

**From:** wmckenz@attglobal.net  
**Sent:** Monday, January 09, 2006 5:45 AM  
**To:** Peter Allard  
**Subject:** report from Saturday

Met with Michael Berry of Glen Huron Bank and his wife Martha . Ted Hawken. Discussion of political situation and deteriorating credit rating of Barbados. Hilton project cost \$300MM of which \$100M was paid to consultants etc. etc. Yesterday S&P downgraded from BBB+ to BBB. Dairy Meadows land (Norwood( Cox and Shorey bought for a million and rezoned in a week then sold for \$23M to Sandy Lane people).Deutsch Bank loan \$125M in New York recently.

Met with John and Jane. Discussed his letter and shareholder meeting resulting in call from Cox. Discussed settlement. They will take \$25M cash or if longer term @ \$5-8 per square foot which for 43560square feet for 1000 acres is say \$220M-\$350M. and that is what they want.

Ted Hawken and I Met with Richard Cox and his son Gerald at Champers. The brought a chart of costs and losses which they allege in terms of opportunity costs which they did not show us but told us that it was negative \$8M. They mentioned they had assigned \$60M to the value of the lands in this calculation.Richard told stories of inane things done by Jane which alienated the Barbados establishment. Richard was armed with the usual arguments: we won, will get costs award leading to charge against shares after they knock out Peter's security on the shares. Will go after Peter for Champerty and Maintenance. Will fight as long as it takes etc. Other shareholders and Richard have a claim against Madge for lost profit and opportunity cost. All permissions lost. Madge is dreaming. SBG offer was for 2,4000 acres and this is only a part and the lesser value part. They want Madge to hand over her shares with releases all around.

We discussed that the prospect of writing a small cheque- either way- was not going to settle so we had to look for a win-win scenario. Discussed staying as partners with releases all around for the past. We would expect full disclosure and that the audit would be completed. Discussed selling Spion Kop being sold to Peter at a generous price to raise cash to pay off Classic/Cox for what they have paid out and then going forward on a full disclosure basis with Peter/Knox as 1/7 shareholders or giving up shares and taking paper secured by mortgage. Cox was not receptive. Cox repeated he did not want to lay all his cards on the table. Cox told me twice he has never met the Prime Minister and has no idea why I would want Richard Shorey to come in after I told him I had sent a fax to Shorey to enlist his help.

Called Richard later and he went over the same arguments and that he wants 100% control so he can do the things he wants. Will pay BBD\$1.43M to Peter. I felt I could get more if I pushed him.

Called Jane and updated here and we will discuss next tactical steps.

Email today to Richard Cox: "Thank you for the opportunity to meet with you and your son and have the opportunity to have a candid, off the record, and without prejudice communication which allowed us to explore many options. While we did not come to a resolution I think we did open up some things to think about including Ted Hawken's suggestion, which will hopefully help you and Mrs. Knox reach a settlement before the adversarial process continues too much further."

Bill