



**OPERATING POLICIES
AND PROCEDURES
GUIDELINES**

March 2014



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PART I - INTRODUCTION

1.1 Company Identity.

Special Land Sales Company (St. Kitts) Limited (“company”) is a company specially incorporated to exclusively manage the sale of Land Assets transferred to St. Kitts-Nevis-Anguilla National Bank Limited (“National Bank”) by the *St Kitts-Nevis-Anguilla National Bank Limited (Vesting of Certain Lands) Act, No. 29 of 2012*. The management of the Land Assets is also referred to in the Shareholders’ Agreement dated 18th April 2012 and the Supplemental Agreement dated 19th June 2013 (together, the “Shareholders’ Agreement”) signed between the Government of St. Kitts and Nevis (“Government”), National Bank and the company.

The Operating Policies and Procedures Guidelines of the company are to be used as a tool in fulfilling the mandate given to the company by its shareholders, the Government and National Bank.

1.2 Importance of Policies and Procedures.

These guidelines set out the standards, principles and general framework by which the company is to be managed and are intended to ensure the successful operation of the company for the benefit of its shareholders and the general populace of St. Kitts and Nevis. Further, strict adherence to these guidelines shall assist the board and management of the company in attaining the goals of the company promulgated in the Shareholders’ Agreement.

1.3 Objectives of Guidelines.

The four main objectives of this document are as follows:

- To provide a detailed and comprehensive framework within which the company can operate successfully in attaining the goals enunciated in the Shareholders’ Agreement

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- To ensure that the company's direction is clearly enunciated and rigorously followed
- To establish flexible and effective measures of control to ensure that the wise and straightforward path to the company's ultimate goals is followed
- To ensure a high quality of decision-making that would redound to the company's benefit and ultimate success.

PART II – OPERATING AND PLANNING FUNCTIONS

2.1 Objective of Company.

The objective of the company is to maximise the value of the sales from the Land Assets for its shareholders and the citizens of St. Kitts and Nevis. The land entrusted to the care of the company's management must be sold at the highest, most competitive price within a two to five year period in order to transform the asset held by National Bank from shares in the company to a more liquid asset. In that regard, the company is expected to be dissolved after the full liquidation of the Land Assets. The management is fully responsible for managing the land asset prior to its sale to maximise its pending sales value, including by entering into land servicing/management contracts with third party providers, which should be on an arm's length basis and subject to strict conflict of interest safeguards. To the extent possible, the operations of the company should be focused on selling the land, and ancillary activities would be outsourced, reducing the need for hiring and capital investment.

Further, as far as possible, management must be responsible in ensuring that the conditions of the sale of the Land Assets are in line with the National Physical Development Plan.

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2.2 Processing, Approval and Rejection of Offers.

The company is charged with selling the Land Assets to bona fide investors whether local or foreign; the proceeds of such sales to be applied to liquidate the assets of EC\$565 million already held by National Bank and any additional assets transferred through future debt/land swaps with National Bank. Certain steps would have to be taken in this process. The company will:

- 2.2.1 Make available a detailed document on the land application process which will be publicly disseminated and available on its website. The document will contain information on the various locations, the application process, the length of the assessment period, the documentation required to satisfy the process, any applicable fees and the planning approval for land development;
- 2.2.2 Make available an application form that will capture, among other things:
 - (a) if the applicant is a natural person, his or her country of citizenship, date and place of birth, marital status, home and mailing addresses, banking information (including source of funds), occupation, telephone and e-mail details, or
 - (b) if the applicant is a legal entity, the entity's formation information, domicile, address, business, legal and beneficial ownership, capitalisation, banking information and source of funds, website and telephone information;
- 2.2.3 Process all applications to ensure that all relevant information with supporting documentation has been submitted;
- 2.2.4 Conduct due diligence on the applicant;
- 2.2.5 Conduct a critical review of the application;
- 2.2.6 Prepare a detailed report on the application for Board approval. The report will include:
 - (a) the applicant's personal details;
 - (b) relevant information on the lands proposed to be sold;
 - (c) the due diligence report on the applicant; and

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- (d) the CEO's recommendation for approval or rejection; and
- 2.2.7 Within three (3) working days of having been notified by the Board whether an application has been approved or rejected, notify the applicant of the decision.

