

Supplemental information, Eleuthera Bahamas

Eleuthera

Long and slender, this most historic of the Out Islands (the first English settlers arrived here in 1648) is actually a string of islands that includes Spanish Wells, Royal Island and Harbour Island, a chic destination. The length of the island (177km/110 miles) and the distances between Eleuthera's communities require access via three airports. The island lies about 97km (60 miles) west of Nassau; frequent flights connect the two. Eleuthera is similar to Abaco, and visitors are drawn to the miles of barrier reef and fabulous, secluded beaches.

The Bahamas - A Paradise For Investment.

Few places in the world compare with The Bahamas as a paradise for investment opportunity. A strategic location in the Western Hemisphere, a sophisticated business infrastructure and highly focused development and incentive programs combine to create a fertile investment climate in an island nation that is truly a paradise in every sense.

A Climate For Business and Investment

The Bahamas offers a variety of unique characteristics that make it an ideal climate for business investment, growth and evolution.

Tax Neutrality

One of the most significant advantages is the country's tax free status on income. Capital gains, corporate earnings, personal income, sales, inheritance or dividends are tax exempt – a freedom that extends to all resident corporations, partnerships, individuals and trusts.

Stable Currency

Pro-business legislation is also in place to provide incentives for investors to take advantage of the country's business opportunities. Investment incentives extend the benefits of tax freedom to encompass relief from customs duties on approved raw materials, equipment and building supplies, as well as allowing exemptions from real property taxes for up to 20 years.

National Investment Policy

The Government of the Commonwealth of The Bahamas is committed to building an economic environment in which free enterprise can flourish; where the Government assumes its proper role as regulator and facilitator of economic development; where the ideals of transparency, fair play and equality of treatment are paramount; and a policy that maintains a stable society in which all people are afforded the opportunity to realize their maximum potential. In this regard, the National Investment Policy is designed to support an investment friendly climate; it guarantees the complementarity of Bahamian and overseas investments; fosters appropriate linkages with all sectors of the economy, in particular, the tourism and financial services sectors; encourages the exploitation of our natural resources in an environmentally sound and sustainable manner; provides for the maximum level of employment, guarantees an acceptable level of economic security and generally fosters the economic growth and development of The Bahamas.

International Investors

Overseas investors may acquire residential properties in The Bahamas of up to five acres without prior government approval. Such acquisitions are required to be registered in accordance with the International Persons Landholding Act.

The National Economic Council (NEC) is headed by the Prime Minister and responsible for management of the National Investment Policy. This policy is designed to support an investment friendly environment for both Bahamian and international investors. The operational activities of NEC are carried out by The Bahamas Investment Authority (BIA), a unit of the Office of the Prime Minister. www.opm.gov.bs

International investors seeking to do business in The Bahamas should submit project proposals to the BIA. Capital investments must be at a minimum of \$250,000. There are specific areas targeted for international investment and/or joint ventures with Bahamian participation, while a number of areas are reserved for Bahamians. Investors should be guided by the National Investment Policy, copies of which are available at The Bahamas Investment Authority: www.investbahamas.org.

Bahamas Government Requirements

Non-Bahamian Purchasers

The International Persons Landholding Act, 1993, provides for the sale of real property in The Bahamas to non-Bahamians. Permits are required by non-Bahamians, as provided under the International Persons Landholding Act, if:

- The property being purchased is greater than 5 acres.
- The intention is to rent out all or a portion of the property.
- The property being purchased is for commercial development.

Non-Bahamians who buy property for which a permit is not required must still register their purchase with the Foreign Investment Board after-the-fact.

Non-Bahamians are not required to obtain permits for leases or register leases unless they are for trade or business purposes or the terms exceed 21 years.

Certificate of registration or permit must be recorded at the Registrar General's Department along with title documents. For more details and application forms visit www.investbahamas.org.

Non-Bahamians should also register their investment with the Exchange Control Department of the Central Bank of The Bahamas to ensure that upon resale they will be able to repatriate the net proceeds of the sale in the currency of the original investment, e.g. U.S. Dollars. www.centralbankbahamas.com

Investment guidelines

Since the Bahamas is a small multi-island nation, the government recognizes the dual need for foreign capital investment and the development of its own people; therefore, the following sectors of the economy have been promoted for foreign investors and reserved for Bahamians:

Areas targeted for overseas investors

Tourist resorts - Upscale condominium, timeshare and second-home development
International business centers - Marinas - Information/data processing - Assembly industries
Hi-tech services - Ship registration, repair and other ship services - Light manufacturing for export
Agro-industries - Food processing - Mariculture - Banking and other financial services
Captive insurance - Aircraft services - Pharmaceutical manufacture - Offshore medical centers

Areas reserved for Bahamians

Wholesale and retail operations - Commission agencies engaged in the import/export trade
Real estate and domestic property management agencies - Domestic newspaper and magazine publications
Domestic advertising and public relations firms - Security services - Public transportation
Nightclubs and restaurants, except specialty, gourmet and ethnic restaurants, and restaurants operating in a hotel, resort complex or tourist attraction
Domestic distribution of building supplies - Auto and appliance service operations
Construction companies, except for special structures for which international expertise is required
Personal cosmetic/beauty establishment - Shallow water scale fish, crustacea, mollusks and sponge-fishing operations

While these lists outline areas for international investors, they are not comprehensive. Investors interested in areas that are unlisted should consult with the Bahamas Investment Authority for more information. The government encourages joint ventures with Bahamian partners.

Developers Eyeing Eleuthera

20th September, The Bahamas Journal

The Bahama
Journal

Heads of agreements are being hammered out between the government and the Meritage Hospitality Group for two projects on the island of Eleuthera, and the chief executive officer of the group claims to be encouraged by the government's response thus far.

