



A Development in
Gulf Breeze, Florida
The Emerald Coast

March 2009 Appraisal
\$20,000,000

Confidential — Investment Proposal

Presented by:
The Maverick Group, LLP

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EXECUTIVE SUMMARY

THE OPPORTUNITY

The Maverick Group, LLP (“Maverick”) is seeking to establish a joint venture for the development of Rosemary Sound (the “Site” or “Property”), a proposed Master Planned Community located just outside of Gulf Breeze, Florida. Rosemary Sound Development is a highly-amenitized project that is currently configured to include 825 dwelling units, predominantly owner-occupied. In the local marketplace for “step-up” homebuyers, there is not a more compelling value proposition. Having assembled the necessary land in an irreplaceable location, formulated the development plan and achieved certain development thresholds, many development risks will have been substantially mitigated prior to the formation of the Venture.

Assemblage & Entitlements — The Maverick Group contracted to purchase 97+/- acres comprised of numerous parcels and is approved from Santa Rosa County to rezone the property from Single Family Residential (157 dwelling units) to a much higher density Planned Unit Development (825 dwelling unit) designation. The land use amendment was approved unanimously in two public County hearings and approved by the Florida Department of Community Affairs for State.

Permits — The project has received a permit from the Corps of Engineers for the proposed wetland impacts. This is typically the lengthiest permitting process, which The Maverick Group has completed.

Community Development District (“CDD”) — In addition to the rezoning, The Maverick Group has received approval from the County to establish a CDD for the project as a means of tax-exempt financing that will fund much of the infrastructure, amenities and conservation area for the project, *eliminating the need for a development loan*. Rizzetta & Company formed the CDD called Shores of Santa Rosa. Rosemary Sound has \$36,000,000 in the Community Development District funds approved by all agencies necessary for issuance of bonds.

Development Budget — The infrastructure development budget has been prepared by Genesis Group in conjunction with McGuire and Associates, based on the current local labor market conditions.

Sales & Marketing Plan — Phase I sales will include the majority of the single-family detached component. Subsequent phases of low-rise condominiums as well as the live-work space will follow. The marketing budget includes an on-site sales center.

Development Team — A premier group has been assembled in the Florida and Southeastern market with experience in all aspects of the project, from entitlements to planning to construction.

THE SITE

The 97-acre tract is an assemblage of many unimproved parcels. The topography of the land is unique given that most of the wetlands are located on the north side of the property, as opposed to the more valuable waterfront property, as is the case typically in the area. The specific location is in a transitional area of the rapidly growing south end of Santa Rosa County and as a result, both area neighbors and County Officials are very supportive of this type of quality development in the area.

After extensive research, and several purchase offers, The Maverick Group determined that the highest and best use of the land was for a highly-amenitized Master Planned Community, with price points appealing to a large spectrum of buyers, targeting the professional workforce from Pensacola to Fort Walton Beach. **While growth has been significant in this area, very few residential projects enforce strict covenants and restrictions and offer a top-notch amenity package. Specifically, not many area communities even have pools or offer deeded access to the Santa Rosa Sound for all residents, not just those with waterfront lots — a void in the market that creates significant opportunity for a project of this nature.** Rosemary Sound will offer builders and homebuyers the most compelling value proposition in a 50-mile radius.

Rosemary Sound intends to make available to all residents two community pools, two clubhouses, a fitness center and access to the Sound.

CONTEMPLATED UNIT MIX

VILLAGE TRACT

8 acres on Hwy 98

UNITS

125 Mixed-use Residential

49,000 sq. ft. Retail/Civic

NEIGHBORHOOD TRACT

30 acres south of 27 acres of wetland conservation area

190 Single-family homes

MARINA TRACT

31.5 acres with Waterfront

510 Low rise Condominiums

TOTAL DEVELOPMENT

825 Residential Units

THE AREA

The Florida Panhandle, known to its seven million visitors each year as the Emerald Coast, has been a premier vacation destination for families in the Southeast United States for several decades, but in the past 5-10 years, the allure of the sugar-white beaches and turquoise waters is greatly broadening. Acclaimed as the “Number One Beach in the South” by readers of Southern Living for the ninth year in a row, these crystal-clear waters are undeniably the star “attraction”. Largely a “drive-to” destination, air travel is becoming more prevalent with the new Fort Walton Beach airport that opened in November 2004 as well as the late-2008 construction of a new, larger international airport in Panama City (to be completed March 2010). Fishing is another wildly popular activity in the region, second only to sunbathing. Up to four times more than most destinations, 20 species of edible game fish are always in seasonal runs.



Development was slow to take off in this area, relative to other Florida destinations and will likely always remain moderated, due to the composition of landowners. Most of the land in the Panhandle can be traced back, and is likely still owned by either the U.S. Government through large military bases and National Parks, or The St. Joe Company who has owned hundreds of thousands of acres for over a century, when the Company began as a timber operation.

This tourism explosion has created a significant pent-up demand for workforce housing, creating both scarcity as well as upward price pressure. There is a strong push in Santa Rosa County from both County Officials as well as residents, for new construction at reasonable prices. To promote this revival of the area, the County has recently initiated and implemented a large scale rezoning in the bedroom community of Navarre, located approximately six miles east of Rosemary Sound, to be known as the “Navarre Town Center.” This project will drastically change the face of the area, increasing the density in the Town Center from 4 units per acre to 18, adding a significant mixed use and retail element, while bringing a wide range of housing choices. Navarre Town Center has yet to break ground, but is expected to in late-2009. It will be among the many projects that result in the transformation of the southern region of Santa Rosa County along the primary traffic artery, Highway 98.

THE MARKET

In the past twelve months, Santa Rosa County absorbed over 700 single family homes. The average sales price was approximately \$300,000. In order to remain affordable, yet exclusive, Rosemary Sound prices will range from \$185,000 for small carriage-house type homes to \$500,000 for large, waterfront condominium residences.

Rosemary Sound will be a much more exclusive and appealing community, with two pools, abundant green space not to mention access to the area's most sought after amenity — the Santa Rosa Sound.

THE COMPANY

The Maverick Group was formed in 2002 as a vehicle to develop Real Estate in the Houston, Texas area. The company is 7 years old and has established itself as a quality developer in the Greater Houston Metropolitan Area. We currently have \$500 million dollars worth of development in the Houston area consisting of Residential, Office and Retail developments

The Maverick Group is both a horizontal and vertical Developer as shown by our signature development, The Parks at Boulder Creek, a 140-acre Lifestyle Center Development located in Pearland, Texas. We are also becoming active in the Baton Rouge market again and are in the process

Our ability to work with Land Owners, Bankers, Engineers, Contractors and Governmental entities and our understanding of what their needs are gives us the ability to get deals completed. Our experience in developing multi use sites gives us the flexibility to look at any size tract in practically any location where there is a demand.

Recently opened a Florida diversion of The Maverick Group, LLP to take advantage of the opportunities in the panhandle area.

CAPITAL REQUIREMENTS

The Maverick Group, LLP is raising capital for a limited partnership to fund initial land acquisition costs, architectural and engineering costs, indirect development costs, repay an existing note to the project, and provide working capital for the project. The Maverick Group expects to obtain approximately \$36 million in tax-exempt transferable bonds to fund the construction of the infrastructure of project (has been approved by all agencies). ***Coupled with the equity, we anticipate that the bond financing will eliminate the need for additional debt financing.***

The project currently has a note outstanding of \$3,400,000. The note carries interest payment is \$16,000 per month. The costs related to the note have been included in land acquisition costs. The Maverick Group, contracted to purchase the site on July, 2008. The Maverick Group, LLP will assign to the newly formed partnership, the portion of the contract that relates to the developable uplands to the project and the rights to the approximately 30 acres of wetlands.