2.3 Third Party Due Diligence/Credit Check.

The company is aware of the complexities of the due diligence process and that the absolute need to be thorough may result in strains of time. Particularly, if the applicant is not a resident, the process of investigation may take several weeks. The process is likely to be shorter when the applicant is resident as the information required to establish his or her bona fides through a certified pre-approved credit certification from a nationally or internationally recognised lending institution would be more readily available.

- 2.3.1 The company will by itself or through an agent establish a relationship with an appropriate vendor of due diligence services and actively pursue a contract that would expedite the company's requests within its organisation.
- 2.3.2 Credit checks (in order to ensure that the prospective buyer has the capability and capacity to carry forward the development) for both local and overseas applicants would be performed by nationally or internationally recognised lending institutions at the expense of the buyer.

2.4 Land Plans and Surveys.

- 2.4.1 The company will procure the services of one or more licensed land surveyors.
- 2.4.2 The Land Assets will be surveyed and detailed plans of various finite parcels of land will be drawn.
- 2.4.3 All plans and surveys will be entered into the company's IT system.

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2.5 Land Valuation and Parcelling.

Proper land valuation and parcelling is important to the entire process.

- 2.5.1 The Land Assets will be parcelled out in discrete lots that maintain a desirable balance between land use equity, aesthetics, and sale potential, and valued in finite portions.
- 2.5.2 The valuations will be contracted out to one or more licensed valuers in arm's length transactions to ensure that correct, unbiased valuations are done and in keeping with procurement guidelines.
- 2.5.3 These valuations and surveys will be entered into the company's IT systems and programmes and will be continually updated.

2.6 Title Documents.

The Company is the exclusive agent for National Bank and does not own the Land Assets. The process of procuring title for the purchasers of the Land Assets should be smooth and timely not exceeding forty-five (45) days following approval by the company.

- 2.6.1 All applications for purchase would be brought before the Board of the company for approval.
- 2.6.2 Once approved the agreement for sale would be executed by National Bank or the bank's authorised agent, and the purchaser.
- 2.6.3 Transfer and title documents in relation to sold Land Assets will be prepared by the purchasers' attorneys and executed by the bank or the bank's authorised agent through the use of a power of attorney in the usual closing process.
- 2.6.4 The purchasers and their attorneys will complete the land transfer process.
- 2.6.5 The shareholders of the company would be notified and kept apprised of all applications and sales during the process.

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2.7 Forecasting.

For planning purposes, it is important that the company estimate the financial resources that it will require for its daily operations during the financial year.

2.7.1 *Revenue Estimates*: It is vital to get an early forecast of the sales of the Land Assets and the lead time for the sales process to be completed. This enables the company to develop the plans and prepare a proper budget to estimate revenues for the company. Forecasts would have to be revised periodically. The budget process will be coordinated with the sales and marketing functions to enable accurate projections to be made.

2.7.2 *Operating Cost Estimates*: Final cost estimates will be an integral part of the sales process. Detailed costs associated with the sales of the Land Assets including survey costs, valuation, clearing and cleaning estimates, due diligence, legal fees, applicable stamp duty, fees and other cost estimates must be detailed and accurate so that competitive prices can be offered and all costs properly recovered.

2.7.3 *Capital Budget*: No later than September 1st each year, management will prepare the capital budget of the company for the next financial year for Board approval. The Capital budget will list the schedule of fixed assets to be purchased during the year.

2.7.4 *Forecasted Cash Flow Statement*: No later than September 1st each year, management will prepare a cash flow statement showing the expected cash receipts and payments for the next financial year and the timing. This will allow the company to plan the capital requirements needed on a month by month basis in order to ensure adequate working capital.

2.8 Land Clearing and Cleaning.

Showing some of the Land Assets may require the initial and then periodic clearing of brush and making pathways. The company will analyse each situation and assess the cost-versus-benefit of clearing lands and creating access pathways.

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When clearing becomes necessary, the task will be outsourced using the procurement methods provided in *The Procurement and Contract (Administration) Act No. 28 of 2012*.