Senior officials from the Ministry of Financial Services and Investments reiterated on Tuesday that the government does not comment on negotiations for heads of agreements until those negotiations are complete.

Meritage CEO Robert Schermer told the Journal a bit about the proposed projects, though he added that until those heads of agreements are finished and signed, the group's plans are "all conjecture."

"What we have done is we have presented to the government a plan and what we desire, and what we need in terms of entitlement and we are just working through the process. The heads of agreement is a process and it takes time," Mr. Schermer said.

"We have gone forth and presented the Environmental Impact (Assessment) and (environmental) mitigation (measures) and spent a lot of time and energy in the work-up of the presentation."

Meritage has a parcel of land under contract in the settlement of Rock Sound, Eleuthera. This is the property described in a press release issued weeks ago by Meritage, and would reportedly be developed into a small, 78-unit, extended stay condominium hotel.

Asked whether his group was encouraged by the government's response to MHG's overtures, Mr. Schermer was positive, but he added that had it not been for SEC (Securities and Exchange Commission) rules forcing him to disclose material opportunities that arise in his business, he would have kept it quiet until the heads of agreement is concluded.

The Journal has learned that Meritage would also like to acquire a larger property that would complement the condo-tel. This larger property, which would cover more than 800 acres around Lighthouse Point at the southern tip of Eleuthera, would be a luxury mixed-use resort destination.

Plans for this second property, as outlined in the press release issued in August, include two ultra-luxury condominium hotels, a marina, golf course and oceanfront estate lots.

In the August 17 release, Mr. Schermer said, "From my perspective, the 'rational rich baby boomers are looking for upscale, unique experiences two flights from home. Eleuthera today is like Hawaii was 35 years ago – with world class scuba diving, sport fishing, and beaches all in a pristine ecological environment which is vigorously protected."

Mr. Schermer was reluctant to elaborate on his group's plans for either project, noting that he has seen too many announcements about "grandiose plans that never come to fruition."

Meritage is one of the United States' largest franchise operators, currently operating 53 restaurants in two brands; Wendy's and O'Charley's. Headquartered in Grand Rapids, Michigan, Meritage has approximately 2,000 employees.

Where to Go Next: Eleuthera

**TRAVEL
+LEISURE**

From January 2006, Travel and Leisure Magazine

It's hard to imagine how it could happen, but a beach resort in the southern Atlantic once renowned for its picture-perfect white and pink sands somehow dropped off the traveler's map. In 1959, when Juan Trippe, founder of Pan American Airways, opened his exclusive Cotton Bay Club on Eleuthera, the 110-mile-long by 2-mile-wide Bahamian island quickly became a playground for wealthy Americans. Then hurricane damage and the demise of Pan Am sent the elite elsewhere, and investors set their sights on nearby Harbour Island and the Exumas. Slowly but surely, however, Eleuthera is rebounding. Last year, Continental added new flights to the island from Miami and Fort Lauderdale. The venerable Cove resort has recently been transformed into a stylish retreat, and a hotel at the center of a real estate development called Pineapple Fields is now accepting guests. And by the end of the year, Eleuthera will see the debut of several small luxury hotels, plus Starwood's 1,500-acre Cotton Bay Villas. This upscale, ecologically sensitive resort, owned by Bahamian locals, will leave the landscape of kamalame trees and pigeon plums largely untouched, and its beach will be the domain of only the lucky few. **The Cove** 800/ 552-5960; www.thecoveeleuthera.com; *doubles from \$195*. **Pineapple Fields** 877/ 677-9539; www.pineapplefields.com; *one-bedroom rentals from \$195*.

Hospitality Development on Eleuthera

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GRAND RAPIDS, MI -- (MARKET WIRE) -- August 17, 2006 -- Meritage Hospitality Group Inc. (AMEX: MHG), one of the nation's premier franchise operators, today announced plans to engage in the development and sale of a condominium hotel on waterfront property on the island of Eleuthera in the Bahamas. Meritage has tentatively agreed to acquire several acres of waterfront property on the island of Eleuthera, and has entered into a letter of intent with Tecton Hospitality, a hotel management company based in Miami, Florida, to operate a planned 78-unit national brand extended stay condominium hotel. Meritage anticipates that it will pre-sell condominium hotel investment units through Marcus & Millichap, a real estate investment brokerage company headquartered in New York City.

Robert E. Schermer, Jr., Meritage's Chief Executive Officer, stated, "We are excited about our development opportunities on Eleuthera -- one of the most pristine and unique islands in the Bahamas. I see this as a natural extension of our previous hotel and marina dockominium development experience, combined with our real estate development and sales experience in our current business." Meritage expects to utilize its existing relationships with its contractors and development teams which have assisted the Company build over thirty-five retail properties during the past seven years and which have experience in similar developments. Condominium and investment real estate would be pre-sold through Marcus & Millichap in the United States and through local Bahamian brokers. The Company is also evaluating development, sales and marketing participation in a large upscale leisure and lifestyle-oriented planned residential resort opportunity on Eleuthera, which plans include two ultra-luxury condominium hotels, a marina, golf course and oceanfront estate lots. Mr. Schermer added, "From my perspective, the 'rational rich' baby boomers are looking for upscale, unique experiences two flights from home. Eleuthera today is like Hawaii was 35 years ago -- with world class scuba diving, sport fishing, and beaches all in a pristine ecological environment which is vigorously protected."

Meritage is one of the nation's premier franchise operators, currently operating 53 restaurants in two brands; Wendy's in the QSR Segment and O'Charley's in the Casual Dining Segment. Headquartered in Grand Rapids, Michigan, Meritage has approximately 2,000 employees.

Another Resort Project For Eleuthera

21st April 2006, Bahamas Journal By Candia Dames



Eleuthera is now experiencing the beginning of a "new economy", Prime Minister Perry Christie declared at the Cabinet Office late yesterday just before witnessing the signing of another multimillion-dollar tourism project for that island.