INVESTMENT HIGHLIGHTS

Irreplaceable Location

Rosemary Sound is oriented to take full advantage of the spectacular views of the Santa Rosa Sound, forever undeveloped sand dunes and the Gulf of Mexico. The value proposition for 'step-up' homebuyers is unmatched in this area when considering the impeccable location and spectacular amenities.

Quality Design

Envisioned with a New Urbanism feel, designed to create a "community" as opposed to a "subdivision", The Genesis Group of Jacksonville, Florida, has created a plan that will withstand the test of time — leaving a legacy of quality for both the residents as well as the



project team.

Landmark Asset

Unlike anything in the area and sold at values that cannot be replicated in a 50-mile radius, Rosemary Sound promises to be the premier neighborhood for families, retirees and young professionals from Panama City to Pensacola.

Excellent Project-level Returns

Rosemary Sound offers partners the potential to realize extraordinary returns based on a 5 to 7 year build out. Estimated total profit, \$78,588,750.

Accessibility/ Transportation

Rosemary Sound is roughly a twenty minute commute to Fort Walton Beach and approximately a fifteen minute commute to Pensacola during peak afternoon traffic, making this a logical home for commuters in both cities for a total workforce population of over 200,000.

**KEY FINANCIAL DATA
FINANCIAL SUMMARY**

Total Land Cost	\$ 8,000,000
Total Soft Cost	\$12,360,000
Total Hard Cost	\$118,923,750
Total Development Cost	\$139,283,750
Total Sales Price	\$203,387,500
Total Development Cost	<u>\$139,283,750</u>
GROSS PROFIT	\$64,103,750
CDD Reimbursements	\$14,485,000
NET PROFIT	\$78,588,750

DEVELOPMENT PLAN

OVERVIEW

Rosemary Sound will consist of three distinct areas and 825 units — The Village, a town center consisting of a retail/residential mix, a single-family known as The Neighborhood, and The Marina which is planned to house the multi-family component .

ZONING / ENTITLEMENTS

On November 21, 2005, the property, which consisted of numerous parcels and 157 large, 1/4 acre lots, was approved by Santa Rosa County for use as a Planned Unit Development (PUD) with 825 dwelling units. The plan was then sent to the Florida Department of Community Affairs (DCA) and approved.

The re-zoning process has been led by Genesis Group of Jacksonville in conjunction with McGuire and Associates of Pensacola. Mr. McGuire is a long-time and well respected resident of the local community and very comfortable in local political processes, and Genesis Group has successfully worked with the State of Florida on many occasions resulting in strong relationships with governing and permitting entities, including the DCA.

Significantly, through the public hearing process with the County, not one negative comment was received regarding the project. Thus, confidence is high that the entitlement process will continue to run smoothly.

MARINA

The Marina section consists of four hundred residential units, in 78 separate buildings, to be completed in four phases. These low-rise, low-density buildings are marketable to traditional home builders due to both unit size and composition, and the staggered take down schedule. ***National homebuilders are rapidly creating product that will fulfill this need in the market driven by buyers who want the benefits of home ownership without the hassles of maintenance — primarily baby boomers.***

Condominium building to small Carriage House structures which each consist of two dwelling units over four garage spaces. As illustrated in the graph above, the largest quantity of building type is the Carriage House, followed by large duplexes and four-plexes. Larger quantities of lower density structures will allow for quicker absorption from builders and provide homeowners a greater sense of privacy.

- **Big House Duplex:** These buildings include some of the largest dwelling units in the project, ranging in size from 2,500 sq. ft. to 4,500 sq. ft. The larger size of the units, and in turn the buildings, allows for exterior variability to add architectural interest.
- **Mansion Buildings:** Varying between 4 and 6 units per building, these are small scale multi-family buildings with a street façade resembling a large detached house, hence “mansion”.
- **Condominium Buildings:** Consisting typically of smaller units in densities from 7 to 16, these buildings use surface parking with small clusters of Carriage Houses.
- **Terrace Tower:** Situated to be the Architectural Icon of the project, this building will house twelve large units that are priced at the greatest premium in The Marina. This building has a height variance for a spire or widow’s walk.
- **Terrace Condominium:** This high-density building will be similar in nature to the traditional condominium buildings, but is planned to offer lakefront terraces in all 32 units, with 40 garage units at the base of the structure.
- **Assisted Living Facility:** What makes a community great? Residents that span generations and demographic category. Assisted living residents are seeking the same views of parks and lakes that young couples with children desire. These buildings will consist of smaller units comprising more dense buildings that are connected via breezeways or pergolas, allowing for greater mobility of residents as well as staff.

NEIGHBORHOOD

Lot sizes and set-backs in traditional neighborhoods are distinctly different from those in standard suburban development projects. Homes in traditional neighborhoods are oriented closer to the street, with inviting front porches and parking oriented behind the homes through a series of alleys. This fosters a sense of community.

SINGLE-FAMILY DETACHED

- **Sideyard House:** This style of home, which is prevalent in old cities of the South, like Charleston and New Orleans, will comprise 49 units in The Neighborhood and have large porches on the side of the home on both floors.

- **Cottages:** Smaller building footprints — between 1,750 and 2,800 sq. ft. — will appeal to young families as well as retirees, by accommodating a single-story dwelling unit. Thirty-nine Cottage lots are planned in The Neighborhood. Parking is in the rear from alleys. The Cottages will almost always include a large porch.

- **Garden Homes:** These 19 home sites are the only ones in The Neighborhood that have a driveway that accesses the front street as opposed to an alley. These home sites in some cases are irregular, but have the largest building footprints of all single family product type. Additionally, all of these lots back to the Wetland Preserve, offering greater privacy as well as great views.

SINGLE-FAMILY ATTACHED

- **Townhouses and Rowhouses:** Comprising 19 of the 190 Neighborhood units, the garage is located at the rear of the unit and accessed from an alley. Unlike conventional townhouse developments, townhouses in traditional neighborhoods conform to the pattern of streets, typically with shallow front-yard setbacks. Townhouses are larger than Row houses and sit on slightly larger lots, allowing for a larger yard as well.

- **Family Cottage Houses:** Two-story single-family detached houses — each with its own yard — arranged in a U-shape enfronting a common green space. Four of these buildings are planned for Rosemary Sound in Phase 3. Each Cottage cluster will consist of 12 units at approximately 2000 sq. ft. and 4 garage houses at approximately 800 sq. ft. each.



VILLAGE

The Village will be located on the northernmost area of the property that fronts Highway 98. It will serve as a neighborhood center with a mix of residential, civic, and small-scale, non-residential uses.