PART III – ACCOUNTING POLICIES AND PROCEDURES

3.1 Introduction.

The company's accounting system must be sufficiently comprehensive to give management and stakeholders all of the information they require to make critical decisions for the successful operation of the company. The end product of the company's accounting system is to produce timely (on a quarterly and annual basis) and relevant financial statements (in accordance with International Financial Reporting Standards) to show how the company has performed over a period of time.

The company's activities, finances, accounting and operational systems, and controls will be subject to regular internal and external audit procedures. The internal audit process will be independent of, and will report to, the Board of Directors and its Audit Committee on a periodic basis. The external audit function will be carried out by an independent auditor in accordance with International Auditing Standards. Qualifications and conditions of appointment include the requirement to rotate the external independent auditor after three audit exercises and hiring this expert from an internationally recognised firm.

3.2 Objectives of Accounting System.

The main objective of the company's accounting system is to record all of the transactions relating to the company's operations and to ensure the production of timely information to be used in decision-making. Monthly management accounts will be produced giving the actual sales of land, operating expenses and comparisons to the approved budget.

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- 3.2.1 Before the start of the company's financial year a budget would be prepared showing the expected revenues for the year, the operating expenses, and the projected surplus.
- 3.2.2 Any variance from the budget would be shown monthly so that management can be alerted early and, if necessary, take quick remedial action.
- 3.2.3 At the end of each financial year audited financial statements that include information on contingent liabilities and off-balance sheet transactions, along with the auditor's report and all relevant information on the status of the land sale transactions measured against the company's objectives, will be presented to the shareholders at the company's annual general meeting. Thereafter, they will be forwarded to the Ministry of Finance with a request that they be submitted to the National Assembly.
- 3.2.4 The company's approved audited financial statements will be made publicly available within thirty (30) days of the submission having been tabled before the National Assembly including publication on the company's website.

3.3 Cash and Securities Management.

The management of the company's cash and marketable securities is a vital function. Funds received from buyers and shareholders must be properly recorded and deposited in the bank.

- 3.3.1 The company has established separate sales and operating accounts at a commercial bank in St. Kitts and Nevis.
- 3.3.2 Bank deposits must be prepared immediately or not later than the end of the working day.
- 3.3.3 Funds received will be deposited no later than the first following business day after receipt.

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3.4 Posting Transactions

Transactions involving cheque payments, bank debit and credit memos, wire transfers, acquisition of fixed assets and other monetary instruments or transactions must be recorded in the accounting system and posted to the company's General Ledger on a daily basis.

3.5 Processing Payments and Disbursing Funds.

Payment for the goods and services required by the company must be done expeditiously and by means of a chequing system or other monetary instruments with a view to ensuring that no cash is kept or received on the premises.

Bills and invoices must be presented to support the approval for payments.

3.6 Preparing Payment Vouchers.

A voucher system for making payments by cheque or other monetary instruments will be introduced. Vouchers will be prepared showing voucher number, date of payment, cheque or instrument number, name of the payee and the amount to be debited or credited to the various accounts.

The use of vouchers ensures a high degree of internal control.

3.7 Bank Reconciliation.

Each month the company's bank accounts must be reconciled with the book balance in the General Ledger. The bank statement would be examined and note taken of all transactions which have been recorded by the bank but not recorded by the company and vice versa. These typically include bank charges, outstanding cheques, deposits in transit, returned cheques, and collections made by the bank on behalf of the company. Bank reconciliations will be incorporated into the company's accounting system.

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3.8 Bank Deposits.

Deposits of cheques and other monetary instruments must be made daily and entered in the company's accounting system. A bank deposit book must be used to prepare deposits sent to the bank.

3.9 Returned Cheques.

A customer whose cheque is returned for not having sufficient funds (NSF)

3.9.2 will be charged a fee sufficient to compensate the company for the costs of processing the dishonoured cheque (NSF fee); and

3.9.3 in order to satisfy his or her obligations to the company, must subsequently present a banker's cheque equivalent to the face value of the dishonoured cheque and the NSF fee.

