.

# -F-

# INSTITUTIONAL PLAN

# F | INSTITUTIONAL PLAN

## Facility Program

| **Phase 1** | **Gross Sqft** |
|---|---|
| Heritage Center | 4,000sqft |
| Reception | |
| Galleries | |
| 3D Theatre | |
| Retail | |
| Café | |
| Administrative Offices | |
| Sugar Factory | 2,000sqft |
| Adaption of Existing Buildings | |
| Restoration/simulation of Existing Equipment | |
| Interpretation, Graphics, Wayfinding & Signage | |
| Cane Steam Railway | 1,500sqft |
| Track and Platforms (1.2 linear miles of laid track and points) | |
| Steam Train and Passenger Carriages | |
| Loco Shed | |
|     Galleries & Static Displays | |
|     Engineering and Workshop | |
| Estate Distillery | 5,000sqft |
| Functioning Distillery | |
|     Fermentation | |
|     Distillation | |
|     Blending | |
|     Aging (Barrel Warehousing) | |
| Gallery/Bar/Tasting Theatre | |
| Retail | |
| ADL Storage Warehouses (2) | 20,000sqft |
| Sugar Cane Mill (attached to Distillery) | TBD sqft |

| | |
|---|---|
| Sugarcane Fields | 65 acres |

## Phase 2

| | Gross Sqft |
|---|---|
| Estate Restaurant | 3,000sqft |
| Main Dining Room | |
| Bar / Lounge | |
| Private Dining Room | |
| Kitchens | |
| Artisans' Village | 3,000sqft approx |
| Various Buildings | |
| Coffee, Chocolate & Bakery | |
| Art & Crafts | |
| Specialist Retail | |
| Estate Farm & Nature trails | 21 acres |
| Farm Building | 1,500sqft |
| Interpretation Center | |
| Storage for Harvesting Equipment | |
| Offices and Administration | |

Stables (associated with possible joint venture with Half Moon Bay)

Hydroponic and Aquaponics

Nature trails

Apiary

Observation Tower 80ft high viewing platform

## Phase 3

Gross Sqft

| | | |
|---|---|---|
| Event Center | | |
| High Ropes | To be studied, proposed at a future date | 3,000sqft |
| Wind Turbines | | |

## Residential Estates Program: Phase 1

### St. Philips Estate

25 acres

| Type | Beds | Baths | Sq Ft | Units |
|---|---|---|---|---|
| A | 2 | 2 | 1,200 | 5 |
| B | 3 | 2 | 1,500 | 0 |
| C | 3 | 3 | 1,750 | 4 |
| D | 4 | 3 | 2,500 | 4 |
| E | 4 | 4 | 3,000 | 5 |
| F | 5 | 5 | 5,000 | 1 |
| **TOTAL UNITS** | | | | **19** |

### Freetown Estate

28 acres

| Type | Beds | Baths | Sq Ft | Units |
|---|---|---|---|---|
| A | 2 | 2 | 1,200 | 1 |
| B | 3 | 2 | 1,500 | 6 |
| C | 3 | 3 | 1,750 | 6 |
| D | 4 | 3 | 2,500 | 14 |
| E | 4 | 4 | 3,000 | 0 |
| F | 5 | 5 | 5,000 | 0 |
| **TOTAL UNITS** | | | | **27** |

Site Improvements

Grading
Paving & Roads

Sewer / Water

Power / Tel / Data

# -G-

# PHYSICAL PLAN

# G | PHYSICAL PLAN

## Development Costs

Based on the proposed development program we have estimated the following costs of capital for each Phase of the project:

| Development Cost | | | | | |
|---|---|---|---|---|---|
| **Development Components** | **Square Feet (SF)** | **Budgeted Costs ($/SF)** | **Total Development Cost** | **Phase I** | **Phase II** |
| Heritage Center | 4,000 | $200.00 | $800,000 | $800,000 | |
| Sugar Factory | 2,000 | $100.00 | $200,000 | $200,000 | |
| Artisans Village (retail, bakery, etc.) | 3,000 | $100.00 | $300,000 | | $300,000 |
| Restaurant (Mgr. House) | 3,000 | $250.00 | $750,000 | | $750,000 |
| Farm, Nature Trails and Observation Tower | | | $300,000 | | $300,000 |
| Railway (and loco shed) | | | $750,000 | $750,000 | |
| Administrative Offices | 1,000 | $150.00 | $150,000 | $150,000 | |
| Site work, building prep | 13,000 | $40 | $520,000 | $348,400 | $171,600 |
| Construction & Design Contingency | 15.00% | $43.50 | $565,500 | $337,260 | $228,240 |
| **Total Hard Costs** | | **$333.50** | **$4,335,500** | **$2,585,660** | **$1,749,840** |
| Design/Engineering/Consultants/Commission | | | $867,100 | $517,132 | $349,968 |
| Pre-opening marketing/sales/PR | | | $150,000 | $100,000 | $50,000 |
| Pre-opening salaries/training/operations/retail inventory | | | $150,000 | $100,000 | $50,000 |
| Dev. Phase/Project Management | | | $100,000 | $75,000 | $25,000 |
| Soft Cost Contingency | | | $190,065 | $118,820 | $71,245 |
| **Total Soft Costs** | | | **$1,457,165** | **$910,952** | **$546,213** |
| Construction Interest | | | $65,561 | $65,561 | |
| **Total Development Cost** | | $450.63 | **$5,858,226** | **$3,562,173** | **$2,296,053** |

We have assumed the distillery and residential portion of the project will be completed in partnership with third parties and have not included any capital costs associated with those areas in our capital costs.

## Sources of Capital:

We have assumed 50% of the Phase 1 capital would come from investor equity with the other 50% in bank debt (using land as collateral for the loan if necessary). While conservatively not included in our calculations, we would encourage the client to meet with the government as a potential funding source as this project will be an economic driver for the entire island.

Based on our operating projections for the development, we believe there will be sufficient cash flow from operations as well as appreciation in land value by the end of year two to fund Phase 2 through bank debt alone and no additional need for investor equity.

## Attendance Projections

Our attendance projections include a review of the residential and tourism markets as well as a review of similar type projects. This review is part art and part science, as each project is unique and special to its ability to attract guests.

## Residential and Tourism Markets:

| Residence: | | 2011 Est. Census | Capture Rate Range | | Guest Attendance | |
|---|---|---|---|---|---|---|
| | Antigua | 82,000 | 3.00% | 5.00% | 2,460 | 4,100 |
| | | As of Sept, 2011* | | | | |
| Tourists: | | | | | | |
| | Air | 241,300 | 3.00% | 5.00% | 7,239 | 12,065 |
| | Cruise | 606,400 | 1.00% | 5.00% | 6,064 | 30,320 |
| | Yacht | 45,800 | 1.00% | 5.00% | 458 | 2,290 |
| | | | | | 13,761 | 44,675 |
| | | | | Total | 16,221 | 48,775 |
| | | | | % Residents | 15% | 8% |
| | | | | % Tourists | 85% | 92% |

Based on the high-level quality of the proposed guest experience as well as the lack of similar type excursions for the cruise ship passengers we believe attendance at Montpelier Estate would be at the high end of the above range. We are using an estimate of 50,000 annual guests.
We compare this estimate with other similar type projects which are listed on the chart below.

| Attendance Estimate—Comparable Venues | Annual Attendance | Adult Price | Tour & Tasting Price | Museum Location | Relevance/ Institution Description |
|---|---|---|---|---|---|
| St. Pierre & Rum distillery | TBD | $79.75 | Included | Fort-De-France, Martinique | Distillery |
| Island History and Rum Tasting | TBD | $59.00 | Included | St. Kitts | Distillery |
| Cruzan Rum & western highlights | TBD | $89.00 | Included | St. Croix | Distillery |
| Captain Morgan visitor center and garden | TBD | $89.00 | Included | St. Croix - Diageo USVI | Distillery |
| St. Nicholas Abbey - Barbados | TBD | $44.00 | Included | Cherry Tree Hill St. Peter, BB 26007 Barbados, West Indies | Distillery |
| Glensheen Historic Congdon Estate | 60,000 | $26.00 | N/A | 3300 London Rd., Duluth, MN, 55804-2010 | Estate |

| Attendance Estimate—Comparable Venues | Annual Attendance | Adult Price | Tour & Tasting Price | Museum Location | Relevance/ Institution Description |
|---|---|---|---|---|---|
| **Montpelier Estate Heritage Site** | **50,000** | **$24.50** | **$48.00** | **Antigua** | **Estate and Distillery** |
| Cayman Spirits Company Distillery - Cayman Islands | TBD | $15.00 | Included | 68 Bronze Road, Georgetown, Grand Cayman | Distillery |
| Habitation Clement – Martinique | TBD | $13.00 | NI | Le François, Martinique | Distillery |
| Angostura Distillery – Trinidad | TBD | $10.00 | NI | Eastern Main Road, Port of Spain, Trinidad & Tobago | Distillery |
| Portvale Sugar Factory | TBD | $10.00 | N/A | Barbados | Factory |
| Las Cabezas de San Juan Nature Reserve | 43,830 | $10.00 | N/A | Rte. 987, Km 5.9, Fajardo, PR, 00738 | Puerto Rico Nature. |
| Hacienda Buena Vista | 25,130 | $8.00 | N/A | Rte. 123, Km. 16.8, Ponce, PR, 00731 | Puerto Rico Historic Site:. |
| Alexander & Baldwin Sugar Museum | 35,000 | $7.00 | N/A | 3957 Hansen Rd., Puunene, HI, 96784 | Sugar Factory |
| Dunsmuir Hellman Historic Estate | 65,125 | $5.00 | N/A | 2960 Peralta Oaks Ct., Oakland, CA, 94605-5320 | Estate |
| La Mauny – Martinique | TBD | 3.50€ | NI | 97211, Route de Riviere Pilote, Martinique | Distillery |
| Puerto Rico Museum of Contemporary Art | 30,000 | $5.00 | N/A | Corner of Roberto H. Todd (Stop 18), San Juan, PR, 00909 | Puerto Rico |
| Lyman Estate and Greenhouses | 26,632 | $5.00 | N/A | 185 Lyman St., Waltham, MA, 02452 | Estate |
| Pablo Casals Museum | 15,000 | $1.00 | N/A | 101 San Sebastian St., San Juan, PR, 00901 | Puerto Rico Music Museum. |

## Revenue Projections

Phase 1 of the project is focused on the guest experience at the heritage house and sugar factor, the railway tour as well as a tour and/or tasting at the distillery.

Based on comparable experiences we have two primary ticket prices. One is for the guest that wants an overview of the heritage house, sugar factory and railway tour. The second ticket price additionally includes a distillery tour and tasting.

Tour Only: $24.50 for adults and reduced prices for students, senior and groups
Tour and Tasting: $48.00 for adults with reduced rates for seniors and groups

The prices above are what we expect the project to net for each guest. The cruise ships will increase this ticket price for their guest excursions and their portion of the ticket.

Phase 2 of the project, which would open in year 3, will include Artesian Village, restaurant, nature trail and observation tower. We have assumed that the per capita retail spending for each guest will be $7.00. Our restaurant assumptions include 100 seats with an average lunch check of $15 and an average dinner check of $30.

The following is a summary of the estimated revenues

| REVENUES | Year 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Estate Experience | $2,123,000 | $2,230,424 | $2,342,382 | $2,459,051 | $2,580,612 |
| Artesian Village (retail, bakery, etc.) | $200,000* | $210,120* | $364,000 | $371,000 | $389,340 |
| Restaurant (Mgr. House) | $0 | $0 | $1,890,000 | $1,946,700 | $2,005,101 |
| Other Revenues | $50,000 | $100,000 | $100,000 | $100,000 | $100,000 |
| **Total Revenues** | **$2,373,000** | **$2,540,544** | **$4,696,382** | **$4,876,751** | **$5,075,053** |

*The $200k in "Artesian Village" revenues in years 1 and 2 are related to retail/café that would be initially housed inside the Heritage House.

## Operating Expenses

The largest percentage of operating expenses for this type of project is salary, wages and related benefits. We have developed a staffing plan which includes 42 FTE's at the end of the second phase of the project (24 of the FTE's are added in phase 2).

For the remaining operating costs we have used industry standard benchmarks adjusted slightly for this specific project (for example, we have assumed a slightly higher repair and maintenance percentage to account for the railway).