This time, the site will be Governor's Harbour.

The Sky Beach Club will be located on 22-acres of lush Eleuthera hillside land and will encompass an exclusive residential vacation community that offers every service and amenity to meet the discriminating tastes of owners and guests who are accustomed to the best resorts in the world, according to the American developers.

The development will be much smaller than many of the projects announced by the Christie Administration since it came to office, but the prime minister noted that it will have its place in helping in the revival of Eleuthera's economy.

The Sky Beach Club will consist of 35 homes and three bungalows and the developers said it will be "extremely private and exclusive".

"The fundamental concept of the development partners is to control every aspect of the management and maintenance of the homes and the club's amenities," the developers said in a statement handed out to reporters.

"This will assure that the property gets developed as intended."

They also assured that many job opportunities for local Eleutherans will be created at the resort. In addition to construction jobs, the other job opportunities will include on-site management, clerks, accounting, general maintenance, landscaping, housekeeping, cooking, food serving, bartending, security and concierge.

Tim Reardon, president and director of the development group, indicated that the developers were anxious to get started and Prime Minister Christie said he hoped to be attending a groundbreaking ceremony within 60 days.

"Our initial phase is going to include all the infrastructure, which includes the clubhouse and the pool and along with seven houses it's going to total about a \$15 million initial investment and over the next couple of years that amount will build to some \$60 million," Mr. Reardon said just before signing the agreement.

The prime minister, meanwhile, said Eleuthera is being positioned to be an all around five-start destination.

"The significance of that is that it will now attract its people to Eleuthera and that process of stabilization that is going on [will mean] the people who had to leave Eleuthera in the recent past, the last five years, looking for employment, having to board up some of their homes, are now able to go back knowing that they have an economy that they can participate in," said Mr. Christie, who also urged the developers to play a meaningful role in training more Bahamians to become skilled.

The property will include, in addition to the luxury bungalows, clubhouse and private residences, all the necessary utilities and physical infrastructure to provide utility services throughout the development, said Vincent Peet, minister of financial services and investments.

"All with the ongoing projects and those that have not yet commenced, this project falls in line with the government's desire to see this island of diverse experiences benefit from a carefully planned mix of major resort communities and boutique projects, all together creating the type of critical mass and excitement that the island is able to support," Minister Peet said.

He announced that it is expected that the total estimated GDP impact of the development, taking into consideration investment by the developer and construction by homeowners, would be \$50 million.

Economic assessments further indicate that as a result of construction activities and operation of this development, cumulative GDP impact in a 15 to 20 year period will be \$129 million and contribution to revenue will be over \$44 million, the minister said.

Additionally, it is estimated that this development will stimulate cumulative visitor spending of \$286 million over the same time period.

"These economic estimates are even more meaningful when one considers that this development is just one of a number of projects that will re-launch Eleuthera as a travel destination of choice," Minister Peet said.

The developers have committed to employ 278 Bahamians in construction and up to 80 on a permanent basis, some of whom will be included in an on-the-job training and apprenticeship programme.

"There will also be opportunities for Eleutherans to participate as contractors and artisans in the construction and in the economic expansion that will be brought on by this project, through various entrepreneurial ventures," Minister Peet added.

House Speaker Oswald Ingraham, who is also the member of parliament for South Eleuthera, agreed that he was probably the happiest man in the Cabinet Office in downtown Nassau yesterday and he thanked the developers for bringing their project to Eleuthera.

First Jack Nicklaus Golf Club to Debut at Royal Island



Jack Nicklaus partners with Roger Staubach to Create Elite Course on Private Island in the Bahamas

DALLAS, Texas, and NORTH PALM BEACH, Fla. (10/10/2006)-- Cypress Equities, developer of Royal Island in the Bahamas, announced today that Jack Nicklaus and Nicklaus Design, the world's leading golf course design firm, have selected Royal Island as the site for the first Jack Nicklaus Golf Club.

Royal Island is a 440-acre uninhabited island situated approximately 190 miles east of Miami near Harbor Island and Eleuthera Island. Cypress Equities, the development affiliate of The Staubach Company, which is the global real estate advisory firm founded in 1977 by NFL Hall-of-Fame quarterback Roger Staubach, announced in May of this year its purchase of Royal Island and plans to develop an ultra-luxury resort and private club residential community. As an exclusive community with private residences and club, 300-slip marina and boutique hotel and spa, the island will become the premier destination in the Bahamas.

Although the centerpiece to this community will be a Jack Nicklaus Signature Golf Course, one of the unique and differentiating aspects to Royal Island will be its status as the first Jack Nicklaus Golf Club.

The Jack Nicklaus Golf Club was created as an exclusive access and reciprocity program for a limited number of elite Jack Nicklaus Signature Golf Courses located in ideal markets around the world. Royal Island will be the first of only 25 participating clubs worldwide selected by Jack Nicklaus and given this special designation.

Never before has a club been branded with the Jack Nicklaus name, and as part of this unique license, Royal Island will be able to leverage this exclusive advantage in marketing its real estate, golf memberships and resort amenities. The Club can also offer Founder Members reciprocity at other Jack Nicklaus Golf Clubs, as well as access to a Nicklaus Home established on each property for use by Jack Nicklaus, his family and other JNGC Founder Members worldwide.

Locations for future Jack Nicklaus Golf Clubs will include some of the world's most sought-after markets and destinations, and will likely encompass five continents and as many as 18 different countries.

"Royal Island is Cypress Equities' first resort development so we are thrilled to be selected by Jack's team for the first Jack Nicklaus Golf Club," said Roger Staubach, Chairman and CEO of The Staubach Company.