3.10 Payroll.

A monthly payroll must be made for the company's monthly staff. A weekly payroll must be prepared for the company's weekly employees. A list of deductions for social security, housing and social development levy, and bank deductions (re standing orders) must be entered in the deductions columns and the net pay sent to the employee's bank account. Only weekly persons will be paid by cheque directly.

3.11 Adjusting and Closing Entries.

At the end of each month, adjusting and closing entries must be made by the Accountant and the list of such entries sent to the Chief Executive Officer (CEO) immediately thereafter.

These entries must be made in the company's journal system and incorporated in the accounts.

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3.12 Records Storage.

By law, the company must store records for a minimum of six years. The company will store certain records on site in order to aid in the retrieval of vital information while others will be stored off-site.

The company may in certain cases retain records for longer periods than are mandatory according to the importance of such records.

3.13 Fixed Assets.

Fixed assets such as vehicles, equipment, furniture and fixtures must be approved for purchase by the Board of Directors. A Capital Budget must be approved at the beginning of the year at the same time as the Company's Operating Budget is being approved.

Fixed assets are entered in the Fixed Assets Register which is updated on the disposal or sale of the fixed assets. Fixed assets can be only disposed of with the approval of the Board.

The rate of annual charges for depreciation must be agreed by the Board and depreciation schedules prepared monthly.

3.14 Capital Accounts.

The subscribed and issued capital of the company represents the shareholders' interest in the company.

3.15 Financial Statements.

At the end of the financial year, management will prepare financial statements including the Balance Sheet, the Profit and Loss Account and the Statement of Retained Earnings, according to International Financial Reporting Standards, to send to the external auditors for the completion of audited financial statements. These statements will include information on contingent liabilities and off-balance

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sheet transactions and all relevant information on the status of the land sales transactions, measured against the company's objectives.

Along with the auditor's reports, these reports and statements will be forwarded to the Ministry of Finance no later than four (4) months after the end of each financial year with a request that they be submitted to the National Assembly and made publicly available within thirty (30) days of having been tabled before the National Assembly including publication on the company's website.

3.16 Transparency and Fair Play Guidelines.

- 3.16.1 In the marketing and sale of the Land Assets, the company will not seek or take advantage of privileged information or inappropriate influence in competing with other public and private entities.
- 3.16.2 All purchases of goods and services must be done in a transparent manner so that the best prices can be obtained. Generally, the company will insist that quotations for the provision of goods and services be received from at least three providers.
- 3.16.3 The company has by resolution chosen to abide by the provisions of the *Procurement and Contract (Administration) Act No. 28 of 2012* with respect to the procurement of goods and services.

3.17 Reports to Shareholders.

The company will send to the shareholders a written report on the sales of the Land Assets on the 31st day of July and the 31st day of January every calendar year that the company is in operation. Each report shall include matters which have arisen in the previous six months relevant to the power, authority, duties and responsibilities of the company in relation to the Land Assets.

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3.18 Publication of Information.

To ensure the transparency of the company's operations, all legally required information will be made publicly available, including electronically on its website. This should include all quarterly, bi-annual and annual reports and financial statements, including auditor reports, the code of conduct and the objectives and governance framework of the company provided only that portions of the report referred to in section 3.17 of these guidelines may be redacted to preserve the confidential information of National Bank or its clients.

PART IV – STAFF POLICIES AND PRACTICES

4.1 Recruitment and Selection.

- 4.1.1 A majority of directors of the company may not be serving members of Government nor may any staff.
- 4.1.2 Criteria for selecting candidates for senior management or staff positions are based on established qualifications and strong experience in the fields of real estate, land management, finance, marketing and information systems.
- 4.1.3 Directors are appointed for a three (3) year term and remain eligible for reappointment at the end of each term.
- 4.1.4 Notwithstanding the provisions of section 4.1.3 of these guidelines, no director of the company shall serve for more than two terms whether those terms are consecutive or non-consecutive.
- 4.1.5 Staff members are recruited for an initial period of three (3) years, after which their contracts may be renewed for an additional three (3) years at a time. The remuneration and benefits of specific types of the qualifications required to serve as manager or staff member of the company will be publicly disseminated and also available on the company's website.