- **Live-Work:** Similar in form to a conventional suburban townhouse except that the garage — either attached or detached — is located at the rear of the unit and accessed from an alley or auto court. The unit contains ground-floor space that can function as residential, office, workshop or retail, depending on the needs of the owner. The Village has five of these buildings planned, constituting 21 units.
- **Village Condo Buildings:** Similar to The Marina version of the mansion, typically built to a sidewalk on the front lot line, reflects the design of “walk-up” buildings in more urban settings, and is common in town center locations. Fourteen of the 31 buildings in The Village are residential only, and comprise 68 units.
- **Mixed-Use Buildings:** These buildings can accommodate a variety of retail uses on the ground floor — from professional offices to a corner grocer — and will house small condominium units on the two residential floors above. The physical structure itself will complement the other buildings within the project. There are eleven mixed-use buildings in The Village with 36 dwelling units above. Ancillary structures such as garage apartments and carriage houses are very important to the greater Rosemary Sound community, as they will serve a number of uses as temporary housing, guest house or a permanent residence as a low-cost housing alternative. These structures are much smaller than the main house or primary building, have the same exterior detailing, but are detached from the body of the main house and may be connected with a variety of elements such as breezeways, fences or pergolas.

DESIGN

Several of the most successful and recognizable projects along the Emerald Coast are in the spirit of New Urbanism Traditional Neighborhood Design — Seaside, Watercolor, Rosemary Beach, and Alys Beach — but all of these are resort-style residential, marketed to investors or second homebuyers at hyper-premium prices. Consequently, buyers in this marketplace are aware of the allure, features, and benefits of Traditional Neighborhood Design, creating pent-up demand from the permanent residents in the area. But, there has been little to no supply of this product created at reasonable price points.



SPIRIT OF THE DESIGN

Rosemary Sound is built on a concept reminiscent of a traditional neighborhood. Streets are not lined with garages, but front porches, an inviting picture for friends and neighbors. Numerous product types will attract a demographic cross-section, enhancing the feel of community. The distinct areas of Rosemary Sound will each offer unique product types. Each house, shop and building must be thought about as part of the larger neighborhood. Porches pulled up close to the street, front gardens that are kept for the benefit of neighbors walking down the street — all of these rituals and acts of building community, reinforce our ties to the region, history and build a sense of future. Architectural patterns and guidelines will be established to build distinct places that are reflective of traditional Florida Gulf Coast neighborhoods. The majority of homes in The Neighborhood will be accessed through a rear-facing garage or driveway via a system of alleys, leaving the front of the homes adorned with porches and yards as opposed to rows upon rows of garage doors. Structures in The Marina will follow the exterior design patterns of The Neighborhood. The transition from one product to the next will be very seamless.

CONTROLLING THE DESIGN

The Overview, Neighborhood Patterns, Architectural Patterns and Landscape Patterns. Each section is designed to provide key information for builders, buyers and contractors as to the driving design principles for the present and the future of Rosemary Sound.

The **Neighborhood Patterns** section will provide a series of illustrations that depict the way that individual homes and buildings create the overall perspective from the street. In addition to determining the range of appropriate house types, this will require particular care in placing homes on lots and condominiums on building pads.

The **Architectural Patterns** section presents guidelines for construction of the homes, condominiums and commercial structures within a specific architectural vocabulary. Key details, materials and shapes will be illustrated to help owners determine the appropriate design elements for their house or building.

The **Landscape Patterns** section will depict and detail specific examples of fencing, walls, paving and garden types that are to be built and adhered to in Rosemary Sound. These will apply to not only the common areas, maintained by the Community Development District, but individual homeowner landscaping as well.

AMENITIES

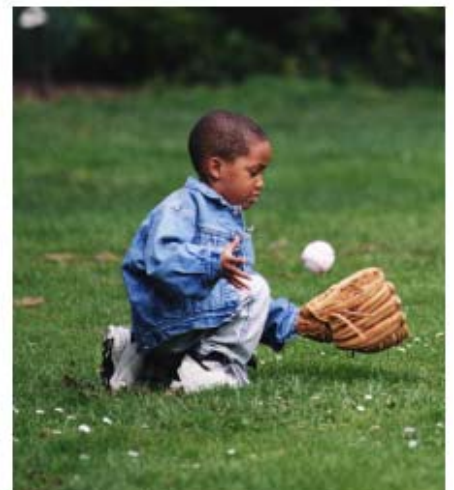
Rosemary Sound is planned to have a list of amenities that will rival, if not exceed, that of any other residential community in a 50-mile radius.

COMMUNITY ACCESS TO THE SOUND

While it sounds simple, very few residential communities in Santa Rosa County offer deeded access to the water for all residents. In most areas, this is a privilege held by only the homes that reside directly on the shoreline. As a result, this marketplace places a distinct premium on lots in communities that allow all residents to take advantage of the spectacular location.

GREEN SPACE

Studies conducted by Zimmerman Volk and Associates in 2001 indicate that there is an 18 percent premium placed on residential lots within 100 feet of a planned park or green space. Not coincidentally, over two-thirds (68.5%) of all homes in The Neighborhood and Marina are within 100 feet of a park, lake or back up to a preserve. Rosemary Sound is located in an area that has long been acknowledged for its striking natural beauty and diverse habitat. This project is fortunate enough to have a number of designated green spaces — consisting of pocket parks, linear parks and community parks. These parks will provide a wonderful vantage for nature watching, community gatherings and for informal dining.



WETLAND PRESERVE

At least 23 acres of federal wetlands will be designated as a preserve area. This area will not only provide a visual barrier between The Village and The Neighborhood, but will also serve as a natural wildlife habitat so integrally important to the Rosemary Sound community. The wooded frontages along the shoreline and wetland areas will provide a complementary setting.



BOAT SLIPS

Over 60 boat slips are anticipated to be permitted that will be sold to community residents. The slips will accommodate boats up to 29 feet long.



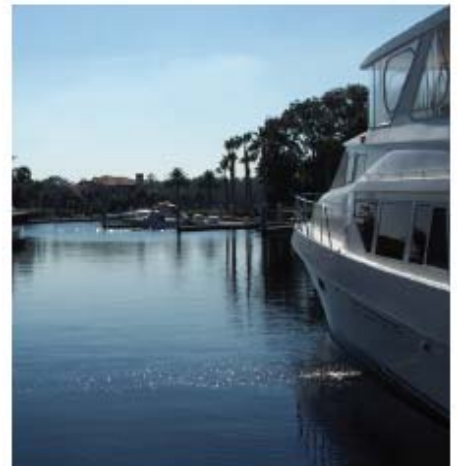
OLYMPIC-SIZE SWIMMING POOL

The Neighborhood will boast a family-friendly, Olympic-size swimming pool; giving Rosemary Sound the capability to host community-wide events like swim meets and lessons.



WATERFRONT POOL AND BEACH CLUB

A second amenity center is planned in The Marina. This pool will be located in the southern-most area of The Marina allowing for an infinity edge pool as well as a beach club. Fully oriented to the pleasures of the Sound with great views, waterside activities and sunsets, the beach club will be an oasis from too much sun and a place for light food and drinks. The beach club will be open to all homeowners and offer memberships. Patrons can access the beach club from the land or the water, increasing the “curb” appeal greatly.



VILLAGE CENTER

The Village Center is where people congregate to tend to shopping needs and whims. Retail offerings are intended to include everything from a corner grocer to clothing to a variety of food options for dining in or taking out.



CONSTRUCTION AND SALES TIMING

Construction of infrastructure in Rosemary Sound is anticipated to commence in mid-November, 2009. First items of completion will include the bridge over the wetlands at the entrance to the project. One hundred and ten Neighborhood lots are anticipated to be ready for delivery starting in March 2010.



SALES AND MARKETING PLAN

While the largest portion of sales in the project will likely include a sale to or joint venture with builders, it is important to understand the ultimate end user.