The following is a summary of our operating expense projections:

| OPERATING EXPENSES | Year 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Salaries and Wages | $744,600 | $766,938 | $1,426,658 | $1,453,323 | $1,481,455 |
| Employee Benefits | $148,500 | $152,955 | $210,653 | $215,697 | $220,893 |
| General and Administrative | $207,340 | $219,690 | $395,593 | $410,748 | $427,249 |
| Marketing | $132.380 | $140,028 | $277,783 | $288,605 | $300,503 |
| Utilities | $86,000 | $88,580 | $134,000 | $138,020 | $142,161 |
| Insurance | $36,865 | $37,703 | $70,446 | $73,151 | $76,126 |
| Cleaning, Refuse | $74,000 | $76,220 | $91,000 | $93,730 | $96,542 |
| Uniforms | $25,000 | $25,750 | $60,000 | $61,800 | $63,654 |
| Repairs and Maintenance | $71,190 | $76,216 | $140,891 | $146,303 | $152,252 |
| Contingency | $118,650 | $127,027 | $234,819 | $243,838 | $253,753 |
| **Total Operating Expenses** | **$1,644,525** | **$1,711,107** | **$3,041,843** | **$3,125,215** | **$3,214,586** |

## Profitability

Our projections anticipate positive cash flow from operations in year 1 of over $600,000 and growing to over $1.2M by year 5.

| | Year 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Net Operating Earnings | $638,175 | $734,577 | $1,050,530 | $1,140,236 | $1,227,586 |

## Return on Investment

Our assumptions include an equity investment of $1.8 million which is expected to be paid out over a two year period.   The additional $1.8 million of capital needed for phase 1 is expected to be through debt collateralized by project land and/or other assets.  We have assumed that debt would be carried at a 5% interest rate over a 10 year period.  Debt service payments would come from operating cash flow.

Our calculations suggest that in year 1 the investor will receive over $350,000 from operations, after debt service and capital expenditure reserves.

Our assumptions suggest that by the end of year 2, operations and land value appreciation will be sufficient enough to borrow an additional $2.3M of debt to complete phase 2 of the project.  Phase 2 will result in additional net operating income to the equity investor even after accounting for the increase in debt service and capital expenditures reserves. After accounting for the debt service, we estimate that the investors will receive $500,000-$600,000 in years 4-7.

Finally, based on our projections, we have assumed a recapitalization transaction in year 7 which provides $1.5M back to the equity investor (this is in addition to the annual net operating income after debt service and cap ex).

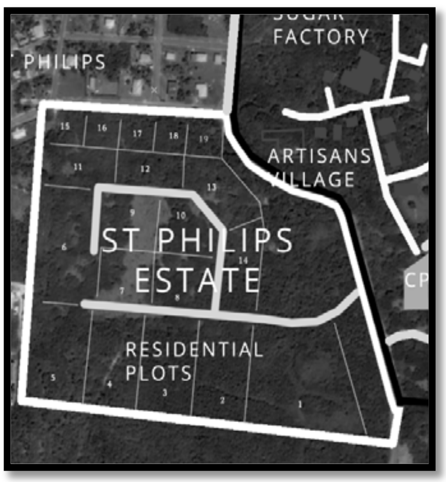
**Based on the above calculations and assumptions the internal rate of return on the investor's investment would be in excess of 25%.**

# Residential Development

For the purposes of this feasibility study we have excluded the potential contribution of the net proceeds from developing two parcels of land adjacent to the Montpelier Estate Heritage Site.

We have however carried out an initial, high-level assessment that indicates that there is the potential to realize a credible return from developing the land into residential plots and subsequently into single family residences targeted at a mid to upper mid-scale residential purchaser. The net profit from the completed development would fall into the $5 million range.

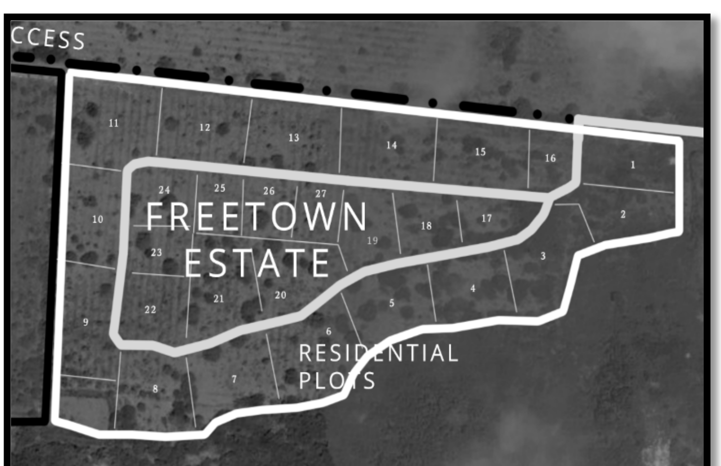
## St Philips Estate




The parish of St Philip takes up the southeastern side of the island of Antigua. As you enter the village you pass St. Philips Anglican Episcopal Church whose graveyard and crypt is the final resting place for local families going back centuries – including the Harmans and Olivers.

The existing housing stock consists of 2-4 bedroom single story and 2 story homes on between ¼ and ½ an acre for the most part. There is practically no new inventory and only a few plots available.

## Freetown Estate




Freetown village has a population of around 700 and includes a local school, clinic and police station for the area.

Freetown has direct road links with Harmony Hall, Nonsuch and Mill Reef. It is also on the direct road to Half Moon Bay and its proximity to these existing and upcoming project at Half Moon Bay make it a very viable location for increased residential demand as employment in the area continues to stabilize and grow in the next 3-5 yrears.

## Comparable Residential Benchmarks

**Antigua Real Estate Pricing in Antigua in USD**

| Property location / Description | Property Square Footage | Lot Size in acre | Lot Sq. Ft. | Sales Price | Land price per Sq. Ft. | Price per Acre | Water View |
|---|---|---|---|---|---|---|---|
| St. Paul - Matthew, Swetes | Parcel | 0.26 | 11,325 | $23,622 | $2.09 | $90,859 | No |
| St. Paul - Matthew, Swetes | Parcel | 0.28 | 12,197 | $24,530 | $2.01 | $87,606 | No |
| St. Paul - Matthew, Swetes | Parcel | 0.27 | 11,761 | $23,675 | $2.01 | $87,687 | No |
| St. Paul - Matthew, Swetes | Parcel | 0.27 | 11,761 | $23,736 | $2.02 | $87,913 | No |
| St. Paul - Matthew, Swetes | Parcel | 0.27 | 11,761 | $23,622 | $2.01 | $87,490 | No |
| St. Paul - Matthew, Swetes | Parcel | 0.27 | 11,761 | $23,995 | $2.04 | $88,872 | No |
| St. Paul - Matthew, Swetes | Parcel | 0.47 | 20,473 | $41,750 | $2.04 | $88,831 | No |
| St. Paul - Matthew, Swetes | Parcel | 0.68 | 29,621 | $60,225 | $2.03 | $88,566 | No |
| St. Paul - Matthew, Swetes | Parcel | 0.53 | 23,086 | $47,440 | $2.05 | $89,513 | No |
| St. Paul - Matthew, Swetes | Parcel | 0.45 | 19,602 | $40,140 | $2.05 | $89,200 | No |
| Gilbert Land, Parham | Parcel | 0.2 | 8,712 | $19,630 | $2.25 | $98,150 | TBD |
| Parham | Parcel | 0.3 | 13,068 | $33,000 | $2.53 | $110,000 | No |
| Monks Hill - Rose Development | Parcel | 0.39 | 16,988 | $255,000 | $15.01 | $653,862 | Yes |
| Half Moon Bay | Parcel | 0.9 | 39,204 | $320,000 | $8.16 | $355,556 | Yes |
| Pelican Point - Valley View - Parcel "A" | Parcel | 0.65 | 28,314 | $425,000 | $15.01 | $653,846 | Yes |
| Pelican Point - Valley View - Parcel "B" | Parcel | 0.65 | 28,314 | $345,000 | $12.18 | $530,769 | Yes |
| Pelican Point - Ridge View - Parcel "C" | Parcel | 1 | 43,560 | $675,000 | $15.50 | $675,000 | Yes |
| Ffryes Estate Parcel | Parcel | 0.5 | 21,780 | $218,000 | $10.01 | $436,000 | Yes |
| Ffryes Estate Parcel_2 | Parcel | 0.5 | 21,780 | $240,000 | $11.02 | $480,000 | Yes |
| Cades Bay Parcel | Parcel | 1 | 43,650 | $250,000 | $5.73 | $249,485 | Yes |
| Hodges Bay Parcel | Parcel | 0.53 | 23,086 | $265,000 | $11.48 | $500,017 | Yes |
| English Harbor Plot | Parcel | 0.45 | 19,602 | $295,000 | $15.05 | $655,556 | Yes |
| Galley Bay Heights Parcel 309 | Parcel | 0.8 | 34,848 | $329,950 | $9.47 | $412,438 | Yes |
| Galley Bay Heights Parcel 308 | Parcel | 1 | 43,560 | $370,260 | $8.50 | $370,260 | Yes |
| Galley Bay Heights Parcel 307 | Parcel | 1 | 43,560 | $370,260 | $8.50 | $370,260 | Yes |
| Galley Bay Heights Parcel 310 | Parcel | 0.7 | 30,492 | $385,000 | $12.63 | $550,000 | Yes |
| Galley Bay Heights Parcel 311 | Parcel | 0.8 | 34,848 | $455,000 | $13.06 | $568,750 | Yes |
| Galley Bay Heights Parcel 304 | Parcel | 0.7 | 30,492 | $550,000 | $18.04 | $785,714 | Yes |
| Pigeon Point View Parcel | Parcel | 0.58 | 26,136 | $380,000 | $14.54 | $633,333 | Yes |
| Willoughby Bay, View Parcel | Parcel | 0.47 | 20,473 | $395,000 | $19.29 | $840,434 | Yes |
| Galley Bay Parcel | Parcel | 0.5 | 21,780 | $495,000 | $22.73 | $990,000 | Yes |
| Farside Estate Parcel | | 1.18 | 51,400 | $649,000 | $12.63 | $550,009 | Yes |
| Parham Town - Parham | 2,071 | 0.15 | 6,534 | $111,120 | | | |
| Freetown Village - St. Phillip | House | 0.1 | 4,356 | $92,600 | | | No |
| Pares Main Road - St. Phillip | House | TBD | | $220,400 | | | |
| Lightfoot | 2,500 | | | $407,410 | | | |
| | | | | | | | |
| **Total Averages -** | | | **24,114** | **$261,305** | **$8** | **$363,411** | Both |
| **Average without water view** | | | **14,701** | **$30,478** | **$2** | **$83,045** | No |
| **Average with water view** | | | **31,193** | **$383,374** | **$13** | **$563,064** | Yes |

## Land (Examples)

Ayers Creek, St.Philip

.5 acre $365K XCD USD$135k

Colebrook, Freetown (apexrealtorsantigua.com)

.25 acre $70k XCD USD $26k

## Housing(Examples)

Pares Main Road, St.Philip
3,000sqft, 3 bed, 2 Bath Lot 11k sqft
$800K XCD USD$296k

Pares Main road, St. Philip (point2pointhomes.com)
2,500sqft, 3 bed 2 bath
$595k XCD USD $220k


St Philips Estate – Proposed Mix

**ST.PHILIPS ESTATE**

| LOT # | Acres | 2017 | 2018 | 2019 | USD$ PER ACRE | LOT PRICE | Type | HOUSE Price | | TOTAL Sale |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 3.0 | | X | | $ 125,000 | $ 375,000 | F | $ 1,750,000 | | $ 2,125,000 |
| 2 | 1.5 | X | | | $ 100,000 | $ 150,000 | E | $ 950,000 | | $ 1,100,000 |
| 3 | 1.5 | X | | | $ 100,000 | $ 150,000 | E | $ 950,000 | | $ 1,100,000 |
| 4 | 1.5 | X | | | $ 100,000 | $ 150,000 | E | $ 950,000 | | $ 1,100,000 |
| 5 | 1.5 | X | | | $ 100,000 | $ 150,000 | E | $ 950,000 | | $ 1,100,000 |
| 6 | 1.5 | | X | | $ 100,000 | $ 150,000 | E | $ 950,000 | | $ 1,100,000 |
| 7 | 1.0 | | | X | $ 85,000 | $ 85,000 | C | $ 500,000 | | $ 585,000 |
| 8 | 1.0 | | | X | $ 85,000 | $ 85,000 | C | $ 500,000 | | $ 585,000 |
| 9 | 1.0 | | | X | $ 85,000 | $ 85,000 | C | $ 500,000 | | $ 585,000 |
| 10 | 1.0 | | | X | $ 85,000 | $ 85,000 | C | $ 500,000 | | $ 585,000 |
| 11 | 1.0 | | X | | $ 85,000 | $ 85,000 | D | $ 675,000 | | $ 760,000 |
| 12 | 1.0 | | X | | $ 85,000 | $ 85,000 | D | $ 675,000 | | $ 760,000 |
| 13 | 1.0 | | X | | $ 85,000 | $ 85,000 | D | $ 675,000 | | $ 760,000 |
| 14 | 1.0 | | X | | $ 85,000 | $ 85,000 | D | $ 675,000 | | $ 760,000 |
| 15 | 0.25 | X | | | $ 85,000 | $ 21,250 | A | $ 350,000 | | $ 371,250 |
| 16 | 0.25 | X | | | $ 85,000 | $ 21,250 | A | $ 350,000 | | $ 371,250 |
| 17 | 0.25 | X | | | $ 85,000 | $ 21,250 | A | $ 350,000 | | $ 371,250 |
| 18 | 0.25 | X | | | $ 85,000 | $ 21,250 | A | $ 350,000 | | $ 371,250 |
| 19 | 0.50 | X | | | $ 85,000 | $ 42,500 | A | $ 350,000 | | $ 392,500 |
| 19 Units | 20.00 | | | | 91,053 | | | | | |
| **ST. PHILIPS SALES REVENUE** | | | | | **LAND** | **$ 1,932,500** | **HOUSES** | **$ 12,950,000** | **TOTAL** | **$ 14,882,500** |