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After a period of advertisement, the applicants must be shortlisted and qualified candidates selected for interview based on the required qualifications and experience listed in these guidelines. The interview panel would be chaired by the Chairman of the Human Resources Committee of the Board in the case of junior staff and the Chairman of the Board of Directors for senior officers.

Scores during the interview would be awarded for qualifications, experience, poise, articulation and the ability to respond coherently to questions posed by the interview panel.

On the completion of interviews the best candidate according to the scores would be recommended to the Board for approval. Following Board approval, an offer of employment would be made to the successful candidate.

A letter of employment would then be drafted to include term, salary, benefits, hours of work, vacation and other matters. Following the acceptance of the terms of employment, the employment data would be then recorded in the permanent files of the company. A file must be kept for each employee in which are recorded personal information, vacation leave, sickness and other personal data.

An orientation process is initiated during the employee's first week of work during which the policies and procedures of the company are explained and a copy of these guidelines is given to the employee.

4.2 Job Evaluation and Description.

All jobs must be evaluated on a periodic basis. This is necessary to review salary and wages rates.

A written job description must be made available to every employee in accordance with the criteria presented in these guidelines.

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4.3 Schedules of Responsibility.

Employees must be made aware of their areas of responsibility. Detailed job descriptions will be prepared and publicly disseminated including publication on the company's website. The following information will be included:

- (a) Job Title
- (b) Date
- (c) Reference Number
- (d) Grade of Job
- (e) Department
- (e) Duties and Responsibilities
- (f) Number of employees supervised
- (g) Persons to whom responsible
- (h) Special responsibilities

4.4 Remuneration.

The remuneration of every employee must be stated in writing in line with the established job descriptions. Employees must sign copies of the employment contracts as evidence that they have seen the terms.

4.5 Selection and Engagement.

Following selection of the successful applicant, the new employee must provide details of his or her bank account and social security number.

4.6 Overtime.

Senior staff is not eligible for overtime. Other members of staff may be eligible for overtime in the following circumstances. Overtime

- (a) is paid for hours worked in excess of forty (40) hours per week, and
- (b) is paid after one hour's work at time and a half, and
- (c) must be authorised by supervisory staff or the CEO who shall record the date, time, duration and reason for the overtime in accordance with these guidelines.

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4.7 Salary Appraisal.

Every year, there will be a formal appraisal of each employee's performance.

4.7.1 An employee evaluation is conducted by an employee's immediate supervisor and in the case of the Chief Executive Officer by the Chairman of the Board of Directors.

4.7.2 Each employee must sign the appraisal form as evidence that he or she has seen its contents and is allowed to write a response to its contents.

To ensure the soundness and integrity of the company's operations, a code of conduct including professional and ethical standards, presented in sections 4.8 to 4.13 of these guidelines, is applied to all management and staff, including rules on conflict of interest (building upon the provisions of the Articles of Association in relation to directors).

4.8 Absenteeism.

Wilful absenteeism will not be tolerated. If an employee is unable to attend work he or she should immediately contact his or her immediate supervisor to advise of his or her unavailability for work.

If an employee is absent for more than two consecutive days without a doctor's sickness certificate, this would be regarded as abandonment of job and cause for immediate dismissal.

4.9 Personal Conduct.

Employees must report to work on time and must be neatly dressed, decorous in manner and have good habits. Chronic lateness will be cause for dismissal.

Gross misconduct or wilful neglect or any act of dishonesty by employees in the discharge of their duties will be cause for immediate dismissal.

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4.10 Customer Service.

The customer must always be respected and employees must go the extra mile to give constant customer satisfaction. Without the regular sales of the Land Assets, the company has no future and without satisfied customers the promotion of the company's land policies will be stymied.

4.11 Delegation of Authority.

The Board of Directors and appointed staff are delegated to conduct the day-to-day management of the Company on a functionally independent basis from the company's owners. The owners of the company, including the Government of St. Kitts and Nevis, can exercise their powers as shareholders in general meetings.

The Board delegates authority to Board committees and the CEO. To enhance the management of the company, Board members are entrusted with overseeing specific managerial roles, for example, risk management, remuneration and appointments, budget, audit and so on.