"They are, without question, the top golf course designers in the world and we are happy to provide them with an ideal location--a beautiful jewel of an island in The Bahamas--for this exciting golf course concept. Personally, I am excited about teaming with Jack Nicklaus. I have long been an admirer of his achievements both on and off the golf course, and look forward to working side-by-side with him to create a resort of unparalleled quality and distinction."

As an exclusive real estate development, Royal Island will incorporate the unmatched beauty of the island including rocky cliffs, breath-taking beaches and spectacular ocean views. The residential portion will include single-family estate sites tucked into private enclaves, all with ocean views. The 18-hole Signature Golf Course will be designed as a "core" golf experience; most of the holes will offer unrestricted views of the ocean. The development will also include a private clubhouse, and luxury, 80-key boutique resort hotel with deluxe spa and both fine-dining and casual restaurants. As one of the few islands with a natural, deep-water harbor, Royal Island will also include a marina able to accommodate yachts ranging from 20 to over 200 feet in length. A village center of retail shops and amenities will provide the social hub for the island community.

"Our family has fished in the Eleuthera area for many years, and it is one of my favorite parts of the Bahamas to visit," Nicklaus said. "The actual island that makes up nearby Royal Island is beautiful, highlighted by a great natural harbor. The island is well protected, and its location is ideal. It is private, almost secluded, yet there is an airport in Eleuthera just a few minutes' boat ride away. So there exists a perfect combination of privacy and convenience.

"The property on which we will do the golf course provides great vistas, and is a wonderful natural canvas that gives us the opportunity to do a very nice golf course and a centerpiece for a truly special project."

Construction on the Royal Island marina is anticipated to start in early 2007. Construction will begin on the golf course, as well as the hotel and homes, by mid-2007.

"For me, personally, I am very much looking forward to the opportunity to work with a man I have admired and respected for many years, and someone I have considered a friend for many years--Roger Staubach," Nicklaus said. "During his NFL career, I admired Roger for the kind of athlete, leader and role model he was. I have also admired Roger for how he has taken his leadership abilities, applied them in the business world, and has enjoyed an enormous amount of success. We have never had the opportunity to work together on something, and now, with Royal Island, I am not only fortunate to design the golf course but we get to partner in the project. I think we are going to have a great deal of fun and hopefully produce something very special for people to enjoy for many years to come. To be a part of a partnership that will bring to life Royal Island and the first Jack Nicklaus Golf Club in the Bahamas is significant to our organization, and certainly to me."

Eleuthera Chosen For Park Hyatt's First Caribbean Resort

2006-05-10 Bahamas Journal

The Bahama
Journal

ELEUTHERA, BAHAMAS (May 2006) – Eleuthera has been selected as the first location for Global Hyatt Corporation's Park Hyatt brand in the Caribbean and the Bahamas. The island – dubbed “the other Bahamas” for its unbridled beauty, world-famous pink sand beaches, and remoteness 240 miles southeast of Miami – will embark on a development plan by EIC Resorts, which just signed a letter of intent with Global Hyatt Corporation to operate the luxury boutique hotel and resort amenities.

EIC's development project capitalizes on the Bahamas' new residential and longtime tourism wave with French Leave Resort, featuring the Park Hyatt hotel, and Savannah Hill, an upscale residential community. In total, the development project will stretch a combined 356 acres. The two properties are formed by EIC's strategic acquisition of contiguous land adjacent to the resort on Eleuthera for development of additional resort residences, a marina village and restaurants. EIC retained distinguished architects, Bernardo Fort-Brescia of world-renowned Arquitectonica, and Cesar Molina to lead the designs of the property. Seasoned hotelier Paul D. Thompson, the former Managing Director of the Exclusive Lyford Cay Club in Nassau for the last 24 years, has been selected by EIC to oversee all resort operations. Thompson brings a wealth of related experience and an intimate understanding of the service level required and expectations for a five star resort. His standards of excellence previously awarded him the Cacique Award for “Hotelier of the Year” in 2004 from the Bahamas Hotel Association and Ministry of Tourism.

An Exclusive Resort Community Real Estate is no exception to the travel industry's tagline “It's Better in the Bahamas.” Boasting characteristics such as tax neutrality, steady currency, and political stability, the Bahamas provides the opportunity to purchase a piece of paradise in one of the fastest growing markets for second-home buyers. French Leave offers pre-construction single-family oceanfront home sites and villas, and boutique luxury Park Hyatt condominium hotel residences with a pool area, restaurant and full-service spa. This will mark the first Caribbean location for the Park Hyatt brand, known worldwide amongst discerning travelers for its distinctive services and international flair. The more exclusive purchase opportunity is at Savannah Hill, with up to 10 estate lots, cottages and invitation-only memberships. Privately owned since 1950, Savannah Hill has rarely been seen by the locals, and is one of the most scenic locations in all the Bahamas. In addition, new marinas will service luxury yachts and sport fishing boats at both Governor's Harbour on the Caribbean Sea and at Savannah Hill on the Atlantic side of the island. Both will provide members with privileges throughout French Leave Resort.

In addition to being a tax haven for many, the Bahamian currency is equivalent to the U.S. Dollar, and recognized for its steady performance and solid value. Investors can put their U.S. dollars “in” and receive U.S. dollars “out” by approval of the Central Bank of the Bahamas. Politically sound as it is economically, the Bahamian government has followed a democratic tradition for over 275 years, the third longest in the Western hemisphere. Furthermore, while active hurricane seasons in recent years have raised concern among potential investors, Eleuthera offers much promise. Blessed with magnificent reefs protecting its shores and great elevations, it is a destination least susceptible to tropical storms and hurricanes in comparison to all of the Caribbean and Southeast U.S.

