

Summary of Terms

We are pleased that you are considering making an investment in Temenos Villas, LLC, which is the sole member of Temenos Realty, LLC, the owner of the famous Sand, Sea, and Sky Villas in Long Bay. A general outline of the proposed terms is as follows:

The Temenos Villas – Sand, Sea, and Sky

- The Villas are recognized as one of the finest vacation resorts in the Caribbean, with stellar service and accommodations.
- The Sand Villa has five master bedrooms, while the Sea and Sky Villas each have four master bedrooms. Each bedroom accommodates two adults.
- All of the Villas have approximately 6,500-7,000 square feet of living area under air conditioning, along with spacious deck areas and pools. In addition, there is a separate spa, kitchen, and administrative building and beachside dining pavilion located adjacent to the Villas.

Investment Terms

- An investor's interest will entitle him or her to, among other rights, the right to use one of the Villas for a total of three (3) weeks per year (one week per season of each year; provided that a second week may be taken in a season if available, in lieu of a week in one of the other seasons). Each year will consist of ten months allocated among three seasons: winter (November 1st of each year through January 31st of the following year), spring (February 1st of each year through April 30th of each year) and summer (May 1st of each year through August 31st of each year). Priority for weeks and Villas per season of each year will be decided by a lottery system to be done every two years, and selection within each the first year shall be on the basis of lowest lottery number to highest and shall reverse in the second year. This is applicable to all three seasons in a year.
- Usage will be without charge except for a la carte services, such as food, laundry, etc., and 10% service charge for each week of use. The 10% accommodation tax has been waived for each investor's three weeks of usage.
- An investor will be entitled to his share of net operating income and will be responsible for his share of net operating loss on an annual basis. To the extent the Company has excess cash, it will be distributed, and to the extent it requires additional funding, investors will be required to make additional capital contributions in cash. Beyond the 30 weeks allocated for the use of investors each year, it is intended that the Villas will be rented out to third parties at market rates, except during September and October, when they are generally expected to be closed for annual maintenance and repair.
- The Manager of the Company is Flag Temenos, LLC, an affiliate of the current owner, which shall have the right to contract with an appropriate management company for the day-to-

day operations of the Villas. The Manager will be entitled to a \$100,000 annual management fee and may be removed for cause.

- Interests may be transferred, subject to, among other conditions, the requirements of law, to creditworthy and responsible parties.

- While the Company will have no mortgage or other debt, in the future, loan(s) may be incurred by the Company without the consent of investors.

- The Villas receive the benefits of a Memorandum of Agreement with the Government of Anguilla, including waiver in perpetuity of the 12.5% Alien Land Holding License fee.

- To become a member of Temenos Villas, LLC, investors may need to qualify with the Government of Anguilla under a regulation designed to protect Anguilla against inappropriate owners. A resale of an investor's interest may be subject to the same procedure and may be subject to a 5% stamp tax.