The CEO may delegate authority to the senior staff to oversee the company's responsibilities.

4.12 Staff Training.

The company is committed to vigorous staff training. In addition to on-the-job training, staff may be trained both locally and overseas. The company will bear the cost of all training.

4.13 Conflict of Interest.

For the purposes of this section 4.13, "Staff" shall include employees of the company, members of the board, and the immediate families of employees and members of the board as the context requires.

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- 4.13.1. Where there is any conflict of interest affecting Staff, the affected Staff must recuse himself or herself from all discussion on the matter; and
- 4.13.2. Without limiting the generality of the foregoing, in matters related to the sale of any lands by the company, Staff shall be subject to the following rules:
 - (a) Applications made by Staff are valid only if submitted in relation to lands that are being sold by tender (as defined by the *Procurement and Contract (Administration Act) No. 28 of 2012*), or other competitive bidding processes including but not limited to auctions;
 - (b) At any auction of the lands, a winning bid made by Staff shall be valid only if
 - i. an upset price equal to or higher than the list price of the lands to be sold has been set, or
 - ii. the winning bid exceeds the list price;
 - (c) No application or bid by Staff shall be valid if the Staff is the sole applicant or bidder for the lands or if all the applicants or bidders are Staff;
 - (d) Staff shall agree in writing to allow all the details of his or her successful bid to be made public in the event that he or she were successful;
 - (e) In every case, if Staff is successful in the purchase of any lands, the company shall publish the fact of the sale to Staff and shall include in the publication the amount of the purchase price and the name of the Staff but the company shall not be obliged to publish any other details of the successful bid unless in its sole discretion it believes that it is necessary to do so; and

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(f) In every case, the approval of both shareholders of the company shall be required to finalise the sale of lands to Staff.

4.13.3 Notwithstanding the provisions of this section 4.13, the company may in its sole discretion invalidate any application by or sale to Staff if it has good and cogent reason to believe that these guidelines have been breached in fact or in spirit by Staff.

4.14 Dismissal and Disciplinary Procedures.

Violation of the Code of Conduct outlined in sections 4.8 to 4.13 of these guidelines will be cause for dismissal.

Except in circumstances outlined in section 4.9.2 of these guidelines, in each case a warning letter will be written and the employee given time to correct his or her mistake. A final letter will be written putting the employee on notice that future lapses will lead to dismissal.

All dismissals must be approved by the Board and evaluated against the detailed code of conduct presented in these guidelines.

4.15 Grievance Procedures.

In cases of dispute between the company and its employees, the matter must be put in writing and the views of both sides examined. All employees with complaints must be given a hearing based on the principles of natural justice.

4.16 Redundancy.

Following the liquidation of the Land Assets, but before the dissolution of the company in accordance with its objectives, existing employees of the company shall be made redundant in accordance with the terms of the *Protection of Employment Act*.

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In all other cases where the company no longer has need for a particular employee's services, the employee may be made redundant in accordance with the terms of the *Protection of Employment Act*.

4.17 Retirement Policy.

All employees must retire at age sixty-five (65). Employees wishing to proceed beyond this age must get the approval of the Board to continue beyond age sixty-five (65).

4.18 Safety and Security.

The company is committed to providing a safe and secure working environment. Reasonable measures will be instituted to enhance employees' safety and security.

PART V – MARKETING AND LAND SALES POLICIES

5.1 Advertising.

The company will utilise a marketing strategy to advertise the Land Assets for sale. Print, web page, radio and television will be used. Advertising will be done locally, regionally and internationally.

5.2 Local Marketing.

Local marketing will include periods during which lands will be exclusively available for sale to citizens and residents of the Federation.

5.3 International Marketing.

The company will also market its land sales internationally to non-resident nationals and other potential foreign investors.

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5.4 Appraising Marketing Function.

Periodically, and in any case following each six-month period of marketing, the Board will appraise the effectiveness of the marketing function with the view of sharpening the efforts to market the land effectively.

5.5 Real Estate Agents.

In accordance with the Shareholders' Agreement, a number of real estate agents will be recruited to sell the land. The services of the real estate agents will be procured in accordance with the provisions of *The Procurement and Contract (Administration Act) No. 28 of 2012*. A rate of commission will be paid for these services.