## Freetown – Proposed Mix

| FREETOWN ESTATE | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| LOT # | Acres | 2017 | 2018 | 2019 | USD$ PER ACRE | LOT PRICE | Type | HOUSE Price | | TOTAL Sale |
| 1 | 1.0 | X | | | $ 100,000 | $ 100,000 | B | $ 400,000 | | $ 500,000 |
| 2 | 1.0 | X | | | $ 100,000 | $ 100,000 | B | $ 400,000 | | $ 500,000 |
| 3 | 1.0 | X | | | $ 100,000 | $ 100,000 | D | $ 675,000 | | $ 775,000 |
| 4 | 1.0 | X | | | $ 100,000 | $ 100,000 | D | $ 675,000 | | $ 775,000 |
| 5 | 1.0 | | X | | $ 100,000 | $ 100,000 | D | $ 675,000 | | $ 775,000 |
| 6 | 1.0 | | X | | $ 100,000 | $ 100,000 | D | $ 675,000 | | $ 775,000 |
| 7 | 1.0 | | X | | $ 100,000 | $ 100,000 | D | $ 675,000 | | $ 775,000 |
| 8 | 1.0 | | X | | $ 100,000 | $ 100,000 | D | $ 675,000 | | $ 775,000 |
| 9 | 1.5 | | X | | $ 100,000 | $ 150,000 | D | $ 675,000 | | $ 825,000 |
| 10 | 1.5 | | | X | $ 100,000 | $ 150,000 | D | $ 675,000 | | $ 825,000 |
| 11 | 1.5 | | | X | $ 100,000 | $ 150,000 | D | $ 675,000 | | $ 825,000 |
| 12 | 1.5 | | | X | $ 100,000 | $ 150,000 | D | $ 675,000 | | $ 825,000 |
| 13 | 1.5 | | | X | $ 100,000 | $ 150,000 | D | $ 675,000 | | $ 825,000 |
| 14 | 1.5 | X | | | $ 100,000 | $ 150,000 | D | $ 675,000 | | $ 825,000 |
| 15 | 1.5 | X | | | $ 100,000 | $ 150,000 | D | $ 675,000 | | $ 825,000 |
| 16 | 0.5 | X | | | $ 85,000 | $ 42,500 | A | $ 350,000 | | $ 392,500 |
| 17 | 0.5 | | X | | $ 85,000 | $ 42,500 | B | $ 400,000 | | $ 442,500 |
| 18 | 0.5 | | X | | $ 85,000 | $ 42,500 | B | $ 400,000 | | $ 442,500 |
| 19 | 0.5 | | X | | $ 85,000 | $ 42,500 | B | $ 400,000 | | $ 442,500 |
| 20 | 0.5 | | X | | $ 85,000 | $ 42,500 | B | $ 400,000 | | $ 442,500 |
| 21 | 1.0 | | X | | $ 100,000 | $ 100,000 | D | $ 675,000 | | $ 775,000 |
| 22 | 0.5 | | | X | $ 85,000 | $ 42,500 | C | $ 500,000 | | $ 542,500 |
| 23 | 0.5 | | | X | $ 85,000 | $ 42,500 | C | $ 500,000 | | $ 542,500 |
| 24 | 0.5 | | | X | $ 85,000 | $ 42,500 | C | $ 500,000 | | $ 542,500 |
| 25 | 0.5 | | | X | $ 85,000 | $ 42,500 | C | $ 675,000 | | $ 717,500 |
| 26 | 0.5 | | | X | $ 85,000 | $ 42,500 | C | $ 675,000 | | $ 717,500 |
| 27 | 0.5 | | | X | $ 85,000 | $ 42,500 | C | $ 675,000 | | $ 717,500 |
| | 25.00 | | | | 133,421 | | | | | |
| **FREETOWN SALES REVENUE** | | | | | **LAND** | **$ 2,417,500** | **HOUSES** | **$ 15,725,000** | **TOTAL** | **$18,142,500** |

## House Types

| HOUSING TYPE | Beds | Baths | Sq Ft | Cost psf | Cost | Sale | Sale psf |
|---|---|---|---|---|---|---|---|
| A | 2 | 2 | 1200 | $ 175 | $ 210,000 | $ 350,000 | $ 291.67 |
| B | 3 | 2 | 1500 | $ 175 | $ 262,500 | $ 400,000 | $ 266.67 |
| C | 3 | 3 | 1750 | $ 190 | $ 332,500 | $ 500,000 | $ 285.71 |
| D | 4 | 3 | 2500 | $ 190 | $ 475,000 | $ 675,000 | $ 270.00 |
| E | 4 | 4 | 3000 | $ 220 | $ 660,000 | $ 950,000 | $ 316.67 |
| F | 5 | 5 | 5000 | $ 225 | $ 1,125,000 | $ 1,750,000 | $ 350.00 |

## Development Cost Estimates- Land

| LAND DEVELOPMENT | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **EXPENDITURES** | | | | | | **TOTAL** | | |
| **LAND COST** | 53 | ACRES @ | $ 20,000 | PER ACRE | | **$ 1,060,000** | **(To ADL)** | |
| | | | 2,310,000 | SQFT | | | | |
| **HARD COSTS - LAND** | | | | | | | | |
| Grading | | | | | $ 200,000 | 11.55 | $/PSF | |
| Paving | | | | | $ 200,000 | 11.55 | $/PSF | |
| Storm sewer | | | | | $ 175,000 | 13.2 | $/PSF | |
| Water | | | | | $ 125,000 | 18.48 | $/PSF | |
| Sanitary sewer | | | | | $ 100,000 | 23.1 | $/PSF | |
| Power | | | | | $ 100,000 | 23.1 | $/PSF | |
| Teledata/network | | | | | $ 50,000 | 46.2 | $/PSF | |
| Off-site street improvements | | | | | $ 100,000 | 23.1 | $/PSF | |
| Fees & permits | | | | | $ 75,000 | 30.8 | $/PSF | |
| School fees | | | | | $ 50,000 | 46.2 | $/PSF | |
| Indirect land development | | | | | $ 25,000 | 92.4 | $/PSF | |
| Financing costs | | 2% | OF MAX LOAN | $1,350,000 | $ 27,000 | | | |
| Pursuit/transaction costs | | | | | $ 125,000 | | | |
| Marketing | | 6% | OF SALES | | $ 115,950 | | | |
| Administration & contingency | | 6% | OF SALES | | $ 115,950 | | Per Acre | $/psf |
| **SUB-TOTAL** | | | | | | **$ 1,583,900** | **$ 29,885** | **$ 0.69** |
| Soft Costs % of Hard Costs | 10% | | | | | $ 158,390 | | |
| | | | | | | | | |
| **TOTAL DEVELOPMENT COSTS** | | | | | | $ 1,742,290 | | |
| SUBTOTAL | | | | | | $ 2,802,290 | | |
| **INTEREST CALCULATION** | | | | | | | | |
| Equity | | | | 50% | $ 1,401,145 | | | |
| | | | | | | | | |
| Debt | | | | 50% | $ 1,401,145 | | | |
| Average balance (estimate) | | | | 50% | $ 2,802,290 | | | |
| Duration (years) | | | | 3 | | | | |
| Rate | | | | 7.5% | | $ 630,515 | | |
| **Total Expenditures** | | | | | | $ 3,432,805 | | |
| | | | | | | | 33% | Of Total Costs |
| **PROFIT (LAND)** | | | | | | **$ 917,195** | 47% | Of Total Revenue |

## Development Cost Estimates- Housing

| | Net | St.Philips | | Freetown | | | Combined |
|---|---|---|---|---|---|---|---|
| **HOUSING TYPE** | **Profit** | **Units** | **Hard Costs** | **Units** | **Hard Costs** | **Total** | **Net Profit** |
| | | | | | | | |
| A | $ 140,000 | 5 | $ 1,050,000 | 1 | $ 210,000 | 6 | $ 840,000 |
| B | $ 137,500 | 0 | $ - | 6 | $ 1,575,000 | 6 | $ 825,000 |
| C | $ 167,500 | 4 | $ 1,330,000 | 6 | $ 1,995,000 | 10 | $ 1,675,000 |
| D | $ 200,000 | 4 | $ 1,900,000 | 14 | $ 6,650,000 | 18 | $ 3,600,000 |
| E | $ 290,000 | 5 | $ 3,300,000 | 0 | $ - | 5 | $ 1,450,000 |
| F | $ 625,000 | 1 | $ 1,125,000 | 0 | $ - | 1 | $ 625,000 |
| | **TOTAL** | **19** | **$ 8,705,000** | **27** | **$ 10,430,000** | **46** | **$ 9,015,000** |
| | | | | | $ 19,135,000 | | |

Development Cost Estimates- Housing (continued)

## HOUSING DEVELOPMENT

| DEVELOPMENT COSTS - HOUSES | | St.Philips | Freetown | TOTAL |
|---|---|---|---|---|
| Hard Cost & Contingency | | $ 8,705,000 | $ 10,430,000 | $ 19,135,000 |
| Soft Costs % Hard Costs & Contingency | 15% | $ 1,305,750 | $ 1,564,500 | $ 2,870,250 |
| | | | | |
| **Project Cost** | | **$ 10,010,750** | **$ 11,994,500** | **$ 22,005,250** |
| AD&C Loan to Total Project Cost | 65% | | | |
| Loan Interest & Operatiing Defecit | 7.5% | $ 750,806 | $ 899,588 | $ 1,650,394 |
| **TOTAL PROJECT COST (TPC)** | | **$ 10,761,556** | **$ 12,894,088** | **$ 23,655,644** |
| | | | | |
| Source of Funds: Senior AD&C Loan | 65% | $ 6,995,012 | $ 8,381,157 | **$ 15,376,168** |
| Source of Funds: Equity | 35% | $ 3,766,545 | $ 4,512,931 | **$ 8,279,475** |
| **Total Source of Funds** | | **$ 10,761,556** | **$ 12,894,088** | **$ 23,655,644** |
| | | | | |
| **Pre-Tax Profit** | | $ 2,188,444 | $ 2,830,913 | **$ 5,019,356** |
| **Profit Margin** | | 17% | 18% | 18% |
| **Multiple on Invested Equity** | | 1.6 | 1.6 | 1.6 |

# -H-

# NEXT STEPS

# H | NEXT STEPS

This Project Concept Feasibility Report has been commissioned by ADL to examine the feasibility of developing the land and property assets at the Montpelier Estate focused equally between protecting, celebrating and enhancing the heritage of the site, its owners and the history of the island and its people but also establishing a sustainable business model and credible financial plan moving forward. We believe that this report provides the data and roadmap to allow the Client, its Board and advisors to review the opportunity and decide on a course of action moving forward.

(For the purposes of brevity and clarity, we have not broken down the individual components – Distillery, Heritage Center, Railway, Residential etc,.. – in the following outline. Each would require a modified version of the overall strategy and perhaps different combinations and additions of tasks and resources but the overall roadmap would broadly apply).

## Stage One

### Development Management Services – Project Management

### Project Development Plan

### Design & Creative Services

## Stage Two

### Development Management Services – Construction Management

### Project Construction

## Stage Three

### Operational Plan

### Marketing, Advertising & Sales

## Additional Services

# Stage One

## Development Management Services – Project Management

1.1 Phase 1 – Project Inception

During this phase we will work closely with the Client to review the existing design and business plan to optimize the strategic masterplan, drawing on both internal and external resources. PRO will identify, qualify and negotiate with the broad range of consultants required to deliver the project, focusing on bringing the best and brightest talent to the team while insuring that a detailed scope and deliverables is always clearly delineated for each stage, phase and task.

1.2 Phase 2 – Project Initiation

Once the core creative and development team is on board, PRO will coordinate between all necessary parties to bring alignment to the brand, brief and business plan. The key areas of responsibility can be categorized as follows:

1.2.1 Communication

PRO acts as a single point of contact for the Client and coordinates all communications, minutes and reports.

1.2.2 Planning & Design

PRO leads and supports the internal design review process with the Client and provides continual input and feedback.

1.2.3 Project Schedule & Budget

PRO will provide review and evaluation on the schedule and budgets and make recommendations and advise modifications together with the Consultant team.

PRO will develop and deliver a Development Management Manual to be used for the design and construction phases that will document in detail the project's guidelines and procedures, and more importantly, highlight the key elements required to ensure the project is delivered to the highest quality, on time, and to budget. This Development Management Manual will also identify responsibilities, authorities, and accountability of the project team members; lines of communication; providing a coherent organizational structure with procedures to be adhered to in order to achieve the timely project completion. This Manual will be a living and dynamic document until all the information is collected and it receives approval by the Client.