Old Bahamas is New Again Eleuthera is natural and not at all contrived, with citizens steadfastly preserving the island's authenticity and history. Where rows of pineapple fields exist instead of slot machines, star watching doesn't refer to celebrities, and beach access isn't in need of a room key. Eleuthera offers travelers a true old-Bahamas experience. Crystal-clear turquoise waves, powdery pink sand, starry nights and butterfly flurries set the island's magical tone. Eleuthera, most simply, is an escape with physical attributes rivaled only by its rich history and central location that allows access to cosmopolitan draws like Harbour Island. First discovered in 1647 by a small band of English pilgrims that set sail from Bermuda in search of religious freedom, Eleuthera, the Greek word for freedom, is appropriately named both literally and figuratively in that it lends itself to a host of pastimes. There's hidden caves and tucked away coves, along the scenic Governor's Harbour, Eleuthera's capital and the oldest settlement in the Bahamas.

The Development Team EIC Resorts is a collaboration of Pennsylvania-based developers Eddie Lauth, Bob Poole and Mike Lanigan, all of who bring impressive resumes to this brilliant venture. Lauth hails from a background in real estate as well as the bottled water business. His water company, AquaPenn, became the fastest growing in the U.S. with plants in California, Florida and Pennsylvania. Bob Poole is one of the largest residential developers in Pennsylvania and is currently developing the \$135 million Penn State University Retirement Village; while Mike Lanigan of Mi-Jack Products is a leading provider of construction equipment, material handling and intermodel services worldwide. Charles Stronach is the Development Director of the French Leave Resort and Marina Village. Stronach is responsible for all the construction of the new resort and has extensive experience in the construction industry and development business throughout the Caribbean and the Bahamas. Stronach joined the company in 2005. For more information, visit www.frenchleaveresort.com

FREEPORT, Bahamas - South Florida boaters have long escaped to the Bahamas for its laid-back lifestyle -- remember the slogan, "It's Better in the Bahamas"? But now some boaters are fleeing to the 700-island archipelago out of economic necessity. As condominium towers continue to rise where marinas used to be, local boaters are scrambling to find dock space, an increasingly expensive luxury that can cost as much as the boat itself. Some believe the Bahamas could soon rival South Florida as a boating destination with new marinas promising lower prices, swank amenities -- everything from landing strips for private planes to 18-hole golf courses -- and lots of available slips. "Florida is sold out," said Eddie Lauth, a developer who plans to build two marinas about 240 miles southeast of Miami, on the island of Eleuthera. "The Bahamas is getting a great second look because it's not crowded. It's pristine, and it's drop-dead gorgeous."

Consider Stephann Cotton, who owns a public relations firm in Stuart. He keeps a 48-foot sport-fishing boat on Harbour Island off Eleuthera and flies over on weekends in a private plane with his wife and two children, ages 10 and 13. "Florida is great," he said. "But certainly, it's more crowded."

Developers such as Lauth, who is managing general partner at EIC Resorts of State College, Pa., are lining up for the overflow of boaters from South Florida. Thor Ibsen, chief operating officer at Montana Holdings, a Nassau-based real estate investment and development firm, says his group broke ground in May on Rum Cay Resort Marina, a \$700 million project that includes 80 slips for boats 45 feet to 200 feet. "Florida seems to be running out of space," Ibsen said, "and we are benefiting." BY THE NUMBERS Miami-Dade and Broward counties are estimated to have about 8,100 wet slips. The number of slips in the Bahamas -- now about 3,100 -- is expected to swell to more than 5,700 if real estate developers carry through on current plans to build or expand nearly 20 marinas.

The new marinas come as baby boomers find themselves with more time and money for boating. Worldwide, 688 boats measuring 80 feet or more -- big enough to qualify as yachts -- were being built last year. That's a 36 percent increase from 2002, according to ShowBoats International magazine. "It's the old saying, 'All dressed up and nowhere to go,'" said Preben Olesen, whose New Hope Holdings plans to spend \$10 million expanding two marinas in Freeport. Olesen recently began selling slips to boaters seeking the security that comes with owning rather than renting dockage space. "There are 5.4 miles of yachts being built, and more than 60 percent of them are going to the North American market," added son Steven Olesen, New Hope's vice president of international sales. "There's not a lot of available space for them in South Florida." Nearly 20,000 recreational boats measuring at least 26 feet in length were registered in Broward and Miami-Dade last year, up 16 percent from 2002, according to an analysis by Norton Consulting, a North Palm Beach real estate advisory firm. At the same time, the number of slips in Broward and Miami-Dade is believed to have remained stagnant or even dropped.

AGGRESSIVE CAMPAIGN Bahamian tourism officials are aggressively going after South Florida's boaters. Earl Miller, who promotes the Bahamas as a boating and fishing destination, said he's trying to persuade commercial airlines to reduce ticket prices for South Floridians who keep their boats in the Bahamas and fly back and forth. To spur year-round visits, Miller also wants marinas in the Bahamas to lower rental rates during their slowest months, usually in late fall and winter. "If I have my boat somewhere, I'm going to go check on it," he said. "Plus, a marina without boats is very unattractive. A marina full of boats is a beautiful sight." The Marine Industries Association of South Florida, which represents about 800 boating businesses, sees development in the Bahamas as a double-edged sword. Although it provides new destinations for boaters, it calls into question South Florida's economic competitiveness, said Frank Herhold, its executive director. "The Bahamas has always been a popular playground. Now, it can also serve as a home base for boaters," he said. Herhold would like to see government officials in South Florida acknowledge the need for more slips with tax breaks and other incentives for new marinas. He notes that boating is one of South Florida's biggest business sectors, generating about \$2.7 billion in sales each year and accounting for more than 160,000 jobs. Businesses have been counting on an influx of bigger boats to offset a leveling off in demand for smaller boats, especially in Fort Lauderdale, known as the world's yachting capital. But South Florida's slip shortage, coupled with a more aggressive push by the Bahamas, could prevent them from taking full advantage of the surge in demand for big boats.