5.6 Pricing.

The pricing of the Land Assets will be done following a comprehensive valuation of all areas. All factors affecting costs including but not limited to administrative costs, marketing and advertising expenses and other expenses must be covered by the selling price of the land.

5.7 Selling.

All sales shall be subject to terms and conditions which may include though not be limited to conditions governing resale and development.

Rigorous efforts will be made to sharpen the selling function in order to quickly close the sale of land.

5.8 Corporate Image/Branding.

The company will early in its life, promote a good corporate image and pay attention to enhancing its image. The company must be promoted as one with the highest corporate ethics and its brand name must be synonymous with excellence, integrity and the highest ethical standards.

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PART VI – INFORMATION TECHNOLOGY

6.1 Introduction.

The company will rely heavily on its IT system for its accounting, land valuation, survey, sales and internal control procedures.

Appropriate hardware and software will be purchased and installed, and IT services procured, to meet the IT requirements of the company in accordance with *the Procurement and Contract (Administration) Act No. 28 of 2012*.

6.2 Objectives.

The IT system must be simple to operate and should provide detailed and useful information to the management of the company.

It should also have the ability to provide storage for the records of the company and it should be fairly easy to make adjustments for future upgrades to the system.

6.3 Setting up the IT Network.

The IT network must be set up professionally so that it should be fit for its purpose. A consultant would be engaged to ensure that the IT system meets international standards.

6.4 Equipment/Hardware.

The company will purchase the most appropriate hardware for its business. The system will be properly maintained and required parts for replacement expeditiously sought.

6.5 Software.

Accounting and operating software will be purchased in order to meet the requirements of the company. Software will be upgraded periodically.

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6.6 Appropriate and Inappropriate Use.

Employees will be encouraged to use the IT system to communicate with each other and stakeholders in the company. Only limited communication with friends and family will be permitted. Employees should limit their personal use of the IT system to family emergencies.

6.7 Monitoring Transactions.

The IT system will be used for transaction monitoring.

6.8 Security of Network.

The company will take immediate steps to ensure the constant security of the IT network.

6.9 System Inputs.

The capture and recording of raw data is an essential part of the company's IT system. Transactions will be recorded, transmitted, sorted and verified by the software.

6.10 Data Capture and Preparation.

The company will use the most advanced software to capture data at an efficient rate and speed. The IT system must be speedy, accurate and suitable.

6.11 Validation of Data.

Steps must be taken to ensure that all data entered in the system is accurate. Software and hardware controls must form part of the system to ensure all data is transcribed correctly.

6.12 Documentation.

The documentation generated by the IT system must adhere to the specification of all end users. The system must be efficient and consistent.

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6.13 Testing the System.

The IT system must be tested thoroughly to prove that it can deliver the outcomes desired. The end result of these tests must be checked thoroughly and discrepancies investigated.

6.14 Communications.

The IT system will be the primary communications medium for all employees, members of the Board and prospective customers. Employees will communicate extensively by e-mail.

6.15 System Implementation.

Staff must be trained to operate the IT system and to ensure that it is functioning in a reliable and effective way.

6.16 Controls and Security.

The security of data is dependent on the controls put in place to ensure the inviolability of the system. Controls must be simple so that they do not interrupt the sequence of the work flow.

PART VII – IMPLEMENTATION AND REVIEW

7.1 Date Approved.

These guidelines were approved and came into operation on the 10th day of March 2014.

7.2 Review.

These guidelines shall be reviewed from time to time as required and in any event shall be reviewed at least once each financial year to ensure that the company is maintaining current standards of doing business and may be updated as required in manner hereinafter appearing.

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7.3 Process for Review and Update.

The guidelines shall be reviewed by the Board of Directors of the company, and the Board shall seek but not be bound by the recommendations of the CEO. All updates or other modifications approved by the Board will be incorporated in subsequent versions of the guidelines.

7.4 Publication of Updated Guidelines.

Any subsequent versions of these guidelines will be disseminated to the public including publication on the company's website within thirty (30) days of having been approved by the Board.