END USERS

The nature of the New Urbanism based, mixed-use, traditional neighborhood design tends to draw a wide spectrum of demographic and generational groups. Young-singles and empty-nesters are obvious candidates for the loft-style apartments in The Village. A series of adjacent buildings in The Marina could easily be sold to an Assisted Living facility, and the detached units in The Neighborhood will appeal to the broadest segment of the population, but cater to traditional and non-traditional families.

Not only is there strong demand across generations for this type of product, a 1999 study administered by the ULI determined that homebuyers are willing to pay a premium to live in New Urbanist Communities as compared to conventional suburban developments. The estimated price differential per lot ranged from \$5,000 to \$30,000 depending on the development and the combined analysis revealed a \$20,000 premium.

Almost all of the units in The Neighborhood will target the “step-up” home buyer already living in the Pensacola - Fort Walton Beach area. It is anticipated that more than half of the units in The Marina will be purchased by area residents, followed by retirees from the Southeastern U.S followed by Military Officers that are relocated to the area. Real Estate investors from the Southeast are likely to absorb the remaining units.

PRICING

Lot and building pad sales prices were determined by estimating the sales prices of the completed end-units based on market demand and comparable transactions in the area, using a reasonable profit margin for a builder, and backing into a reasonable sales price for the land.

Below are the estimated costs of end units to buyers, broken down by phase:

AVERAGE SALES PRICE (in thousands — not \$ per sq. ft.)

	PHASE 1	PHASE 2	PHASE 3	PHASE 4
Marina – Carriage House	\$185	\$225	\$242	\$250
Marina – Condo	\$275	\$280 – \$362	\$425	\$600 – \$675
Village	\$199 - \$225	\$240	\$260	\$300
Neighborhood	\$355 – \$675		\$430 – \$825	

COMMUNITY DEVELOPMENT DISTRICT

A Community Development District (CDD) is an independent unit of local government created and governed by Chapter 190, Florida Statutes. CDDs offer an attractive and cost-effective means of providing for the financing, acquiring, operating and maintaining major infrastructure systems and services to support the development of new communities throughout the State. When used effectively, CDDs can help to spread out development costs, meet the concerns of permitting agencies with respect to long-term maintenance of infrastructure, provide access to sources of increasingly scarce capital, and work cooperatively with local governments struggling to avoid politically unpopular tax increases.

CDDs consisting of less than 1,000 acres are established with the approval of local government, in this case Santa Rosa Board of County Commissioners. Funds are raised through the sale of tax-exempt revenue bonds. Districts may issue revenue bonds without limitation as to amount and may do so without referendum approval. These funds are repaid through ad-valorem assessments levied upon properties within the CDD boundaries. Assessments are co-equal with County taxes and other special assessments. No debt of the CDD can constitute a burden on the County.

The CDD is authorized to purchase, finance and construct:

- Storm water management and infrastructure
- Water and wastewater for infrastructure (for dedication to the City/County)
- Roadways; including sidewalks, lighting and landscaping
- Parks, recreational facilities and civic sites
- Conservation preserves and buffer landscaping
- Entry features and landscaping
- Permitting, testing and engineering
- Off-site improvements required by a development order

There are currently over 350 CDDs throughout the state of Florida because of the benefits to all of the stakeholders. For developers, the CDD provides low-cost, non-recourse financing for infrastructure as well as off-site improvements. Because of the financing benefits, projects funded this way tend to have higher quality improvements and amenities. This helps maintain property values at levels above other comparable neighborhoods, which is significant for all future residents. Additionally, traditional homeowner association management pales in comparison to that of the professionally run CDD. To the County, the benefits are numerous. First, and obvious, is the increased tax base. However, perhaps even more importantly, the CDD presents a mechanism that allows growth to pay for itself in the public realm. And, because the bond proceeds are provided upfront and deposited with a financial trustee, there is an assurance that the project is fully funded and will be built as anticipated.

Both long-term (Series A) and short-term (Series B) bonds are available and non-recourse. Series A bonds are a 30 year term and repaid by landowners in annual assessments on their County tax bill. The amount of Series A bonds that can be raised is based on what the marketplace for assessments on owners will bear. Short-term bonds are used to fund construction costs not covered by the long term bonds. These are typically structured as interest-only with a 5-10 year term set to match sales absorption. Series B bonds have a fixed-release price and can either be paid by the developer at closing or the debt can be assumed by the builder.

Shores of Santa Rosa CDD

The petition for the Shores of Santa Rosa Community Development District (which encompasses all of the Rosemary Sound parcels) was submitted on December 19, 2005, and Board of County Commissioners approved it in March, 2006. The District was established in March 2006 and able to issue bonds as soon as all construction permits are available. Therefore, all initial infrastructure construction is anticipated to be funded through the CDD. There are approximately \$36M in costs that are eligible to be financed with these bonds — \$14M of which will likely be Series A and passed along to residents, the \$26 M remaining Series B which will be assumed by builders.

CDD - TOTAL INFRASTRUCTURE COST DETAIL

DESCRIPTION	TOTAL COSTS
Roadway	\$6,100,000
Water	\$1,400,000
Sewer	\$6,500,000
Drainage	\$7,400,000
Parks and Recreation	\$6,900,000
Landscaping	<u>\$3,000,000</u>
TOTAL COSTS	\$31,300,000

Costs funded with Series 2006A Bond Issue	\$12,000,000
Costs funded with Series 2006B Bond Issue	<u>\$19,300,000</u>
TOTAL COSTS	\$33,300,000

SOURCE: Cost estimates provided by District Engineer.

FINANCING INFORMATION—SERIES 2006 A LONG TERM BONDS

Coupon Rate	6%
Term (years)	31
Principal Amortization Installments	30

ISSUE SIZE		\$14,485,000
Construction Fund		\$12,000,000 (2)
Capitalized Interest (months)	15 (1)	\$1,076,219 (3)
Debt Service Reserve Fund	7.21%	\$1,043,700 (4)
Underwriter's Discount	2.00%	\$289,700
+Premium/ -Discount		\$0
Cost of Issuance		\$75,000
Rounding		\$0

ANNUAL ASSESSMENT

Annual Debt Service (Principal plus Interest)	\$1,043,700
Collection Costs and Discounts @ 8.00%	\$90,757

TOTAL ANNUAL ASSESSMENT

- (1) Based on a August 1, 2006 dated date and capitalized through November 1, 2007 interest payment date.
- (2) Gross funded.
- (3) Net funded.
- (4) Based on maximum annual debt service.

FINANCING INFORMATION—SERIES 2006 B SHORT TERM BONDS

Coupon Rate	5.50%
Term (years)	7
Principal Amortization Installments	1

ISSUE SIZE		\$21,955,000
Construction Fund		\$19,300,000 (2)
Capitalized Interest (months)	15 (1)	\$1,533,586 (3)
Debt Service Reserve Fund	2.75%	\$603,763
Underwriter's Discount	2.00%	\$439,100
+Premium/ -Discount		\$0
Cost of Issuance		\$75,000
Rounding		\$3,552

ANNUAL ASSESSMENT

Annual Debt Service (Principal plus Interest)	\$1,207,525
Collection Costs and Discounts @ 0%	\$0

TOTAL ANNUAL ASSESSMENT

- (1) Based on a August 1, 2006 dated date and capitalized through November 1, 2007 interest payment date.
- (2) Gross funded.
- (3) Net funded.