# Project Development Plan

1.3 Development Management Manual

Brief overview of the Development Management Manual ("DMM") sections is as follows:

Section 1 – Overview introduces the Manual and introduction to the project management processes and procedures. Process overview flowcharts, from Predesign to Post-Occupancy Evaluations, are described here, as well as an Org Chart and information on the roles and responsibilities of the parties involved.

Section 2 – Project Initiation describes different project delivery options and flowcharts outlining the process of selecting the Architect/Engineer design team, the Client's Representative and the Project Manager, if applicable. This section also outlines what information the Client is responsible for providing.

Section 3 – Design Management describes the steps in each project phase, from Schematic Design to Design Development to Construction Documents, Bidding and Contract Award, Construction Administration, Occupancy and Closeout Phases.

Section 4 – Construction Management explains activities during the construction phase: meetings, submittals, inspections, changes in the work affecting the project schedule or budget, pay requests, field observation reports, and project closeout.

Section 5 – Quality Assurance/Quality Control describes inspection, testing and requirements detailed in the Design Standards.

Section 6 – Budgeting describes the development and revisions of the project budget throughout the duration of the project.

Section 7 – Scheduling describes the development and revisions of the project schedule throughout the duration of the project.

Section 8 – Project Reporting details the requirements for reporting information to the Client.

Section 9 – Financial Management outlines the project finances, including contracts and invoice processing.

Section 10 – Project Responsibility Matrix describes responsibilities of the participants in the design and construction process.

# Outline of a Project Development Financial Plan

## 1) The Project

a) General description
   i) Site Plan
   ii) Breakdown of project to square footage of improvements
   iii) Use of project
   iv) Stages to be built or developed
b) Economics of project
   i) Cost estimates:
      (a) builders' bid or other supporting data
   ii) Operating expenses
      (1) during development
      (2) marketing expenses
      (3) preleased agreements (if applicable)
c) Feasibility of the project
   i) Economy of the area
      (1) Aerial photos showing location of similar projects in competing area
      (2) Description of competing projects
      (3) Economics of competing projects
      (4) Future growth proposed and documented
      (5) Future demand on type of project (including supporting documents)
      (6) Summary of economics of competing projects
   ii) Opinion of use based on area economics
d) Value of completed project
   i) Estimated potential cash flow on finished project (operational statement)
   ii) Market value based on cash flow (capitalized at current investor demand rate)
   iii) Value of existing projects of similar nature

## 2) The Properties

a) General description
b) Legal description
c) Locations
d) Location sketch
e) Aerial photo
f) Location benefits
g) Location drawbacks
h) General statistics
   i) Demographics
      (1) Average sale/rent
      (2) Traffic count
   ii) General site data
      (1) Legal
      (2) Size and square footage of land and site coverage
      (3) Use of site
      (4) Zoning
      (5) Utilities
      (6) Access

(7) Sketch of lots sharing building location
(8) Survey

i) Land value
  i) Estimated value of site
  ii) Comparable land sales and values

## 3) The Developer

a) Name
b) Address
c) Occupation
d) General data
e) Net worth
f) Supporting documents
  i) Net worth statement
  ii) Schedule of assets
  iii) Schedule of liabilities
  iv) References
  v) Position of employment
  vi) Verification of salary
  vii) Estimated annual earnings
  viii) Credit report if applicable
  ix) Other forms supplied for loan application

## 4) The Loan Request (for End Loans)

a) Recap value of finished product
b) Recap development cost
c) Add land cost to development cost
d) Show relation to total estimated value and cost to develop
e) Amount of loan requested
f) Terms and conditions requested 9for construction or development loan)
  i) Recap value of finished product
  ii) Recap development cost
  iii) Add land cost to development cost
  iv) Show relation to total estimated value and total cost to develop
  v) Copy of end loan commitment
  vi) Amount of construction or development loan requested
  vii) Terms and conditions requested

## 5) Supporting Documents

a) Full set of working plans
b) Topography
c) Preleased documents (if applicable)

# Design & Creative Services

1.4 Phase 3 – Concept Design

A powerful tool to bring alignment between the multiple drivers of long-term success for this project will be the Workshop that will kick-off the concept design phase. This will be a critical opportunity to insure alignment between the creative, design, branding, marketing, operations, financial and development components of the project. PRO will facilitate the vigorous exchange of ideas and provide the necessary focus to bring structure and process to the Workshop whilst adhering to the core mission and vison of the Client.

During the concept phase, PRO will support the team to arrange and manage all necessary inter-disciplinary meetings, discussions and reviews. This will lead to the production of a final concept design package incorporating necessary input to outline the architecture, interior design, lighting, mechanical, electrical, plumbing, structural, fire/life safety, acoustics, audio/video, communications and technology disciplines as required.

## Interpretative Master Plan

What is interpretation?

Interpretation is the art of seeking to understand and share with others the meaning and relevance of the world around us. It attempts to help people connect intellectually, emotionally and spiritually with the ideas, principles, beliefs and values embodied in that world.

### The purpose: promoting stories, inspiring stewardship

The purpose of the interpretive plan goes beyond defining the Montpelier Estate's stories and identifying ways of telling them. So the ultimate role of interpretation is to encourage the preservation of heritage assets by people who care about them.

# Overview of the Interpretive Planning Process

| What are the steps?* | Step 1: Create the team | Step2: Lay the groundwork | Step 3: Engage the public | Step 4: Develop themes and messages |
|---|---|---|---|---|
| Who is involved? | Core team with the help of local advisors | Core team | Core team, partners, stakeholders | Core team, partners, stakeholders |
| What is accomplished/ addressed? | The interpretive planning team is created with different categories of participant, each with clearly defined duties and responsibilities:<br>Core teammembers<br>Stakeholders<br>Partners<br>Subject matter specialists<br>Associated groups<br>Consultants | Significance, mission/purpose/ vision and existing plans reviewed<br>Management/ program goals reviewed<br>Challenges and opportunities assessed | Civic engagement and communication plans created<br>Civic engagement occurs: people share information and discuss issues and influences<br>Civic engagement strategies evaluated and revised when necessary | Theme statements developed, reviewed<br>Partner-theme links established<br>Interpretive matrix created |

| What are the steps?* | Step 5: Assess and target audiences | Step 6: Develop visitor experience objectives | Step 7: Create an implementation plan | Step 8: Implement, evaluate, adjust and celebrate |
|---|---|---|---|---|
| Who is involved? | Core team, partners, stakeholders | Core team, partners, stakeholders | Core team, partners, stakeholders | Core team, partners, stakeholders |
| What is accomplished/ addressed? | Study demographics, market research and visitor projection<br>Identify current and potential audiences<br>Address marketing strategies | Visitors rights and needs articulated<br>Visitor experience objectives established<br>Measurable outcomes determined | Matrix revisited and themes mapped<br>Interpretive strategy developed<br>Media assessed and selected<br>Supporting resources assessed<br>Action and evaluation plans created | Plan reviewed, assessed, and revised<br>Implementation begins (with annual implementation plans as part of the process)<br>Evaluation and remediation continue<br>Milestones celebrated and showcased |

* NOTE: Some steps overlap and often occur simultaneously, at least in part.

### 1.5 Phase 4 – Design Development

Following the review and approval of the concept design phase deliverables, including design and budget components, PRO will focus the team on the coordination and production of detailed design development documentation and specifications. This phase will allow for further refinement and adjustment as well as the preparation of samples and mock-ups as required. Pro will advise and make recommendations as to the optimal design procurement strategy both for the hard construction and the procurement of FF&E, art and accessories and custom millwork and specialist installations utilizing its extensive network and resources in the US and overseas.

# Stage Two

## Development Management Services – Construction Management

### 2.1 Phase 5 – Construction Documentation

Detailed, coordinated and extensive drawings, samples, renderings, models and specification are critical and indispensable to the successful delivery of the project on time, on budget and to the required and expected standards defined by the development team. Though each discipline will be responsible for the completeness and suitability of their proposals, PRO continues to ensure that the highest standards of communication and coordination are followed to make sure the final construction set meets expectations.

PRO will maintain a critical path approach during this phase to make sure the schedule is optimized to get the necessary time sensitive packages out first so as to hold the team to the desired schedule and completion dates.

### 2.2 Phase 6 – Main Contract Tender

PRO will assist the Client in identifying and reviewing alternate contract procurement methodologies to deliver the construction, procurement and fit-out phases. Once selected, PRO will support the Client as required to insure an efficient main contract bidding process effectively identifies the optimum solution.

## Project Construction

2.3 Phase 7 – Construction

Together with the support and input of the SPM, the Client's selected Contractor will proceed to deliver the necessary resources and expertise required to complete the approved design.

PRO will continue to facilitate the necessary communication, coordination and reporting as set out in the DMM with a particular focus on supporting the review and approval process for materials and samples with the Client.

2.4 Phase 8 – Project Opening

Upon completion of the main contract works, PRO will support the Construction Manager/ Contractor and Client in closing out the project including review and commenting on punch lists, additional services, claims and the completion of necessary as-built documents/certifications.

# Stage Three

## Operational Plan

Institutional Overview
Strategies for Growth Planning
Strategic Directions – Exhibitions/Education/Engagement
Financial Year Operating Plan and Budget
Programs
Facilities Management
Staffing

## Marketing, Advertising & Sales

Sales & Marketing Plan
Website & Social Media Strategy
-Traditional Marketing
    Promotion Plan
    Brand Management
    Market Intelligence
    Destination Management
– Online Marketing / Media
    Promotion Plan
    Market Intelligence
    Commercialization

Seasonality Strategy

# Marketing Plan

## And Where Is the Visitor in all of this – EVERYWHERE!

Another aspect of marketing problems is that many heritage organizations and attractions have little or no visitor-based information to work from. They don't know who their markets are! Marketing is ALL about completely understanding your audience (current, or intended). So in reality, many marketing pieces, from brochures to advertisements in magazines, fail due to a general lack of understanding about their intended visitors and the psychology of the visitors. Brochures often simply illustrate or promote the wrong things. For example, a hotel or motel brochure may show nice photos of the bedrooms or dining area, but what a visitor may really want to know is if that hotel or motel is "near" any attractions or other services. Developing a marketing plan followed by marketing materials such as brochures or print advertisements, requires that we know the answers to some (all?) of the following questions about our visitors:

**Existing Markets to our sites or attractions**

- Where are our visitors coming from?
- What are their age groups and other socio-economic backgrounds?
- How long does the average visit last?
- Is there a visitor perception that the admission fee was good value for the experience paid for, or do they think they paid too much for to little?
- What did they spend money on – and how much?
- What were the attraction visit components (shopping, food service, interpretive experiences, social interactions, recreation opportunities, etc.) of most importance to the visitors?
- What were/are their seasonal visitation patterns and influences?
- Why did they decide to visit the site or attraction in the first place?
- What experiences or recreational learning opportunities were they looking for?
- Did the site/attraction meet or exceed their "expectations" of what they would see-do-and experience here or did it "fall short" of the visitors expectations (from marketing brochures and related advertising)?
- What were their best or most powerful "memories" of their visit?
- What reasons did we give them to return again to this attraction?
- What is the attractions "physical and psychological carrying capacity" and did we exceed it?
- Were we too successful in attracting visitors and couldn't give visitors a quality experience because of too many visitors?
- Could our support services handle our visitor load?
- Was our on-site experience (the visit) as good in reality as our marketing pieces "made it look"?
- Did our "customer care" plan/training pay off – did the visitor "feel" welcome?

So these are some of the questions that need to be asked and answered in developing a marketing plan, and marketing materials for "current visitors" or market groups.

**Market creation – generating new market groups.**

The next aspect of developing heritage tourism/attraction marketing plans and materials is the issue of market creation. This is the answer to the question we often ask clients –
"we know who your visitors are – but who do you want your visitors to be?"
Market creation is generating new visitors or market groups to come to your site. For example: more school groups; more local visitors or community residents; special interest groups such as photographers, bird watchers, historical architecture buffs, railroad buffs; more retired visitors, etc. Here are some of the questions to be answered in developing marketing strategies and materials for these potential visitors (market groups):

- What specific new target markets would be interested in the stories, materials, experiences, artifacts, etc. that our site offers?
- What would we promote as the BENEFITS for these new market groups to coming to our attraction? What's in it for them by coming to our attraction?
- Would these be seasonal market groups? If so, which seasons?
- How do we contact these new market groups (advertisements in specialty magazines or publications, mail outs to clubs and organizations, E-Mails to specialty organizations membership lists, etc?)?
- Do we have the support services in place to handle a surge in visitation (parking, staff, food service, volunteers, etc.) if they show up?
- How do we design and structure our advertising materials to get the attention of, and RELATE to these new market groups? Do our marketing materials have photos with "people" in them? Are there photos of our intended market groups in our marketing pieces? What are the people in our marketing piece photos doing?
- How will we track and evaluate the success of our market creation plan?
- Will we need to do some site re-design or additions for these new market groups (such as adding "baby changing stations" in restrooms if we are trying to attract families with very young children)?
- Are these new market groups "renewable" (want to come to the attraction more than once) or are they one-time visitors only (as the market groups might be for attractions located along interstate highways)?
- How have other attractions done that cater to or try to attract these same market groups?