"It's chipping away at our economic base," Herhold said. For every \$100,000 that a yacht is worth, he said, \$10,000 a year is spent locally on maintenance and storage -- an indication of what could be at stake if South Florida falls behind. At Old Bahama Bay, a luxury resort on the western tip of Grand Bahama Island, daily marina rentals are based on a boat's linear footage -- as much as \$443 for a 150-footer, including water and electricity. But rates vary depending on the time of year and day of the week. HIGHER PRICES Daily rentals tend to be higher in South Florida. At Fort Lauderdale's Bahia Mar, for example, a 150-footer pays more than \$600 a day. Old Bahama Bay caters to Florida boaters visiting on weekends. But with fuel prices going up, Peter Watson, who oversees the marina, thinks he can persuade owners to leave their boats there on weekdays. Watson notes that round-trip air fare on a commercial plane from Fort Lauderdale to nearby Freeport costs about \$280, while a typical 60-foot sport-fishing boat burns roughly \$1,500 in diesel fuel going back and forth. Soon, the marina will begin selling slips, with per-foot prices at about \$8,000 -- still a deal compared with South Florida, where boaters pay \$10,000 a foot or more to own. Ned Hickel of Miami Beach cruises to the Bahamas in his sport-fishing boat several times a year. Recently, he began looking for a slip to buy and found that prices, while less than in South Florida, were hardly cheap. He's now considering buying a waterfront lot and building a house and dock -- a good investment, he calls it. "They're starting to get Miami-style prices down there," said Hickel, 45. "The developers and get-rich guys have gobbled everything up." The Miami Herald August 30, 2006

Starwood's First Luxury Collection Property in the Bahamas Will Feature Resort Villas and Private Estate Residences Starwood Hotels & Resorts Worldwide, Inc. (NYSE: HOT) announced that it has signed an agreement with Eleuthera Properties, Ltd., a company chaired by prominent Bahamian businessman, Franklyn R. Wilson CMG to develop Cotton Bay Villas, an exclusive new resort that will be a member of Starwood's prestigious Luxury Collection.

Evoking images of a nostalgic and bygone era, the magnificent 1,500-acre project will be unveiled in two phases with Phase I comprising of two and three bedroom villas, 114 estate lots and a spectacular 26,000-square foot Clubhouse. The soft opening is scheduled for December 2006 with 25 premier beachfront units and Clubhouse with full amenities and services and a private marina. Completion of the 73 guestroom resort is scheduled for December 2007. Future phases will include an 18-hole championship golf course, wellness center/spa, additional real estate development and expansion of the marina.

Eleuthera is approximately 100 miles long and less than one mile wide. The island is a destination for an elite clientele and home to many international celebrities with access to the island from Nassau and south Florida by commercial air carriers and private jets. Cotton Bay derives its name from the term "to cotton," a local term that refers to a "place where people befriend one another while being at peace with nature."

"We are thrilled to have our first Luxury Collection property in The Bahamas located on Eleuthera - considered one of the most exclusive addresses in the world," said Stephen Alden, senior vice president of The Luxury Collection. "The island's natural scenic beauty and lush vegetation make Cotton Bay Villas an ideal destination for the discerning leisure traveler looking for the ultimate vacation experience. Cotton Bay Villas will evoke a casual elegance, combining simplicity with island style to create a distinctively elegant atmosphere along with the impeccable service that is the hallmark of The Luxury Collection."

Cotton Bay Villas will feature a spectacular octagonal enclosed pavilion situated on a bluff overlooking the Atlantic, the perfect venue for weddings and social events. The Clubhouse will include a Bahamian-fusion restaurant featuring a well-renowned island chef. Guests at the resort will have access to two small, private islands which feature a 20-acre bird sanctuary and a seven-acre secluded beach. Owners and guests at the resort will have preferred access to the resort's private marina in Davis Harbour, accommodating yachts up to 70 feet. Only minutes away, guests will enjoy world-class fishing grounds and phenomenal scuba-diving, snorkeling and other recreational water sports.

This spectacular new resort is currently part of the Audubon International Signature program, which acknowledges environmentally-friendly developments. As a member of this program, Cotton Bay Villas will be home to a plant nursery and an on-site horticulturist dedicated to nurturing the property, saving trees and other foliage from cleared land for replanting throughout the development. Environmental integrity as well as economic viability will ensure that the island's unique ecological systems and scenic landscapes will be preserved for the enjoyment of residents and visitors.

To sophisticated travelers worldwide, The Luxury Collection delivers the finest hotel experiences through their unparalleled attention to their guests' needs and preferences, their exceptional and distinctive properties and seamless integration of the customs, culture and environment of each property's locale. Members of Starwood's Luxury Collection include such world-class hotels and resorts as the Hotel Gritti Palace, Venice; The Phoenician, Scottsdale, Arizona; Hotel Imperial, Vienna; Hotel Cala di Volpe, Costa Smeralda, Sardinia, Italy; and, Bora Bora Nui Resort & Spa, French Polynesia.

Guests staying at Cotton Bay Villas will also be able to earn their way toward free travel through the Starwood Preferred Guest(R) program, consistently rated the best hotel frequency program in the world. With more than 700 participating hotels and resorts around the world, the program is the industry's most global and offers a structure focused on simplicity and flexibility in redemption options and inclusion of all Starwood's brands.



The Flip Side of the Bahamas

To find Tippy's, a beachside bistro on the string bean-shaped island of Eleuthera, zigzag across a minefield of potholes called Queen's Highway, loop past the eerie remains of an abandoned Club Med, and then ask the guy standing in the road for directions. He may very well be David Barlyn, the bistro's gregarious owner. Don't let his T-shirt and flip-flops fool you. Or, for that matter, the rickety shack with wooden benches. This is not some down-at-the-heels fish fry, but the epicenter of the island's emerging social whirl.