ALLOCATION METHODOLOGY—SERIES 2006A LONG TERM BONDS

PRODUCT	PER UNIT EAU	TOTAL EAUs	% OF EAUs	UNITS	PRODUCT TYPE		PER UNIT	
					TOTAL PRINCIPAL	ANNUAL ASSMT(2)	TOTAL PRINCIPAL	ANNUAL ASSMT(2)
Townhouse/condo	0.80	476.00	78.26%	595	\$11,335,569	\$887,595	\$19,051	\$1,492
Single Family	1.00	120.00	19.73%	120	\$2,857,707	\$223,814	\$23,814	\$1,865
Commercial	0.25	12.25	2.01%	49	\$291,724	\$22,848	\$5,954	\$466
TOTAL		608.25	100%	764	\$14,485,000	\$1,134,457		

1. Allocation of total bond principal (ie; Assessment) based on equivalent assessment units. Individual principal and assessments calculated as a per unit basis
2. Includes principal, interest, early payment discounts, and collection costs

ALLOCATION METHODOLOGY—SERIES 2006B SHORT TERM BONDS (1)

PRODUCT	PER UNIT EAU	TOTAL EAUs	% OF EAUs	UNITS	PRODUCT TYPE		PER UNIT	
					TOTAL PRINCIPAL	ANNUAL ASSMT(2)	TOTAL PRINCIPAL	ANNUAL ASSMT(2)
Townhouse/condo	0.80	476.00	78.26%	595	\$17,181,389	\$944,976	\$28,876	\$1,588
Single Family	1.00	120.00	19.73%	120	\$4,331,443	\$238,229	\$36,095	\$1,985
Commercial	0.25	12.25	2.01%	49	\$442,168	\$24,319	\$9,024	\$496
TOTAL		608.25	100%	764	\$21,955,000	\$1,207,525		

1. Allocation of total bond principal (ie; Assessment) based on equivalent assessment units. Individual principal and assessments calculated as a per unit basis
2. Includes interest only

ALLOCATION METHODOLOGY - TOTAL BONDS

PRODUCT	PER UNIT EAU	TOTAL EAUs	% OF EAUs	UNITS	PRODUCT TYPE		PER UNIT	
					TOTAL PRINCIPAL	ANNUAL ASSMT(2)	TOTAL PRINCIPAL	ANNUAL ASSMT(2)
Townhouse/condo	0.80	476.00	78.26%	595	\$28,516,958	\$1,832,772	\$47,928	\$3,080
Single Family	1.00	120.00	19.73%	120	\$7,189,149	\$462,043	\$39,910	\$3,850
Commercial	0.25	12.25	2.01%	49	\$773,892	\$47,167	\$14,977	\$963
TOTAL		608.25	100%	764	\$36,440,000	\$2,341,982		

OWNER/DEVELOPER

The Maverick Group

The Maverick Group was formed in 2002 as a vehicle to develop Real Estate in the Houston, Texas area. Although the company is only just over three years old, it has established itself as a quality developer in the Greater Houston Metropolitan Area. We currently have \$500 million dollars worth of development in the Houston area consisting of Residential, Office and Retail developments.

The Maverick Group is both a horizontal and vertical Developer as shown by our signature development, The Parks at Boulder Creek, a 140-acre Lifestyle Center Development located in Pearland, Texas. We are also becoming active in the Baton Rouge market again and are in the process of developing an Upscale Residential Subdivision in Destin, Florida. The Maverick Group has built a reputation for performance and integrity.

Our ability to work with Land Owners, Bankers, Engineers, Contractors and Governmental entities and our understanding of what their needs are gives us the ability to get deals completed. Our experience in developing multi use sites gives us the flexibility to look at any size tract in practically any location where there is a demand.

Recently opened a Florida diversion of The Maverick Group, LLP to take advantage of the opportunities in the panhandle area.

Owner

John J. Kelly

John J. Kelly is the founder and managing partner of The Maverick Group since 2003. The Maverick Group was formed as a holding company to facilitate residential and commercial real estate development throughout the Gulf South from Texas to south Florida. From its inception, The Maverick Group and its affiliated real estate holdings have grown to more than 350 million dollars. The Maverick Group is currently developing 3,000 residential lots, 400,000 square feet of retail, and 80,000 square feet of office in the Houston area alone. His knowledge of development and land values, and his ability to work with Land Owners, Engineers and Municipalities is invaluable.

Prior to the formation of The Maverick Group, Mr. Kelly founded LMS Construction in 1988m specializing in office park development/construction and retail shopping center construction throughout the Gulf South. Today, Mr. Kelly is the Chairman and driving force behind their continued dynamic and diverse approach to the ever changing construction industry. LMS Constructors has annual revenues in excess of 50 million dollars and more than 50 full-time employees. LMS is recognized as one of the largest and most reputable interior building specialist in hospitals and multi-story office buildings throughout Louisiana. John founded Pinnacle Homes in 1983 and was a custom home builder and residential home developer throughout the 80's and 90's. Pinnacle Homes built more than 200 homes during that period.

John was also honored as Louisiana's "Remodeler of the Year" in 1985, 1986, 1990 and 1993. His projects and homes have been featured in Better Homes and Gardens, Architectural Digest and Southern Living Magazine. Recently, he has started a new home building company called Maverick Homes, LLC, that will focus mainly on custom homes in exclusive developments master planned by his other affiliated development companies.

CURRENT PROJECTS

MAVERICK GROUP DEVELOPMENTS TEXAS

A. Residential Subdivisions

- 1. SPRING MEADOWS** – O'Day Rd. – Pearland, TX.
138 lots completed and ready to build on. 70 x 110 and 70 x 105 average size. Estimated time to sell all lots – 2 to 3 years. Sales price \$40,000 each. Buy in price \$4,660,000. Estimated profit of \$2,734,000 of which \$1,874,000 is MUD Reimbursements.
- 2. SHERWOOD FOREST** - Hwy. 59 @ S.H. 242 – Houston, TX.
Master Planned. Phase 1 100% engineered for 246 Lots. 262 acres 1100 Lots + or -
Lot Size – 40 x 110 and 50 x 110 246 lots in Phase 1
\$14 million in Reimbursements to the developer.
Buy in price of \$7,000,000. Total development costs estimated at \$27,000,000. Estimated net profit of \$15,200,000.
Estimated time to complete and sell all lots – 8 to 10 years
- 3. SUMMERFIELD** – Hwy. 146 – Baytown, TX. 513 lots
50 x 110 \$25,500 each . 137 acres Master Planned.
Cleared , out of floodplain. Phase 1 plans are completed for 279 lots. \$5 million in Reimbursements to the developer for entire development. Estimated time to complete and sell all lots – 5 to 7 years. Buy in price of \$2,980,000. estimated development costs for entire development - \$8,132,000. estimated net profit including MUD Reimbursements - \$6,500,000.
- 4. LANAI** – I-10 @ F.M. 3246 – Mont Belvue, TX,
Platted for 661 lots. All Detention and Drainage in place. Phase 3 (176 lots) plans are complete. Choice Homes taking 90 lots at \$23,800 per lot upon completion. 151 acres remaining after Phase 3 is developed. Buy in price is \$3,102,000. Estimated “as is” land only appraised value is \$3,932,119. Estimated development costs for entire development - \$13,169,400. Estimated net profit is \$6,826,464 for entire development. Estimated time to complete and sell all lots – 4 to 5 years.