You can see that there is overlap in considering these questions, as you may be marketing to both groups (current visitors as well as trying to attract new or different market groups) at the same time. The question arises as to "how you can do any real marketing efforts at all without knowing the answers to most of these questions"? This is why some existing marketing pieces can "look" great but not work. They are giving answers to questions that your main market groups "aren't asking", and not answering the questions that they are asking. And no one knows this is going on.

# Additional Services

## STRATEGY

Master Plans
Brand Strategy
Product Development
Earned Revenue Planning
Consumer Research
Visitor Experience Planning
Interpretive Planning
Destination Assessments
Cost Estimating
Phasing and Implementation Plans
Operation and Business Planning

## DESIGN

Experience Design
Site Planning and Landscape Design
Architecture
Exhibit Design
Show and Interactive Media Design
Graphic Design
Interior Design
Retail and Food Venue Design

## IMPLEMENTATION

Project Management
Onsite Art Direction
Construction Administration
Onsite Project Review
Post-Occupancy Evaluation

# H | RESIDENTIAL – NEXT STEPS

As highlighted earlier, the residential development opportunity in conjunction with the Montpelier Estate projects appears a compelling financial proposition. However, this area must be studied and approached with the input and support of dedicated professional familiar with the process, market and methodologies of being successful in a very competitive and challenging market sector. The best do well and the rest, well let's say, not so well.

## Project Cost forecast – Cash Flow Model

**COMMUNITY DEVELOPMENT CASH FLOW MODEL - Antigua**

**SCH. D: PROJECT COST FORECAST**

Revised: October 26, 2016 4:20 PM

Printed: October 26, 2016

All $'s Shown Below are in Current US Dollars

Project Start Date (First Full Month) 4/1/2017

| | | | Duration Months | Start | Static Cost | Actual Inflated Cost | Annual Esc. |
|---|---|---|---|---|---|---|---|
| **Land & Acquisition** | | | | | | | |
| Land Parcels | 53 | Acres | 1 | 3/1/2017 | 1,060,000 | 1,060,000 | 0.0% Esc. |
| Other | | | 1 | 3/1/2017 | - | - | 0.0% Esc. |
| Acq. Legal & Closing Costs | | Allow. | 1 | 3/1/2017 | 40,000 | 40,000 | 0.0% Esc. |
| Historical Pre-Acquisition Costs | | Allow. | 1 | 3/1/2017 | 150,000 | 150,000 | 0.0% Esc. |
| | | **Sub-Total Land & Acquisition** | | | **1,260,000** | **1,260,000** | |
| **Hard Construction Cost** | **Total GSF** | **123,376** | | | | | |
| Off Sites & Site Access | | Allow. | 2 | 6/1/2017 | 100,000 | 100,000 | 3.0% Esc. |
| Abatement | | Allow. | 1 | 7/1/2017 | - | - | 3.0% Esc. |
| Demo & Clearing | | Allow. | 1 | 6/1/2017 | 25,000 | 25,000 | 3.0% Esc. |
| Sitework, Infrastructure & Roads | | Allow. | 6 | 7/1/2017 | 400,000 | 402,000 | 3.0% Esc. |
| Utilities | | Allow. | 6 | 7/1/2017 | 550,000 | 552,750 | 3.0% Esc. |
| Surface Parking | 0 Stalls | Allow. | 1 | 7/1/2017 | - | - | 3.0% Esc. |
| Landscape & Hardscape | | Allow. | 24 | 9/1/2018 | 150,000 | 160,346 | 3.0% Esc. |
| Hotel FOH & BOH | $0 /nsf | 0 nsf | 1 | 7/1/2017 | - | - | 3.0% Esc. |
| Hotel Rms Efficiency | $0 /gsf | 0 gsf | 1 | 7/1/2017 | - | - | 3.0% Esc. |
| Hotel Rooms | $0 /nsf | 0 nsf | 1 | 7/1/2017 | - | - | 3.0% Esc. |
| Multifamily | $0 /gsf | 0 gsf | 1 | 7/1/2017 | - | - | 3.0% Esc. |
| Homes (inc. basic Finish) | $165 /nsf | 98,700 nsf | 27 | 11/1/2017 | 16,286,000 | 17,055,818 | 3.0% Esc. |
| Addt'l Home Finish Upgrades | $25 /nsf | 98,700 nsf | 34 | 1/1/2018 | 2,468,000 | 2,619,041 | 3.0% Esc. |
| Home Efficiency Factor 80% | $30 /gsf | 24,675 gsf | 27 | 1/1/2018 | 740,000 | 779,239 | 3.0% Esc. |
| Pools, Recreation & Amenities | | Allow. | 1 | 7/1/2017 | - | - | 3.0% Esc. |
| Signage | | Allow. | 3 | 9/1/2018 | 50,000 | 51,500 | 3.0% Esc. |
| Retail | $0 /gsf | 0 gsf | 1 | 7/1/2017 | - | - | 3.0% Esc. |
| Retail TI's | $0 /gsf | 0 gsf | 1 | 7/1/2017 | - | - | 3.0% Esc. |
| General Conditions | 7.50% | | 41 | 6/1/2017 | 1,558,000 | 1,638,210 | 3.0% Esc. |
| Overhead | 0.00% | | 1 | 7/1/2017 | - | - | 3.0% Esc. |
| GC Fee | 4.00% | | 41 | 7/1/2017 | 893,000 | 940,994 | 3.0% Esc. |
| Insurance & Bonding (If Applicat | 2.85% | | 12 | 6/1/2017 | 662,000 | 671,930 | 3.0% Esc. |
| Hard Contingency | 5.00% | | 12 | 12/1/2018 | 1,194,100 | 1,266,821 | 3.0% Esc. |
| | | **Sub-Total Hard Const. Cost** | | | **26,078,100** | **28,263,849** | |
| **Furniture, Fixtures & Equipment (FF&E)** | | | | | | | |
| FF&E Hotel Units | $0 /nsf | 0 nsf | 1 | 1/1/2018 | - | - | 3.0% Esc. |
| FF&E Condo Units | $0 /nsf | 98,700 nsf | 1 | 1/1/2018 | - | - | 3.0% Esc. |
| FF&E BOH & Common Areas | Allow. | | 1 | 1/1/2018 | - | - | 3.0% Esc. |
| Kitchen & Property Equipment | Allow. | | 1 | 1/1/2018 | - | - | 3.0% Esc. |
| Hotel Tech & Operating Supplie: | Allow. | | 1 | 1/1/2018 | - | - | 3.0% Esc. |
| Spa / Rec FF&E | Allow. | | 1 | 1/1/2018 | - | - | 3.0% Esc. |
| Other | Allow. | | 1 | 1/1/2018 | - | - | 3.0% Esc. |
| Purchasing, Taxes, Freight | 20.00% | | 1 | 1/1/2018 | - | - | 3.0% Esc. |
| FF&E Contingency | 5.00% | | 1 | 1/1/2018 | - | - | 3.0% Esc. |
| | | **Sub-Total FF&E** | | | - | - | |
| **Soft Costs** | | | | | | | |
| Historical Operations Carry Cost | | Allow. | 1 | 4/1/2017 | - | - | 0.0% Esc. |
| A&E / Design | 3.00% | of Vertical | 12 | 4/1/2017 | 752,000 | 759,520 | 3.0% Esc. |
| Consultants & Studies | 1.50% | of Vertical | 24 | 4/1/2017 | 376,000 | 385,456 | 3.0% Esc. |
| Entitlements, Permits & Approva | 1.00% | of Vertical | 8 | 4/1/2017 | 251,000 | 251,000 | 3.0% Esc. |
| Testing & Inspections | 0.50% | of Vertical | 32 | 2/1/2018 | 125,000 | 132,649 | 3.0% Esc. |
| Project Team G&A | 4.00% | of Hard Const | 44 | 4/1/2017 | 1,003,000 | 1,053,230 | 3.0% Esc. |
| Legal & Accounting | 1.00% | of Hard Const | 44 | 4/1/2017 | 251,000 | 263,570 | 3.0% Esc. |
| Proj. Mgmnt / Const. Supervisior | 2.50% | of Hard Const | 44 | 4/1/2017 | 627,000 | 658,400 | 3.0% Esc. |
| RE, Property & Gov't Taxes | | Allow. | 1 | 4/1/2017 | - | - | 2.0% Esc. |
| Addt'l Insurance | | Allow. | 1 | 4/1/2017 | - | - | 0.0% Esc. |
| Pre-Marketing / Opening | | Allow. | 1 | 4/1/2017 | - | - | 0.0% Esc. |
| Leasing Commissions at Contra | 2.00% | of 10Yr Rev | 1 | 3/1/2018 | - | - | 0.0% Esc. |
| Leasing Commissions at Move-I | 2.00% | of 10Yr Rev | 1 | 1/1/2019 | - | - | 0.0% Esc. |
| Pre-Opening & Initial Services | | Allow. | 1 | 1/1/2019 | - | - | 0.0% Esc. |
| Soft Cost Contingency | 5.00% | | 12 | 6/1/2018 | 169,000 | 176,681 | 3.0% Esc. |
| | | **Sub-Total Soft Costs** | | | **3,664,000** | **3,880,607** | |
| **Other Costs & Fees** | | | | | | | |
| Misc. Other | | | | | | - | |
| Advisory Fees | 1.00% | of Loans + | 3.00% | of O/S Equity | | 298,000 | |
| Loan Origination Fees | 0.00% | of Mezz Loan | 3.00% | of Const Loan | | 318,000 | |
| Loan Extension Fees | 0.00% | of Mezz Loan | 0.00% | of Const Loan | | - | |
| Loan Exit Fees | 0.00% | of Mezz Loan | 0.00% | of Const Loan | | - | |
| Development Fees | 4.00% | of Const and Dev't costs (Exc. Other Costs & Fees) | | | | 1,215,000 | |
| Interest - Mezz Loan | 12.00% | Libor at | 0.25% | + 11.75% Spread | | - | |
| Interest - Senior Loan | 9.00% | Libor at | 0.25% | + 8.75% Spread | | 394,200 | |
| | | **Sub-Total Other Costs & Fees** | | | | **2,226,000** | |
| **TOTAL PROJECT COST FORECAST** | | | | | | **33,418,000** | |

| | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Land Contribution | Complete Entitlements, Approvals, Permits & Design | | | Commence Horizontal | | | Commence Vertical | |
| **Land & Acquisition** | | | | | | | | | | | | |
| Land Parcels | - | - | - | 1,060,000 | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Acq. Legal & Closing Costs | - | - | - | 40,000 | - | - | - | - | - | - | - | - |
| Historical Pre-Acquisition Costs | - | - | - | 150,000 | - | - | - | - | - | - | - | - |
| Sub-Total Land & Acquisition | - | - | - | **1,260,000** | - | - | - | - | - | - | - | - |
| **Hard Construction Cost** | | | | | | | | | | | | |
| Off Sites & Site Access | - | - | - | - | - | - | 50,000 | 50,000 | - | - | - | - |
| Abatement | - | - | - | - | - | - | - | - | - | - | - | - |
| Demo & Clearing | - | - | - | - | - | - | 25,000 | - | - | - | - | - |
| Sitework, Infrastructure & Roads | - | - | - | - | - | - | - | 66,667 | 66,667 | 66,667 | 66,667 | 66,667 |
| Utilities | - | - | - | - | - | - | - | 91,667 | 91,667 | 91,667 | 91,667 | 91,667 |
| Surface Parking | - | - | - | - | - | - | - | - | - | - | - | - |
| Landscape & Hardscape | - | - | - | - | - | - | - | - | - | - | - | - |
| Hotel FOH & BOH | - | - | - | - | - | - | - | - | - | - | - | - |
| Hotel Rms Efficiency | - | - | - | - | - | - | - | - | - | - | - | - |
| Hotel Rooms | - | - | - | - | - | - | - | - | - | - | - | - |
| Multifamily | - | - | - | - | - | - | - | - | - | - | - | - |
| Homes (inc. basic Finish) | - | - | - | - | - | - | - | - | - | - | - | 603,185 |
| Addt'l Home Finish Upgrades | - | - | - | - | - | - | - | - | - | - | - | - |
| Home Efficiency Factor 80% | - | - | - | - | - | - | - | - | - | - | - | - |
| Pools, Recreation & Amenities | - | - | - | - | - | - | - | - | - | - | - | - |
| Signage | - | - | - | - | - | - | - | - | - | - | - | - |
| Retail | - | - | - | - | - | - | - | - | - | - | - | - |
| Retail TI's | - | - | - | - | - | - | - | - | - | - | - | - |
| General Conditions | - | - | - | - | - | - | 38,000 | 38,000 | 38,000 | 38,000 | 38,000 | 38,000 |
| Overhead | - | - | - | - | - | - | - | - | - | - | - | - |
| GC Fee | - | - | - | - | - | - | - | 21,780 | 21,780 | 21,780 | 21,780 | 21,780 |
| Insurance & Bonding (If Applicat | - | - | - | - | - | - | 55,167 | 55,167 | 55,167 | 55,167 | 55,167 | 55,167 |
| Hard Contingency | - | - | - | - | - | - | - | - | - | - | - | - |
| Sub-Total Hard Const. Cost | - | - | - | - | - | - | **168,167** | **323,280** | **273,280** | **273,280** | **273,280** | **876,466** |
| **Furniture, Fixtures & Equipment (FF&E)** | | | | | | | | | | | | |
| FF&E Hotel Units | - | - | - | - | - | - | - | - | - | - | - | - |
| FF&E Condo Units | - | - | - | - | - | - | - | - | - | - | - | - |
| FF&E BOH & Common Areas | - | - | - | - | - | - | - | - | - | - | - | - |
| Kitchen & Property Equipment | - | - | - | - | - | - | - | - | - | - | - | - |
| Hotel Tech & Operating Supplie: | - | - | - | - | - | - | - | - | - | - | - | - |
| Spa / Rec FF&E | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Purchasing, Taxes, Freight | - | - | - | - | - | - | - | - | - | - | - | - |
| FF&E Contingency | - | - | - | - | - | - | - | - | - | - | - | - |
| Sub-Total FF&E | - | - | - | - | - | - | - | - | - | - | - | - |
| **Soft Costs** | | | | | | | | | | | | |
| Historical Operations Carry Cost | - | - | - | - | - | - | - | - | - | - | - | - |
| A&E / Design | - | - | - | - | 62,667 | 62,667 | 62,667 | 62,667 | 62,667 | 62,667 | 62,667 | 62,667 |
| Consultants & Studies | - | - | - | - | 15,667 | 15,667 | 15,667 | 15,667 | 15,667 | 15,667 | 15,667 | 15,667 |
| Entitlements, Permits & Approva | - | - | - | - | 31,375 | 31,375 | 31,375 | 31,375 | 31,375 | 31,375 | 31,375 | 31,375 |
| Testing & Inspections | - | - | - | - | - | - | - | - | - | - | - | - |
| Project Team G&A | - | - | - | - | 22,795 | 22,795 | 22,795 | 22,795 | 22,795 | 22,795 | 22,795 | 22,795 |
| Legal & Accounting | - | - | - | - | 5,705 | 5,705 | 5,705 | 5,705 | 5,705 | 5,705 | 5,705 | 5,705 |
| Proj. Mgmnt / Const. Supervisior | - | - | - | - | 14,250 | 14,250 | 14,250 | 14,250 | 14,250 | 14,250 | 14,250 | 14,250 |
| RE, Property & Gov't Taxes | - | - | - | - | - | - | - | - | - | - | - | - |
| Addt'l Insurance | - | - | - | - | - | - | - | - | - | - | - | - |
| Pre-Marketing / Opening | - | - | - | - | - | - | - | - | - | - | - | - |
| Leasing Commissions at Contra | - | - | - | - | - | - | - | - | - | - | - | - |
| Leasing Commissions at Move-I | - | - | - | - | - | - | - | - | - | - | - | - |
| Pre-Opening & Initial Services | - | - | - | - | - | - | - | - | - | - | - | - |
| Soft Cost Contingency | - | - | - | - | - | - | - | - | - | - | - | - |
| Sub-Total Soft Costs | - | - | - | - | **162,458** | **162,458** | **162,458** | **162,458** | **162,458** | **162,458** | **162,458** | **162,458** |
| **Other Costs & Fees** | | | | | | | | | | | | |
| Misc. Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Advisory Fees | - | - | - | - | - | - | 192,000 | - | - | - | - | - |
| Loan Origination Fees | - | - | - | - | - | - | - | - | - | - | - | - |
| Loan Extension Fees | - | - | - | - | - | - | - | - | - | - | - | - |
| Loan Exit Fees | - | - | - | - | - | - | - | - | - | - | - | - |
| Development Fees | - | - | - | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Interest - Mezz Loan | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest - Senior Loan | - | - | - | - | - | - | - | - | - | - | - | - |
| Sub-Total Other Costs & Fees | **0** | **0** | **0** | **25,000** | **25,000** | **25,000** | **217,000** | **25,000** | **25,000** | **25,000** | **25,000** | **25,000** |
| **TOTAL PROJECT COST FORECAST** | **0** | **0** | **0** | **1,275,000** | **177,000** | **177,000** | **638,000** | **501,000** | **461,000** | **461,000** | **461,000** | **1,054,000** |

NOTES: Land is assumed to be contributed at current market value, with no addt'l land basis or mark-up.
Construction cost estimates include taxes, but not insurance, Overhead, GC Fees and GC's, each are listed seperately.
Does not include residential S&M Costs above, see Sch. C for further details.

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mix, pricing and budgets required to make the residential development portion a reality and a profitable success.

# Project Cash Flow forecast – Cash Flow Model

**COMMUNITY DEVELOPMENT CASH FLOW MODEL - Antigua**

**SCH. C: FOR-SALE REAL ESTATE SALES, SALES COSTS & ABSORPTION FORECAST**

Revised: October 26, 2016 4:20 PM
Printed: October 26, 2016
All $'s Shown Below are in Current US Dollars

| | | | |
|---|---|---|---|
| Project Start Date (First Full Month) | 100% | Discount/Inflation Factor to Initial Pricing | 4/1/2017 |
| Sales Start Date | | | 3/1/2018 |
| Dev't/Construction Start Date | | | 8/1/2017 |
| Soft Opening/Partial Construction Completed By Date | | | 1/1/2019 |

| Sales Occur (Units) | | # Units | Avg Size Unit | Sold At Launch % | Launch Date | Sales/Month After Launch / Before Completion | Sales/Month After Completion | Annual Esc. |
|---|---|---|---|---|---|---|---|---|
| Ph-1 Home | Home A | 6 | 1,200 | 17% | 3/1/2018 | 1 | 1 | |
| Ph-1 Home | Home B | 6 | 1,500 | 17% | 7/1/2018 | 1 | 1 | |
| Ph-1 Home | Home C | 10 | 1,750 | 10% | 9/1/2018 | 1 | 1 | |
| Ph-1 Home | Home D | 18 | 2,500 | 6% | 7/1/2019 | 1 | 1 | |
| Ph-1 Home | Home E | 5 | 3,000 | 20% | 2/1/2019 | 1 | 1 | |
| Ph-1 Home | Home F | 1 | 5,000 | 100% | 1/1/2019 | 1 | 1 | |
| | Lot Sales | 46 | 42,613 | 2% | 3/1/2018 | 1 | 2 | |
| | Sub-Total | 46 | 2,146 | | | | | |

| Sales Occur (Units) | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Home A | - | - | 1 | 1 | 1 | 1 | 1 | 1 | - | - | - | - |
| Home B | - | - | - | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 |
| Home C | - | - | - | - | - | - | - | - | 1 | 1 | 1 | 1 |
| Home D | - | - | - | - | - | - | - | - | - | - | - | - |
| Home E | - | - | - | - | - | - | - | - | - | - | - | - |
| Home F | - | - | - | - | - | - | - | - | - | - | - | - |
| Lot Sales | - | - | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Sub-Total | 0 | 0 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |

| Closings Occur (Units) | | # Units | Avg Size Unit | Close By Months | Close At Completion % | Start Closing Date |
|---|---|---|---|---|---|---|
| Ph-1 Home | Home A | 6 | 1,200 | 2 | 50% | 1/1/2019 |
| Ph-1 Home | Home B | 6 | 1,500 | 2 | 50% | 1/1/2019 |
| Ph-1 Home | Home C | 10 | 1,750 | 6 | 50% | 1/1/2019 |
| Ph-1 Home | Home D | 18 | 2,500 | 18 | 6% | 7/1/2019 |
| Ph-1 Home | Home E | 5 | 3,000 | 5 | 20% | 2/1/2019 |
| Ph-1 Home | Home F | 1 | 5,000 | 1 | 100% | 2/1/2019 |
| | Lot Sales | 46 | 42,613 | 24 | 25% | 1/1/2019 |
| | Sub-Total | 46 | 98,700 | | | |

| Closings Occur (Units) | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Home A | - | - | - | - | - | - | - | - | - | - | - | - |
| Home B | - | - | - | - | - | - | - | - | - | - | - | - |
| Home C | - | - | - | - | - | - | - | - | - | - | - | - |
| Home D | - | - | - | - | - | - | - | - | - | - | - | - |
| Home E | - | - | - | - | - | - | - | - | - | - | - | - |
| Home F | - | - | - | - | - | - | - | - | - | - | - | - |
| Lot Sales | - | - | - | - | - | - | - | - | - | - | - | - |
| Sub-Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Sales Occur (Revenues) | | # Units | Avg Size Unit | Sale Price $Static/SF | FF&E Cost 0% Mark-Up | Start Closing Date | Static Revenues | Actual Inflated Revenues | |
|---|---|---|---|---|---|---|---|---|---|
| Ph-1 Home | Home A | 6 | 1,200 | $292 | $0 | 1/1/2019 | 2,100,000 | 2,163,000 | 3.0% Esc. |
| Ph-1 Home | Home B | 6 | 1,500 | $267 | $0 | 1/1/2019 | 2,400,000 | 2,472,000 | 3.0% Esc. |
| Ph-1 Home | Home C | 10 | 1,750 | $286 | $0 | 1/1/2019 | 5,000,000 | 5,242,700 | 3.0% Esc. |
| Ph-1 Home | Home D | 18 | 2,500 | $270 | $0 | 7/1/2019 | 12,150,000 | 13,147,734 | 3.0% Esc. |
| Ph-1 Home | Home E | 5 | 3,000 | $317 | $0 | 2/1/2019 | 4,750,000 | 5,039,275 | 3.0% Esc. |
| Ph-1 Home | Home F | 1 | 5,000 | $350 | $0 | 2/1/2019 | 1,750,000 | 1,856,575 | 3.0% Esc. |
| | Lot Sales | 46 | 42,613 | $2.22 | $0 | 1/1/2019 | 4,350,000 | 4,604,279 | 3.0% Esc. |
| | Sub-Total | 46 | 98,700 | $283 | | | 32,500,000 | 34,526,000 | |

| Sales Occur (Revenues) | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Home A | - | - | 360,500 | 360,500 | 360,500 | 360,500 | 360,500 | 360,500 | - | - | - | - |
| Home B | - | - | - | - | - | - | 412,000 | 412,000 | 412,000 | 412,000 | 412,000 | 412,000 |
| Home C | - | - | - | - | - | - | - | - | 515,000 | 515,000 | 515,000 | 515,000 |
| Home D | - | - | - | - | - | - | - | - | - | - | - | - |
| Home E | - | - | - | - | - | - | - | - | - | - | - | - |
| Home F | - | - | - | - | - | - | - | - | - | - | - | - |
| Lot Sales | - | - | 97,402 | 97,402 | 97,402 | 97,402 | 194,804 | 194,804 | 194,804 | 194,804 | 194,804 | 194,804 |
| Sub-Total | 0 | 0 | 458,000 | 458,000 | 458,000 | 458,000 | 967,000 | 967,000 | 1,122,000 | 1,122,000 | 1,122,000 | 1,122,000 |

**Sales & Marketing Costs Summary**

| | | | | Static | Inflated | |
|---|---|---|---|---|---|---|
| Marketing | | | 3.00% | 975,000 | 1,036,000 | |
| Commissions | | | 3.00% | 975,000 | 1,036,000 | |
| Co-Broker Fees | | | 1.50% | 488,000 | 518,000 | |
| Finished Unit Carry | / Mth / Unsold Unit | $0 | 0.00% | - | - | 3.0% Esc. |
| Warranty Reserve | / Unit | $7,000 | 1.00% | 322,000 | 344,000 | 3.0% Esc. |
| Discounts & Closing Costs | | | 1.00% | 325,000 | 345,000 | |
| Gross Sales Costs | | | 9.50% | 3,085,000 | 3,279,000 | |