"Not to name drop," Mr. Barlyn said, "but the people who purchased homes up the road include Leon Levy, who started the Oppenheimer Fund; Luci Baines Johnson, the daughter of President Lyndon Baines Johnson; and the granddaughter of Lord Mountbatten," the last viceroy of India.

"It's people with that kind of stature," he said. "Patti LaBelle and Lenny Kravitz are also here."

On first blush, it doesn't quite make sense. There are no private golf courses on the island, no five-star hotels, not even a boutique for shopping. But walk into Tippy's and onto its lopsided deck, and the allure becomes self-evident: white sandy beaches that stretch as far as the eye can see, unblemished by condos, hotels or even footprints.

"I've built hotels all over the Caribbean, and this is one of the most beautiful beaches out there," Mr. Barlyn added. "It's an untold hidden gem."

But that's about to change. This 110-mile-long Bahamian fishing island, with its spectacular barrier reefs and lazy pace, is being groomed as the next big thing. Continental Airlines recently added new nonstop flights from Miami and Fort Lauderdale. (It takes just over an hour.) And all across the island, luxury hotels are going up.

Cotton Bay, a sprawling resort now being built, will include a 73-room Starwood hotel, expected to open as early as the end of this year. A Club Med is scheduled to be torn down this spring and replaced by French Leave, a 270-acre resort with a marina, boutique hotel and oceanfront homes. Another marina is being readied at Cape Eleuthera, on the island's southern tip, as part of a 63-home development. And an underwater hotel has been proposed by Poseidon Undersea Resorts, with capsulelike bungalows offering views of the coral reefs.

What's happening on Eleuthera is also taking place on Bimini, the Abacos and the other, lesser-known islands of the Bahamas. Until recently, going to the Bahamas meant the casinos of Freeport, the tourist hustle of Nassau or the Las Vegas-style resorts of Paradise Island. Never mind that the Bahamas is an archipelago as long as Florida. The 30 or so other inhabited islands are so off the tourist radar that they are simply lumped together with the 700 uninhabited islands as the Out Islands.

But now the Out Islands are in.

Virgin beachfronts are being sold and developed. No-frills bungalows are being razed for condos. And new resorts are appearing up and down the archipelago, seeking to bring the sophistication of Caribbean destinations like Anguilla and Turks and Caicos to the backwaters of the Bahamas.

In the Abacos, where sailing lodges were once the rule, the Abaco Club on Winding Bay — built by Peter de Savary, the British shipping magnate turned private club owner — now offers stylish cabanas for \$1,000 a night, along with an 18-hole golf course, 2.3 miles of beach and a members-only clubhouse. On Andros, the largest of the Bahamian islands, Tiamo Resorts carved out a 125-acre eco hot spot with solar-powered bungalows surrounded by coconut palms and coral reefs. Celebrities like Johnny Depp and Nicolas Cage have reportedly been snapping up private islands in the Exumas for \$3 million and more.

For most upscale travelers, however, the Out Islands hit the radar when a Four Seasons opened on Great Exuma Island two years ago, raising the area's profile and luxury quotient by several notches. Now big name hoteliers like Amanresorts, Conrad Hotels and Starwood's Luxury Collection are following suit. "It's wonderfully underdeveloped," said Tony Lariño, a senior vice president of international development for Starwood. "As I look around the Caribbean, this really is a blank canvas that's on the verge of being discovered."

And nowhere is this buzz louder than on Eleuthera, where the pace of development has been so anemic that the island's only traffic light, knocked out by Hurricane Andrew in 1992, has yet to be repaired. Not that there is much traffic: on any given day, you can drive for 30 minutes along its crumbling roads and not pass a single car.

For the rocker Lenny Kravitz, that's precisely the appeal. "I bring one pair of pants, a couple of T-shirts and no shoes," said Mr. Kravitz, who visits several times a year, or whenever his touring schedule allows. He has a 20-foot-by-20-foot "shack" near the northern village of Gregory Town, as well as an Airstream trailer parked on a private beach. "I'm not quote-unquote Lenny Kravitz here. I'm just Lenny."

Likewise, Patti LaBelle is just Patti. "All I do is stay in the kitchen and cook," said Ms. LaBelle, the singer and cookbook author, who has an all-white cottage facing the ocean. "I don't go there to party." Good thing, too, since there isn't much to do. Except for the half-dozen hotels clustered around Governor's Harbour, its shabby capital, the island has almost no organized tourist facilities. Shopping means going to the market behind the Shell gas station. Lunch is served at your hotel and few places else. And night life is nonexistent, unless you're willing to drive 45 minutes to Elvina's, a dive bar decorated with rusty license plates in Gregory Town.

The Flip Side of the Bahamas continued

But for everything that Eleuthera lacks, there is a beach with your name on it. Gauling Cay Beach is so shallow that you can walk out 150 feet and still be waist-high in water. Club Med Beach is arguably the most beautiful, with pink-hued sands hemmed by crystal-blue water. Surfer's Beach is for wave riders, but there are also beaches for snorkelers, swimmers and shell collectors.

Best of all, you can have one all to yourself. Around midafternoon on New Year's Eve, when nearly all the island's rooms were booked, not a single soul could be spotted on Ten Bay Beach, about six miles south of Governor's Harbour, despite a brilliant sunshine and near perfect temperatures. The only sign of civilization was a small fishing boat, bobbing in the distance like a wine cork. And the only sound came from a warm breeze, tickling a grove of coconut palms and casuarina pines.

CONTRAST that with Nassau or Paradise Island the following afternoon, when it was nearly impossible to find a spit of sand without roaring Jet Skis, wailing kids or live reggae.

So why is Eleuthera only now being discovered? The island did experience fleeting glamour as early as the 1940's, when British royalty flocked to Windermere Island, a gated islet a few yards off the Atlantic Coast. (Much to the horror of its blue-blooded residents, a very pregnant Princess Diana was photographed here, in her bathing suit, by the paparazzi in the 1980's.)