B. Mixed Use Development

5. **PROVINCE VILLAGE** – Pearland, TX. – 47 acre Mixed Use Development platted for Retail, Office and Garden / Town Homes. 5 acres Commercial already developed as a 26,250 SF Retail Center with 2 out parcels, one of which has been developed as a Chili's Restaurant. 39 acres platted for 150 Garden / Town Homes.

Estimated development costs for Residential Development are \$32,473,000. estimated net profit is \$5,846,210 for residential Including \$3 million in reimbursements. Estimated time to construct and sell all 150 homes – 2 to 3 years.

Estimated time to lease up Retail Center and sell Out Parcels is 12 Months.

Estimated total net profit on sale of Retail Center, Retail Out Parcel and 1.2 acre corner lot is \$2,750,798.

C. Retail Development

6. **LIVE OAK PLAZA** – Baytown, TX. - 3.901 Corner Tract Located at Garth Rd. @ East Chase St. ¼ mile north of I-10. 22,035 SF Retail Center with 2 Out Parcels. 2500 homes and 2 Schools built or currently under construction within ½ mile. Five hotels within walking distance. Estimated time to build, lease and sell Retail Center and Out Parcels - 2 years.

Buy in price of \$1,100,000. Estimated development costs of \$1,800,000. Estimated net profit of \$2,661,463 over 24 months.

PAST PROJECTS

The Maverick Group, LLP/John Kelly Summary Of Mixed-Use Projects Completed 1988-Current

John Kelly/**The Maverick Group, LLP** and or his affiliated companies have purchased land, developed, and or sold the following mixed-use developments from 1988 to Current.

1. Formed **Pelican Village Group, LLP**, in 1988. Purchased 25 acres in Mandeville, La. Constructed all infrastructure, 46,000 sq ft of retail space, and 120,000 sq ft of build to suit out parcels. Out parcels included a bank, national retailer and 2 restaurants. Project was completed in 1988. Total cost of project was \$28 million dollars.
2. Formed **Bluebonnet Oaks, LLC** in 1989. Purchased 37 acres in Baton Rouge, La. Built 16 stand alone office buildings totaling 75,000 sq ft. Engineered and constructed 68 townhomes on 9 acres. Project was completed in 1994. Total cost of project \$18.5 million dollars.
3. Formed **The Province, LLC** in 1991. Purchased 12 acre tract and a 4 acre tract in Baton Rouge, La. Constructed 14 office buildings totaling over 80,000 sq ft on the 12 acres tract. Constructed 20,000 sq ft retail center and 12,000 sq ft. Walgreens (build to suit). Completed project in 1999. Total cost of projects \$15.5 million dollars.
4. Formed **Oak Harbor Interest, LLC** in 1991. Purchased 50 acre tract in Slidell, LA. Engineer and constructed 120,000 sqft power center. Built 225 class A apartments and 220 climate control storage units. Completed project in 2001. Total cost of project \$85 million dollars.
5. Formed partnership with **Jefco/Maverick Development, LLP** in 1998. Purchased 120 acres in Woodlands, TX. Designed award winning regional power center call Portafino. Constructed and leased over 220,000 sq ft of retail space. Project completed in 2004. Total cost of project \$250 million dollars.

PRODUCT TYPES

The plan for Rosemary Sound seeks to foster an active, diverse and pedestrian-oriented neighborhood with a mix of densities, scales and uses that are carefully designed to blend in with the existing community and natural features. A mixed-use town center at the heart of the community includes the highest density housing on the site, and has ground floor retail uses that are within walking distance of residents, not to mention, easily accessed by Highway 98. The proposed range of new housing units constructed within Rosemary Sound will increase the residential options for households currently living in Gulf Breeze as well as for those moving from households elsewhere in the Panhandle. Building and unit types commonly used within this traditional neighborhood are described as follows.

CONTEMPLATED UNIT MIX

VILLAGE TRACT	UNITS	AVG SQ. FT.	AVG LOT SIZE
8 acres on Hwy 98	125 Mixed-use Residential	1,210	
	49,000 sq. ft. Retail/Civic	2,450	
NEIGHBORHOOD TRACT 30 acres south of 27 acres of wetland conservation area	39 Cottages	2,000	50' x 80' Lot
	19 Townhouse/Rowhouse	1,750 sq ft	26' x 80' Lot
	49 Side-yard Homes	2,000 sq ft	40' x 80' lot
	64 Family Cottages*	2,400 sq ft	135' x 200' lot
	190 single family homes and		
	19 Garden Homes	2500 sq ft	70' x 140' lot
MARINA TRACT 31.5 acres including lake at south end of property, waterfront	535 Low-rise Condominiums	1,913	
	447 Garage parking spaces		
	365 Lot parking spaces		
	113 Street parking spaces		

Family Cottages includes 16 affordable garage apartments with 800 sq. ft. maximum

TOTAL DEVELOPMENT: 825 RESIDENTIAL UNITS

PROJECT TEAM

LAND PLANNING & ENGINEERING — GENESIS GROUP

Genesis Group is a leading engineering, land planning and landscape architect firm with offices in Jacksonville, Tampa, Tallahassee, Odessa, Gainesville and Crestview Florida. Genesis has been involved in many Master Planned Communities and Community Development Districts throughout the state and has extensive experience and the re-zoning and permitting process with local, state and federal regulatory agencies. Recent community development projects in Florida include the Waterfront/ Downtown Master Plan in Fort Walton Beach with similar projects in Altamonte Springs, Ormond Beach, Fernandina Beach, and Tallahassee. The Maverick Group is taking advantage of Genesis' multi-discipline experience, and has contracted them as both a Land Planner as well as the Project Engineer.

ENGINEER — JERRY MCQUIRE & ASSOCIATES

Jerry W. McGuire & Associates, P.A. is a civil engineering firm based in Pensacola, Florida offering engineering services throughout Northwest Florida and southern Alabama. JMA has an extensive and broad range of experience in planning, engineering, permitting, and construction inspection of civil engineering projects. Past projects include roadway design, land development design, potable water and wastewater system designs, lift stations, storm water management systems, and site development plans for both private and governmental clients throughout Northwest Florida and south Alabama. JMA's founder has over 25 years experience in the area.

ATTORNEYS — PETER J. PIKE, ESQ.

A results-oriented professional with extensive advisory, negotiation and transactional experience in commercial matters. Proven leader and creative problem solver with excellent administrative, writing and managerial skills who has demonstrated insight in business development, market analysis and strategic planning.

PROFESSIONAL EXPERIENCE

McNEESE TITLE, LLC/McNEESE LAW FIRM, Destin, FL 2004-Present

Clearance Officer/General Counsel

Oversight of all matters involved in clearance of titles to real property being closed and insured by company. Responsible for decisions as to whether to insure title, as well as research with respect to issues raised in title searches. Advise and counsel developer clients as to Homeowner's Associations and Condominium developments in Florida, formation of legal entities for development of raw land, and draft documents for Homeowner's Associations and Condominiums. Currently lecturing on foreclosure and short sale opportunities for Real Estate professionals.

AREA OVERVIEW

Rosemary Sound is located in Santa Rosa County, nestled between the cities of Gulf Breeze to the west and Navarre to the east. While it is important to understand the dynamic of these two neighboring towns and the greater Pensacola MSA (population 453,450), Rosemary Sound will attract a local homebuyer base that extends from Escambia County to the western part of Walton County, south of Interstate 10. Two key drivers influence the real estate market in this specific area: the U.S. Military and tourism, both of which show no signs of slowing growth in the near future.