**CASH FLOWS**

| | % | Static | Inflated |
|---|---|---|---|
| Sale Revenues - Pre-Closing | 0% | | - |
| Sale Revenues - Closing | 100% | | 34,526,000 |
| Gross Sales Revenues | 100% | 32,500,000 | 34,526,000 |
| Commissions - Contract | 0% | | - |
| Commissions - Closing | 100% | | 1,036,000 |
| Marketing | | | 1,036,000 |
| Co-Broker - Contract | 0% | | - |
| Co-Broker - Closing | 100% | | 518,000 |
| Finished Unit Carry | | | - |
| Warranty Reserve | | | 344,000 |
| Discounts & Closing Costs | | | 345,000 |
| Gross Sales Costs | | 3,085,000 | 3,279,000 |
| NET SALES PROCEEDS | | 29,415,000 | 31,247,000 |

| Cash Flows | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sale Revenues - Pre-Closing | - | - | - | - | - | - | - | - | - | - | - | - |
| Sale Revenues - Closing | - | - | - | - | - | - | - | - | - | - | - | - |
| Gross Sales Revenues | - | - | - | - | - | - | - | - | - | - | - | - |
| Commissions - Contract | - | - | - | - | - | - | - | - | - | - | - | - |
| Commissions - Closing | - | - | - | - | - | - | - | - | - | - | - | - |
| Marketing | 14,283 | 14,283 | 17,983 | 8,998 | 8,998 | 18,811 | 18,811 | 16,845 | 16,845 | 34,116 | 43,554 | 43,554 |
| Co-Broker - Contract | - | - | - | - | - | - | - | - | - | - | - | - |
| Co-Broker - Closing | - | - | - | - | - | - | - | - | - | - | - | - |
| Finished Unit Carry | - | - | - | - | - | - | - | - | - | - | - | - |
| Warranty Reserve | - | - | - | - | - | - | - | - | - | - | - | - |
| Discounts & Closing Costs | - | - | - | - | - | - | - | - | - | - | - | - |
| Gross Sales Costs | 14,283 | 14,283 | 17,983 | 8,998 | 8,998 | 18,811 | 18,811 | 16,845 | 16,845 | 34,116 | 43,554 | 43,554 |
| NET SALES PROCEEDS | (14,283) | (14,283) | (17,983) | (8,998) | (8,998) | (18,811) | (18,811) | (16,845) | (16,845) | (34,116) | (43,554) | (43,554) |

| Average Sale Price per Unit | | | | | | |
|---|---|---|---|---|---|---|
| Home A | 6 | 1,200 | 7,200 | | $ 350,000 | $ 360,500 |
| Home B | 6 | 1,500 | 9,000 | | $ 400,000 | $ 412,000 |
| Home C | 10 | 1,750 | 17,500 | | $ 500,000 | $ 524,270 |
| Home D | 18 | 2,500 | 45,000 | | $ 675,000 | $ 730,430 |
| Home E | 5 | 3,000 | 15,000 | | $ 950,000 | $ 1,007,855 |
| Home F | 1 | 5,000 | 5,000 | | $ 1,750,000 | $ 1,856,575 |
| Combined | 46 | 2,146 | 98,700 | 46 Units | $ 611,957 | $ 650,463 |
| | Units | Avg. SF | Total SF | 46 Sales | | |

| | | |
|---|---|---|
| Finished Unit Carry Cost | $0 | Per Unit Basis |
| HOA | $0 | in $Static / Month / Unit |
| Taxes | $0 | in $Static / Month / Unit |
| Insurance | $0 | in $Static / Month / Unit |
| Utilities | $0 | in $Static / Month / Unit |
| Warranty Reserve | $7,000 | in $Static / Month / Unit |

$7,000 in $Static / Sale - Blended Average

NOTES:
SF refers to Net Sellable SF (excludes common community areas and roads), so may not tie to total project acreage.
Assumes the Buyer pays for their own FF&E, developer does not pay for it up front and get reimbursed at closing.
Assumes there is an HOA formed and dues from the HOA support the future HOA Operations entirely with no profit or loss.
It is NOT assumed that the developer will pay a finished unit carry cost after opening of the enclave for each unit not yet closed "Finished Unit Carry" above.
This worksheet assumes no post opening operations costs, see Operations Proforma (Sch. H) for details as applicable.
Assumes NO USE of buyer deposits available to the General Construction Fund in lieu of equity or debt in the capital stack. All Deposits are Escrowed until Closing.
General Fund Usable Deposit Structure assumes 0% at contract, 0% at finished pad, 100% balance at closing.
Marketing is a blended rate, actual amount per unit or sale type may vary.

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# APPENDIX

# I | APPENDIX

## General Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this study reflects the most accurate and timely information possible: it is believed to be reliable. This study is based on estimates, assumptions and other information and creative solutions developed by Pico PRO, Inc. from our independent research effort, general knowledge of the industry and consultations with the Client and its representatives. No responsibility is assumed for inaccuracies in reporting by the Client, its agent and representatives.

No warranty or representation is made by Pico PRO, Inc. that any of the projected values or results contained in this study will actually be achieved. The final report shall become the property of the client. This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

# Economic Impacts

During the 2014/2015 cruise year[1] **cruise tourism generated $3.16 billion in direct expenditures, 75,050 jobs and $976 million in employee wages** among the 35 destinations included in the study (see **Table ES-2**).[2]

**Table ES-2 – Total Economic Contribution of Cruise Tourism by Destination, 2014/2015 Cruise Year**

| Destinations | Total Cruise Tourism Expenditures ($US Millions) | Total Employment | Total Employee Wage Income ($US Millions) |
|---|---|---|---|
| Antigua & Barbuda | $ 43.9 | 1,170 | $ 11.10 |
| Aruba | $ 71.9 | 1,716 | $ 29.20 |
| Bahamas | $ 373.1 | 7,954 | $ 138.50 |
| Barbados | $ 57.3 | 1,845 | $ 19.50 |
| Belize | $ 86.3 | 2,492 | $ 26.50 |
| Bonaire | $ 9.4 | 191 | $ 3.20 |
| British Virgin Islands | $ 26.2 | 465 | $ 8.70 |
| Cabo San Lucas | $ 22.4 | 587 | $ 3.90 |
| Cayman Islands | $ 207.6 | 4,454 | $ 87.00 |
| Colombia | $ 48.4 | 1,089 | $ 6.90 |
| Costa Maya | $ 27.6 | 726 | $ 4.50 |
| Costa Rica | $ 20.0 | 557 | $ 3.20 |
| Cozumel | $ 365.5 | 9,727 | $ 61.00 |
| Curacao | $ 51.0 | 903 | $ 16.70 |
| Dominica | $ 14.2 | 373 | $ 2.90 |
| Dominican Republic | $ 61.0 | 1,914 | $ 8.00 |
| Ensenada | $ 52.7 | 1,370 | $ 9.50 |
| Grenada | $ 12.2 | 342 | $ 2.30 |
| Guadeloupe | $ 38.2 | 724 | $ 6.10 |
| Guatemala | $ 5.6 | 183 | $ 0.80 |
| Honduras | $ 73.0 | 1,585 | $ 7.80 |
| Jamaica | $ 198.6 | 7,067 | $ 46.10 |
| Martinique | $ 22.7 | 453 | $ 3.70 |
| Mazatlan | $ 9.4 | 268 | $ 1.50 |
| Nicaragua | $ 2.9 | 141 | $ 0.40 |
| Progreso | $ 23.9 | 609 | $ 3.60 |
| Puerto Rico (San Juan) | $ 198.2 | 5,209 | $ 75.00 |
| Puerto Vallarta | $ 27.1 | 757 | $ 4.90 |
| St. Kitts & Nevis | $ 84.3 | 1,293 | $ 11.20 |
| St. Lucia | $ 57.2 | 1,422 | $ 11.70 |
| St. Maarten | $ 422.9 | 9,259 | $ 189.10 |
| Tobago | $ 2.7 | 124 | $ 1.50 |
| Trinidad | $ 0.6 | 30 | $ 0.40 |
| Turks and Caicos | $ 95.0 | 1,654 | $ 29.10 |
| U. S. Virgin Islands | $ 344.3 | 6,397 | $ 141.00 |
| **All Destinations** | **$3,157.5** | **75,050** | **$ 976.5** |

http://www.f-cca.com/downloads/2015-cruise-analysis-volume-1.pdf

**Table ES-3 – Passengers Onshore Visits and Expenditures by Destination, 2014/2015 Cruise Year**

| Destinations | Passenger Onshore Visits (Thousands) | Average Expenditure per Passenger | Total Passenger Expenditures ($US Millions) |
|---|---|---|---|
| Antigua & Barbuda | 527.6 | $ 64.88 | $ 34.2 |
| Aruba | 546.6 | $ 112.10 | $ 61.3 |
| Bahamas① | 2,940.0 | $ 82.83 | $ 243.5 |
| Barbados② | 554.4 | $ 78.03 | $ 43.3 |
| Belize | 867.6 | $ 77.87 | $ 67.6 |
| Bonaire | 146.7 | $ 54.22 | $ 8.0 |
| British Virgin Islands | 307.8 | $ 69.43 | $ 21.4 |
| Cabo San Lucas | 211.4 | $ 85.98 | $ 18.2 |
| Cayman Islands | 1,446.3 | $ 115.60 | $ 167.2 |
| Colombia② | 306.6 | $ 120.70 | $ 37.0 |
| Costa Maya | 361.7 | $ 61.47 | $ 22.2 |
| Costa Rica | 187.7 | $ 82.84 | $ 15.6 |
| Cozumel | 2,538.1 | $ 119.89 | $ 304.3 |
| Curacao | 476.7 | $ 77.55 | $ 37.0 |
| Dominica | 226.0 | $ 50.81 | $ 11.5 |
| Dominican Republic② | 480.6 | $ 66.41 | $ 31.9 |
| Ensenada | 610.7 | $ 65.10 | $ 39.8 |
| Grenada | 201.5 | $ 46.55 | $ 9.4 |
| Guadeloupe② | 308.2 | $ 90.06 | $ 27.8 |
| Guatemala | 73.4 | $ 63.62 | $ 4.7 |
| Honduras | 738.1 | $ 86.51 | $ 63.8 |
| Jamaica | 1,349.1 | $ 119.29 | $ 160.9 |
| Martinique② | 263.7 | $ 68.99 | $ 18.2 |
| Mazatlan | 109.4 | $ 64.85 | $ 7.1 |
| Nicaragua | 43.0 | $ 54.94 | $ 2.4 |
| Progreso | 289.4 | $ 57.88 | $ 16.8 |
| Puerto Rico (San Juan)② | 1,393.9 | $ 88.95 | $ 124.0 |
| Puerto Vallarta | 223.8 | $ 95.43 | $ 21.4 |
| St. Kitts & Nevis | 676.5 | $ 111.30 | $ 75.3 |
| St. Lucia | 603.2 | $ 78.44 | $ 47.3 |
| St. Maarten | 1,854.4 | $ 191.26 | $ 354.7 |
| Tobago | 30.9 | $ 74.18 | $ 2.3 |
| Trinidad | 10.8 | $ 42.58 | $ 0.5 |
| Turks and Caicos | 879.0 | $ 88.75 | $ 78.0 |
| U. S. Virgin Islands | 1,839.7 | $ 150.21 | $ 276.3 |
| **All Destinations** | **23,624.5** | **$103.83** | **$2,452.8** |

① Only includes passenger visits at Nassau and Freeport.

② Includes passengers aboard both port-of-call and homeport cruise ships.

**Table ES-4 – Average Passenger Expenditures by Category – All 35 Participating Destinations**

| Purchase Categories | Average Spend per Passenger ($US) | Share of All Onshore Visits① | Weighted Average Spend per Passenger | Total Passenger Expenditures ($US Millions) |
|---|---|---|---|---|
| Shore Excursions② | $ 43.99 | 53.0% | $ 23.33 | $ 551.2 |
| F&B at Restaurants & Bars | $ 15.90 | 50.4% | $ 8.01 | $ 189.3 |
| Clothing | $ 23.24 | 43.4% | $ 10.08 | $ 238.0 |
| Local Crafts & Souvenirs | $ 16.07 | 44.4% | $ 7.13 | $ 168.4 |
| Taxis/Ground Transportation | $ 15.36 | 23.7% | $ 3.64 | $ 85.9 |
| Watches & Jewelry | $ 187.64 | 19.8% | $ 37.11 | $ 876.6 |
| Other Purchases | $ 41.27 | 20.5% | $ 8.44 | $ 199.4 |
| Retail Purchases of Liquor | $ 20.78 | 10.8% | $ 2.25 | $ 53.1 |
| Perfumes & Cosmetics | $ 30.09 | 3.4% | $ 1.02 | $ 24.2 |
| Entertainment/Night Clubs | $ 33.92 | 1.5% | $ 0.51 | $ 12.0 |
| Lodging③ | $ 139.98 | 1.3% | $ 1.79 | $ 42.4 |
| Telephone & Internet | $ 10.48 | 1.4% | $ 0.15 | $ 3.4 |
| Electronics | $ 69.87 | 0.5% | $ 0.38 | $ 9.1 |
| **Total** | | | **$103.83** | **$2,452.8** |

① For the purposes of this table we have combined the expenditure data for both transit and homeport passengers. The expenditures of each group are analyzed separately elsewhere in this report.

② This is the effective average onshore expenditure and is a weighted average of the onshore purchases and the portion of the onboard and travel agent purchases paid to local tour operators. Actual reported average spending for shore excursions by source is as follows: cruise lines - $66.36 per passenger; travel agents/other - $57.71; and onshore tour operators - $28.85. The weighted average actual spend across all sources was $60.07.

③ Lodging expenditures only apply to those passengers who embarked on cruises in San Juan, Barbados, the Dominican Republic, Guadeloupe, Martinique and Cartagena. For purposes of this table the weighted average has been calculated across all passengers.