A number of wealthy Americans also landed, including the founder of Pan Am, Juan Trippe, who built the Cotton Bay Club in southern Eleuthera as a private playground for his family and friends.

"It was the Davos of the Americas," recalled Franklyn R. Wilson, chairman of Arawak Homes, one of the largest home builders in the Bahamas, and chairman of the new Cotton Bay. Club Med arrived in the late 1970's, and had a deal with American Airlines to fly as many as 600 guests a week to its all-inclusive resort.

But one by one, everything closed, first because of political uncertainty that lingered after the Bahamas gained independence from the British in 1973, and then by attrition, as Mr. Trippe's jet-setting generation passed away. When Club Med shut its resort in 1999, after being battered by Hurricane Floyd, it was as if Eleuthera fell off the map.

Tourists disappeared. Locals fled to Nassau for work. And the Cotton Bay fairways, once the envy of the golfing world, were allowed to decay. With its hollowed-out clubhouse and fallow greens, the course today looks like an overgrown parking lot, a sad reminder of a glorious past.

The singular exception was Harbour Island, a three-mile-long strip of watermelon-pink sand off Eleuthera's northern coast. In the last decade, its remote shores (reachable only by water taxi) have drawn the likes of Elle Macpherson, Diane von Furstenberg and other bold-faced names, prompting more than one magazine to call the tiny island the new St. Barts.

The label stuck and its outsized reputation is now spilling over to the "mainland" of Eleuthera — in part because Harbour Island is becoming too crowded. In just the last several months, two boutique properties have drawn attention: the Cove, a stylish 26-room resort, reopened after an extensive renovation, with thatched umbrellas, hammocks and beach-access Wi-Fi; and Pineapple Fields, a condo-hotel, opened across the road from Tippy's, with 12 suites, a pool and 80 acres to grow into.

On New Year's Eve, a stylish international crowd gathered at Tippy's, drinking champagne and snacking on lobster pizzas. As fireworks streaked across the starry sky, Tim Crutchley, 44, an advertising executive from Liverpool, England, took to the streets and began dancing to the Bahamian beats of Junkanoo. It was his first visit to the island, and he was sold. "Have you ever seen anything so authentic?" he asked. "Other places can be so plastic."

But the island's infrastructure has seen major upgrades. Power outages, which used to occur three times a week, have been reduced to monthly. Cellphone towers now dot the flat landscape. And much of the island has been wired for broadband.

The rapid development of Eleuthera has left some residents uneasy, despite assurances from developers that they will preserve the island's character. "As you can see, everything is quite natural," said Wim Steenbakkers, the managing director of Cotton Bay, during a recent tour of the 1,500-acre property. Narrow paths were cleared and concrete pilings sprouted from the sand, but the vegetation otherwise remained intact. "We're blending everything into the environment, rather than bulldozing it."

Longtime visitors, however, are not convinced, and are worried that the new resorts will sap the island of its rustic and backward feel. They point to Great Exuma, about 70 miles south of Eleuthera, where the arrival of the Four Seasons has effectively cleaved the island in two.

To the south is Gregory Town, a scrappy seaside resort with a straw market, an active wharf and several country-style inns, all within an easy stroll. On a recent Tuesday, there was an inviting hubbub on the streets, as natives went about their business, tourists eased into the local rhythm and expatriates minded their errands.

To the north is Emerald Bay, a 470-acre planned community that has its own water treatment plant, dormitory complex and security force. In addition to the Four Seasons, where standard rooms start at \$495 a night, there is a Greg Norman golf course surrounded by houses selling for \$4 million to \$11 million. a casino under way and a marina with " megaslip" timeshares that sell for \$1.5 million each. It felt like any golf and beach resort: manicured, tranquil and sheltered.

"The quality is outrageously beautiful," said Ken Joos, the resort manager at a subdivision called Grand Isle Villas, where town houses come in only two flavors: Bahia Mar or Lucayan. "Everything is high-end and sophisticated."

The Flip Side of the Bahamas continued

But not to folks like Nancy Bottomley, an American expatriate who is beginning to feel like a stranger in her adopted land. "Four Seasons has rearranged the social structure of the island," said Ms. Bottomley, who runs the Regatta Point, a cozy but hardly fancy six-suite guesthouse near George Town. "We've always had wealthy people, but they came here to enjoy the simple life." "Now I have to tell people not to expect Godiva chocolates on their pillows," Ms. Bottomley added, as she steered her flimsy flat boat past a sailboat regatta. "This is not a five-star island."

Maybe not at the moment, but that is the direction that Exuma and many of the other Out Islands are heading toward. Besides the Four Seasons, there is Musha Cay, a private island that rents for \$24,750 a day. The price includes a staff of 30, five villas and your signature in a guest book already signed by Steve Martin, Robin Williams and other celebrities. And Amanresorts may be coming soon. The Singapore-based company is looking to build one of its serenely chic resorts on Norman's Cay, a secluded island on the north end of the Exuma chain.

But for now, at least, the Out Islands are a throwback to a more innocent time, a place where everyone hitchhikes, nobody complains that the bakery opens late, and schoolchildren run up to complete strangers, just to say hello.

So what if the kitchen takes 40 minutes to prepare a sandwich. Or that the puddle jumper is delayed. Or that the gas station closed at 11 a.m. — the locals will happily loan you some gas.

"You're not treated like a tourist here," said Ann Cutbill Lenane, 43, a real estate agent from New York City who recently traded her weekend place in East Hampton for a five-bedroom house on Eleuthera. She, too, was at Tippy's, in a white tank top and flip-flops. "On many islands, you feel like you have to be invited. But this place is so instantly welcoming. I want growth, but I hope that doesn't change."

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