**2006 AVE. ANNUAL
COUNTY POPULATION GROWTH 2006
Santa Rosa Count 144,561**

JOB GROWTH

Military Workforce

Of great importance to this market, the largest military bases in the area — from Eglin AFB in Valparaiso to Tyndall AFB in Panama City and many points in between — were spared of any cuts in the last Base Realignment Commission (BRAC). In fact, there is a great deal of local speculation that the area bases will be increased in size, staff and spending in the very near future. The U.S. Government is tight-lipped about such happenings, but the ***marketplace is generally expecting at least 10,000 new jobs in the marketplace by 2010, with some speculation of up to 20,000 new military and civilian support jobs created.*** The variance comes with the anticipated award of a new defense system coming to the region. According to the Department of Defense Web site, the ratio of enlisted men to officers is generally 6:1, creating the assumption that between 1,500 and 8,500 officers and their families will move to the area in the next two years. These families are target buyers for the Rosemary Sound project.

PANHANDLE AREA MILITARY BASES AND EMPLOYMENT*

BAY COUNTY 21,490

Naval Station, Panama City
Tyndall Air Force Base, Panama City

ESCAMBIA COUNTY 56,690

Naval Air Station, Pensacola
Naval Technical Training Center (NTTC)
Cory Station

OKALOOSA COUNTY 78,399

Eglin Air Force Base, Valparaiso
Hurlburt Field, Mary Esther

SANTA ROSA COUNTY 9,271

Naval Air Station Whiting Field, Milton
* Has Center for Business Research and Economic Development
at the University of West Florida —



As visible on the map above, Eglin AFB is geographically the largest Air Force base in the country spanning three counties and 724 square miles, and thus home to joint exercises and missile and bomb testing. Because of the vast size of the base, of officers are forced to live all over the map. Rosemary Sound’s waterfront location creates a much more compelling value proposition for buyers, compared with the growing residential areas to the north of Eglin that offer “views” of a busy I-10 as opposed to the beautiful Santa Rosa Sound.

The University of West Florida reports direct defense expenditures of almost \$6 billion in Northwest Florida in 2002, which clearly generated a tremendous amount of employment, wages, consumption spending and investments. This spending multiplies as it circulates through the regional economy and generated gross sales revenue of \$15.7 billion, \$1.6 billion of which consisted of direct investment in residential real estate. The cumulative impact of defense expenditures over the nine year period from FY 2002-2010 is projected to top \$100 billion.

BRAC Impact

As a result of the 2005 BRAC Commission, the US Army 7th Special Forces Group (Airborne) will move from Ft. Bragg, NC to Eglin AFB. Final personnel numbers and timeline remain to be determined but it is expected to be around 2,200 soldiers and approximately 2,800 dependents with the influx of personnel in 2009. The location of the new Army post has yet to be determined, but the preferred location is in the north county area near Duke Field. Also coming in to Eglin AFB is the F-35 Joint Strike Fighter Integrated Training Center (ITC). Personnel anticipated include approximately 811 government, 248 contractors, 120 pilots, and 800 maintainer. The influx of personnel is expected to begin in 2008.



A total increase in population of 12,000 is expected by 2011.

Okaloosa Defense Spending (\$Millions)		County Economic Impact \$ 6.6 Billion	
Procurement	\$ 1,066.7	Employment	86,630 Jobs
Salaries	627.0	Sales Activity	\$ 3.7 Billion
Pensions & Transfers	548.8	Consumption	\$ 3.4 Billion
Total Defense Spending	\$ 2,242.5	Capital Investment	\$ 613.7 Million

Average Earnings Per Military Job \$81,300

Source: UWF Haas Center Florida Defense Industry Economic Impact Analysis 2008

Civilian Workforce

New high paying jobs in the waterfront community of Gulf Breeze (population 24,000) are being created with the construction and late 2006 completion of the Andrews Institute for Orthopedics and Sports Medicine. This will be an affiliate of the Baptist Health Systems, headquartered in Pensacola — currently the second largest civilian employer in Santa Rosa County. Hospital officials anticipate a staff of at least 5,000, with almost 200 newly-created positions for a total payroll of \$15 million annually.

From a state-wide perspective, Florida led the nation in payroll employment growth in both 2003 and 2004. Payroll employment has surged 3.0 percent over the past year, generating a net gain of 224,000 jobs. Not only has job growth been solid, but it has also been extraordinarily broad based. Stronger job growth has led to healthy income gains, with personal income climbing 8.4 percent during the past year, or one and half percentage points faster than the national average.

Pensacola produced solid economic gains with a diversified civilian labor force. Non-farm employment increased 1.8 percent in the past 12 months, producing a net gain of 2,900 new jobs. Fort Walton Beach is enjoying some of the strongest job growth in the Panhandle. Non-farm employment increased 4.3 percent in the same period, reflecting double-digit gains in construction and robust growth in the tourism sector. The unemployment rate is 4.6 percent. Population growth has ramped up considerably in recent years, with the region adding a total of 14,000 new residents and 5,500 new households.

POPULATION GROWTH

Retiree and Second Home Builders

The emerging generation of baby boomer retirees, with their growing emphasis on lifestyle, community and interdependence will totally transform the nation's housing market.

Traditionally, empty nesters tend to downsize their housing and migrate to warmer climates in coastal communities to enjoy their golden years. The New Urbanism-styled communities developing along the Panhandle offer all of this plus the ability to work and play where they live, de-emphasizing the need for vehicles to a population who wish to remain independent in spite of declining mobility and health. Rosemary Sound is very well positioned to take advantage of these trends.

This aging generation has led to an increase in retirees, second home purchases and home-ownership in general. Florida has long been known as a retirement haven, and the Panhandle is no exception. Persons aged 65 and over currently account for 17.7 percent of Florida's population, compared to just 12.4 percent of the nation. The 65 and over age cohort is expected to account for 18.3 percent of the state's population gain through the rest of the decade and a whopping 39.8 percent of Florida's population growth in the next twenty years.

The small-town community feel in the Panhandle is attractive to a migrating population of Midwesterners that choose to spend winters in a warmer climate, but do not relate to the culture of South Florida.

Schools

Permanent residents are drawn to Santa Rosa County's school system. In 2007, the Florida Department of Education announced that the ***Santa Rosa County School District was ranked in the State's top ten overall***. The exemplary school district is a primary driver of the market premium placed on housing in this school district — especially when compared to their closest neighbors. Escambia County (Pensacola) ranks in the bottom quartile of Florida's 67 districts in all categories measured. Thus, Santa Rosa County, and specifically Gulf Breeze, are preferred destinations for home buyers in the area. Rosemary Sound is built to appeal to these consumers.

Dated Structures

In this sub-market, 62.1 percent of single-family homes in Gulf Breeze were built between 1960 and 1989, creating significant demand for new, no/low maintenance living. Rosemary Sound will deliver to this market, new quality construction in a neighborhood are undeniably the star attraction. Interstate 10, the State's longest east-west connector, runs through the entirety of the Florida Panhandle. Due to its proximity to the Gulf Coast and Southern neighbors such as Texas, Louisiana, Tennessee, Alabama and Georgia and its pristine waters and white sand beaches, the Destin/Panama City Beach area is the second most driven-to vacation destination in Florida. The Panhandle is reminiscent of days past. While there is significant new home construction in the Panhandle at-large, this has not yet been the case in Gulf Breeze — traditionally ***THE*** destination for "step up" homebuyers.