**Table 5 – Percentage of Transit Passengers Purchasing Shore Excursions by Destination**

| Destinations | Purchased a Tour | Purchased a Tour from | | | Did Not Purchase a Tour |
|---|---|---|---|---|---|
| | | Cruise Line | Onshore | Travel Agent /Other | |
| Antigua & Barbuda | 55.4% | 70.0% | 19.0% | 11.0% | 44.6% |
| Aruba | 54.5% | 71.0% | 19.0% | 10.0% | 45.5% |
| Bahamas | 53.1% | 81.0% | 11.0% | 8.0% | 46.9% |
| Barbados① | 46.1% | 84.0% | 3.0% | 13.0% | 53.9% |
| Belize | 68.7% | 72.0% | 17.0% | 11.0% | 31.3% |
| Bonaire | 56.7% | 62.0% | 28.0% | 10.0% | 43.3% |
| British Virgin Islands | 54.6% | 75.0% | 17.0% | 8.0% | 45.4% |
| Cabo San Lucas | 45.1% | 69.0% | 21.0% | 10.0% | 54.9% |
| Cayman Islands | 56.6% | 76.0% | 16.0% | 8.0% | 43.4% |
| Colombia① | 78.9% | 76.0% | 11.0% | 13.0% | 21.1% |
| Costa Maya | 32.5% | 80.0% | 7.0% | 13.0% | 67.5% |
| Costa Rica | 77.6% | 84.0% | 7.0% | 9.0% | 22.4% |
| Cozumel | 51.0% | 82.0% | 7.0% | 11.0% | 49.0% |
| Curacao | 50.7% | 59.0% | 31.0% | 10.0% | 49.3% |
| Dominica | 62.8% | 67.0% | 21.0% | 12.0% | 37.2% |
| Dominican Republic① | 45.2% | 88.0% | 3.0% | 9.0% | 54.8% |
| Ensenada | 47.3% | 65.0% | 24.0% | 11.0% | 52.7% |
| Grenada | 57.3% | 69.0% | 19.0% | 12.0% | 42.7% |
| Guadeloupe① | 66.2% | 76.0% | 6.0% | 18.0% | 33.8% |
| Guatemala | 68.5% | 86.0% | 6.0% | 8.0% | 31.5% |
| Honduras | 59.8% | 78.0% | 11.0% | 11.0% | 40.2% |
| Jamaica | 55.8% | 70.0% | 16.0% | 14.0% | 44.2% |
| Martinique① | 50.7% | 70.0% | 10.0% | 20.0% | 49.3% |
| Mazatlán | 53.7% | 71.0% | 17.0% | 12.0% | 46.3% |
| Nicaragua | 71.7% | 86.0% | 3.0% | 11.0% | 28.3% |
| Progreso | 54.4% | 72.0% | 21.0% | 7.0% | 45.6% |
| Puerto Rico (San Juan)① | 24.8% | 80.0% | 8.0% | 12.0% | 75.2% |
| Puerto Vallarta | 49.2% | 78.0% | 12.0% | 10.0% | 50.8% |
| St. Kitts & Nevis | 79.0% | 67.0% | 22.0% | 11.0% | 21.0% |
| St. Lucia | 67.1% | 66.0% | 22.0% | 12.0% | 32.9% |
| St. Maarten | 52.2% | 72.0% | 15.0% | 13.0% | 47.8% |
| Tobago | 81.8% | 69.0% | 9.0% | 22.0% | 18.2% |
| Trinidad | 60.2% | 75.0% | 12.0% | 13.0% | 39.8% |
| Turks and Caicos | 42.9% | 82.0% | 12.0% | 6.0% | 57.1% |
| U. S. Virgin Islands | 58.9% | 77.0% | 13.0% | 10.0% | 41.1% |
| **All Destinations①** | **55.5%** | **74.0%** | **14.0%** | **12.0%** | **44.5%** |

① Only includes passengers onboard cruise ships making transit calls.

**Table 6 – Average Per Passenger Purchase Price of a Shore Excursion by Sales Channel and Destination**

| Destinations | Average Price of Tour Purchased from | | | Local Effective Price of a Tour |
|---|---|---|---|---|
| | Cruise Line | Onshore | Other① | |
| Antigua & Barbuda | $ 67.29 | $ 29.26 | $ 58.51 | $ 43.52 |
| Aruba | $ 61.88 | $ 26.90 | $ 53.81 | $ 38.43 |
| Bahamas | $ 91.25 | $ 39.67 | $ 79.35 | $ 50.29 |
| Barbados② | $ 75.32 | $ 32.75 | $ 65.49 | $ 45.35 |
| Belize | $ 67.98 | $ 29.55 | $ 59.11 | $ 48.90 |
| Bonaire | $ 54.51 | $ 23.70 | $ 47.40 | $ 30.62 |
| British Virgin Islands | $ 72.90 | $ 31.70 | $ 63.39 | $ 42.77 |
| Cabo San Lucas | $ 73.61 | $ 32.00 | $ 64.01 | $ 53.19 |
| Cayman Islands | $ 56.99 | $ 25.77 | $ 49.56 | $ 32.69 |
| Colombia② | $ 56.26 | $ 24.46 | $ 48.92 | $ 42.38 |
| Costa Maya | $ 85.21 | $ 37.05 | $ 74.09 | $ 34.80 |
| Costa Rica | $ 139.34 | $ 60.58 | $ 121.17 | $ 57.81 |
| Cozumel | $ 76.11 | $ 33.09 | $ 66.19 | $ 41.53 |
| Curacao | $ 59.53 | $ 26.92 | $ 51.77 | $ 40.24 |
| Dominica | $ 61.77 | $ 27.93 | $ 53.72 | $ 42.81 |
| Dominican Republic② | $ 87.75 | $ 39.68 | $ 76.30 | $ 48.02 |
| Ensenada | $ 53.64 | $ 24.26 | $ 46.65 | $ 32.72 |
| Grenada | $ 52.76 | $ 23.85 | $ 45.87 | $ 30.19 |
| Guadeloupe② | $ 125.52 | $ 56.75 | $ 109.14 | $ 80.08 |
| Guatemala | $ 85.42 | $ 38.63 | $ 74.28 | $ 46.02 |
| Honduras | $ 62.41 | $ 28.22 | $ 54.27 | $ 38.81 |
| Jamaica | $ 75.18 | $ 34.00 | $ 65.38 | $ 45.42 |
| Martinique② | $ 75.33 | $ 34.06 | $ 65.50 | $ 50.54 |
| Mazatlán | $ 55.85 | $ 25.25 | $ 48.57 | $ 34.67 |
| Nicaragua | $ 80.51 | $ 36.41 | $ 70.01 | $ 51.46 |
| Progreso | $ 58.65 | $ 26.52 | $ 51.00 | $ 31.65 |
| Puerto Rico (San Juan)② | $ 75.94 | $ 34.34 | $ 66.03 | $ 41.26 |
| Puerto Vallarta | $ 73.63 | $ 33.29 | $ 64.03 | $ 40.08 |
| St. Kitts & Nevis | $ 73.40 | $ 33.19 | $ 63.83 | $ 53.25 |
| St. Lucia | $ 76.18 | $ 34.45 | $ 66.24 | $ 44.19 |
| St. Maarten | $ 66.60 | $ 30.11 | $ 57.91 | $ 41.06 |
| Tobago | $ 76.40 | $ 34.55 | $ 66.43 | $ 56.32 |
| Trinidad | $ 68.31 | $ 30.89 | $ 59.40 | $ 40.57 |
| Turks and Caicos | $ 64.03 | $ 28.95 | $ 55.67 | $ 37.66 |
| U. S. Virgin Islands | $ 71.41 | $ 32.29 | $ 62.10 | $ 36.33 |
| All Destinations① | $ 66.36 | $28.85 | $ 57.71 | $43.65 |

① Includes purchases made through travel agents and purchases made through an unspecified channel.
② Only includes passengers onboard cruise ships making transit calls.

**Table 6** shows the average per passenger price of a shore excursion by sales channel. As clearly shown in the table the price paid for a shore excursion is significantly lower for onshore purchases compared to those purchased through the cruise line or another channel. One needs to be careful in interpreting these data. These are average prices paid as reported by responding cruise pas-sengers. While we can conclude that the cost of a typical tour purchased onshore cost less than the typical tour purchased onboard a cruise ship, we cannot conclude anything about the differ-ential in the cost of identical tours across sales channels. We just do not know what the mix of tours is in each channel. It is highly likely that higher value tours are purchased on a cruise ship relative to those purchased on shore.

To estimate the local effective price of a shore excursion, data was collected from the cruise lines on the payments made to local tour operators for cruises purchased onboard their ships. These data indicated that the cruise lines paid between 60 percent and 80 percent of the price paid by passengers to the local tour operators. When averaged across all lines and all destinations, the average price paid by passengers for shore excursions purchased from cruise lines and travel agents was discounted by approximately 30 percent when calculating the local effective price. The discounts varied slightly across destinations but the destination-specific discounts ranged between 25 and 45 percent with the discount in most destinations ranging between 25 percent and 35 percent. The purchase made directly from onshore operators was not discounted at all.

Thus on average local tour operators received an average of $ 43.65 for tours purchased by transit passengers. This figure is 51 percent higher than the average price paid directly to a tour operator and 34 percent lower than the average price received by the cruise lines. The effective local price for a shore excursion ranged from a low of $30.19 in Grenada to a high of $80.08 in Guadeloupe. In addition to Guadeloupe, seven destinations, Costa Rica ($57.81), Tobago ($56.32), St. Kitts & Nevis ($53.25), Cabo San Lucas ($53.19), Nicaragua ($51.46), Martinique ($50.54) and the Ba- hamas ($50.29), had effective local prices in excess of $50 per passenger while seven destina- tions, Costa Maya ($34.80), Mazatlán ($34.67), Ensenada ($32.72), the Cayman Island ($32.69), Progreso ($31.65) and Bonaire ($30.62), in addition to Grenada had effective local prices less than $30 per passenger.

**Table B-6 – How many hours did you spend ashore during your cruise call in "destination" today?**

| Destinations | Mean Hours | Rank | 1-2 | 3-4 | 5-6 | 7+ |
|---|---|---|---|---|---|---|
| Costa Rica | 5.56 | 1 | 10% | 20% | 36% | 34% |
| Guadeloupe | 5.23 | 2 | 8% | 25% | 42% | 25% |
| Puerto Vallarta | 4.98 | 3 | 13% | 28% | 39% | 20% |
| Nicaragua | 4.90 | 4 | 15% | 29% | 33% | 23% |
| Cozumel | 4.77 | 5 | 13% | 33% | 34% | 20% |
| Tobago | 4.77 | 6 | 12% | 31% | 41% | 16% |
| Guatemala | 4.72 | 7 | 27% | 18% | 29% | 26% |
| Bahamas | 4.72 | 8 | 13% | 36% | 36% | 15% |
| St. Maarten | 4.68 | 9 | 11% | 37% | 37% | 15% |
| Belize | 4.60 | 10 | 17% | 32% | 34% | 17% |
| Aruba | 4.57 | 11 | 12% | 38% | 37% | 13% |
| Progreso | 4.51 | 12 | 20% | 27% | 36% | 17% |
| Mazatlán | 4.47 | 13 | 12% | 39% | 38% | 11% |
| St. Lucia | 4.46 | 14 | 19% | 34% | 31% | 16% |
| St. Kitts and Nevis | 4.46 | 15 | 13% | 38% | 40% | 9% |
| Honduras | 4.40 | 16 | 16% | 36% | 38% | 10% |
| Puerto Rico (San Juan) | 4.33 | 17 | 16% | 44% | 28% | 12% |
| Jamaica | 4.32 | 18 | 21% | 34% | 31% | 14% |
| Barbados | 4.32 | 19 | 14% | 42% | 37% | 7% |
| U.S. Virgin Islands | 4.31 | 20 | 14% | 43% | 33% | 10% |
| Martinique | 4.27 | 21 | 20% | 37% | 28% | 15% |
| Curacao | 4.27 | 22 | 11% | 49% | 32% | 8% |
| Antigua | 4.11 | 23 | 20% | 38% | 33% | 9% |
| British Virgin Islands | 4.08 | 24 | 16% | 45% | 34% | 5% |
| Grenada | 4.07 | 25 | 20% | 41% | 31% | 8% |
| Turks and Caicos | 4.00 | 26 | 16% | 50% | 29% | 5% |
| Cayman Islands | 4.00 | 27 | 16% | 49% | 31% | 4% |
| Colombia | 3.99 | 28 | 11% | 61% | 25% | 3% |
| Trinidad | 3.99 | 29 | 18% | 45% | 34% | 3% |
| Bonaire | 3.84 | 30 | 22% | 45% | 27% | 6% |
| Costa Maya | 3.75 | 31 | 27% | 40% | 26% | 7% |
| Ensenada | 3.75 | 32 | 28% | 39% | 28% | 5% |
| Dominican Republic | 3.75 | 33 | 26% | 43% | 27% | 4% |
| Dominica | 3.73 | 34 | 27% | 40% | 27% | 6% |
| Cabo San Lucas | 3.67 | 35 | 22% | 53% | 24% | 1% |
| All Destinations | 4.38 | | 17% | 39% | 33% | 11% |
| Eastern Caribbean | 4.37 | | 16% | 41% | 33% | 10% |
| Western Caribbean | 4.62 | | 16% | 34% | 32% | 18% |
| Southern Caribbean | 4.22 | | 17% | 41% | 32% | 10% |
| Mexico | 4.34 | | 18% | 37% | 33% | 12% |