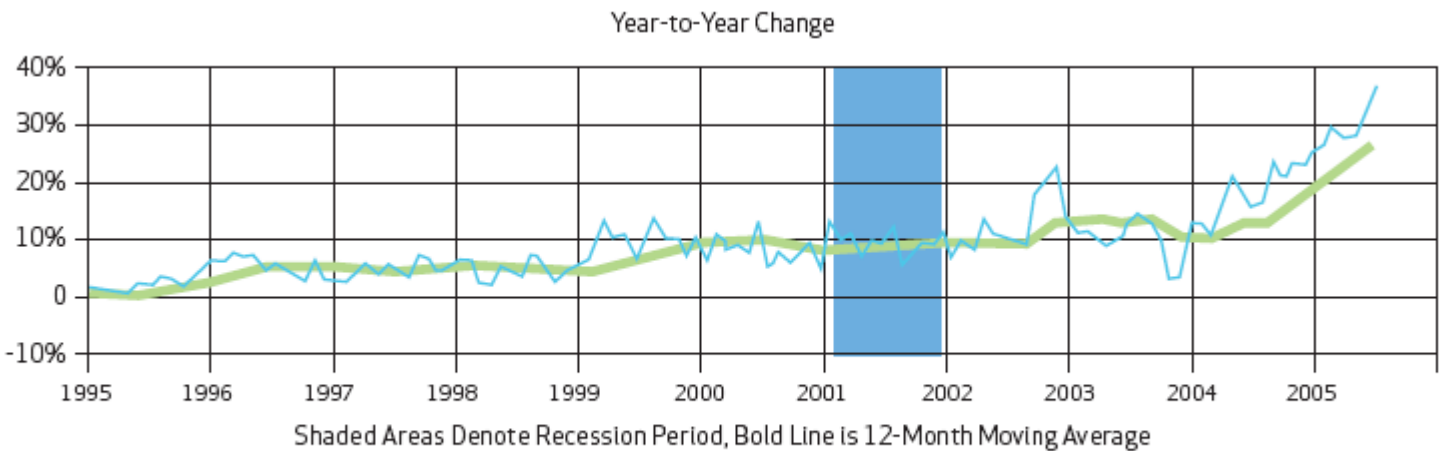
Other towns that offer newer homes (Crestview, Niceville, and Milton) cannot compete with the schools of Santa Rosa County, the waterfront lifestyle, and specifically the amenities of living in Rosemary Sound.

MARKET ANALYSIS

The Florida Panhandle covers the region of the state of Florida which includes the westernmost 12 counties in the state. It is a narrow strip lying between Alabama and Georgia to the north and the Gulf of Mexico to the south. Culturally and in terms of history and climate, the region is more closely tied to the Deep South than to peninsular Florida. The Panhandle, is sometimes called "the other Florida," since in addition to palm trees what thrives here are the magnolias, live oaks, and loblolly pines common in the rest of the Deep South.

As south Florida's season is winding down in May, action in the northwest is just picking up. The Panhandle draws more than seven million visitors annually from around the world. Attractions include golf courses, zoos, world-class sugar white beaches, water sports and fine restaurants. *It is second only to Orlando's Walt Disney World in terms of visitors traveling to Florida and is one of the most popular vacation destination in the country.*

MEDIAN SALES PRICE OF EXISTING HOMES SOLD IN FLORIDA



The median price of an existing home sold in Florida has soared 33 percent over the past year.

Source: Florida Association of Realtors

- ***The aging of the baby boom generation, those born between 1945 and 1965, has led to an increase in retirees, second home purchases and homeownership in general.*** The vast majority of baby boomers are now over 50 years old, and in their peak earning years. This is also the prime age cohort for second home ownership. Florida remains the number one vacation destination in the United States and the baby boomers are flocking to the state to purchase second homes, a trend that is expected to continue for the foreseeable future.
- While home prices have surged in recent years, home prices in the area are still considered a bargain by national standards.

Local Market Drivers

Breathtakingly beautiful views of the Sound and Pensacola Bay, proximity to both Pensacola and Eglin AFB, Smart Growth focused Local Government, and an exemplary school system position the Gulf Breeze/Navarre area to become the most significant residential growth opportunity in the Region.

The Gulf Breeze/Navarre area is a small sub-market of the Greater Pensacola area, with a combined population of 105,000. Gulf Breeze boasts the highest median household incomes in Santa Rosa County, followed by Navarre, indicating that those who can afford to live close to the Gulf of Mexico, do so. Given the unique geography of the Panhandle, with a massive military base surrounded by large Bays — primary residents are scattered from Pensacola to Niceville. The convenience of Rosemary Sound to Eglin AFB, Ft. Walton Beach and Pensacola will make it a natural bedroom community for professionals employed in either direction.

The market for primary home buyers in this market is driven by two factors: proximity/access to the water and quality. While existing properties in the Navarre area benefit from their proximity to the Santa Rosa Sound, the overall quality is considered inferior to that of Rosemary Sound. Areas such as Niceville offer a quality product, but they lack community access to the water (Choctawhatchee Bay, in the case of Niceville) and are a much longer commute to Pensacola. Ultimately, there is no comparable community to Rosemary Sound, offering exemplary amenities, spectacular location and quality product, in this market at this price point.

AVERAGE SALES PRICE OF DETACHED SINGLE-FAMILY UNITS SOLD IN 2007*

LOCATION	UNITS	AVG PRICE
Ft. Walton	590 Homes	\$227,904
Gulf Breeze/Navarre	24 Homes	\$269,429
Niceville	423 Homes	\$300,314
Pensacola	2273 Homes	\$175,817

FINANCIAL ANALYSIS

The financial projections contained herein were prepared to present, to the best of management's knowledge and belief, the project's expected performance. Accordingly, the projections reflect management's judgment, as of November 11, 2008, of the expected conditions and their expected course of action. There will usually be differences between the projected and actual results, as events and circumstances frequently do not occur as expected, and those differences may be material. Many future events may occur which are outside the control of management and may adversely impact the projected results of operations.

Sales Income	Count	Unit Count	SF N/A)	SF Each Res. Unit (N/A)	Avg Price per Lot	Average Price / SF (N/A)	Totals
Phase 1		190	0	1,550	55,000	\$ 130.00	38,285,000
Phase 2		127	0	1,850	55,000	\$ 130.00	30,543,500
Phase 3		127	0	1,550	55,000	\$ 175.00	34,448,750
Phase 4		127	0	1,550	55,000	\$ 155.00	30,511,750
Phase 5		127	0	1,550	55,000	\$ 155.00	30,511,750
Phase 6		127	0	1,550	55,000	\$ 155.00	30,511,750
Commercial		0	0	49,000	0	\$ 175.00	8,575,000
Totals		825	0				
Subtotal:							203,387,500
Total Sales Income:							\$203,387,500

Anticipated Net Profit on Horizontal/Vertical:	\$64,103,750
Community Development District Reimbursements (CDD)	\$14,485,000
TOTAL PROFIT	\$78,588,750

Hard Construction Cost	Count	Acres	Length (km)	Width (m)	Total (sf)	Unit Cost per	Totals
Roadway							3,000,000
Water							750,000
Sewer							3,250,000
Drainage							3,750,000
Parks and Recreation							3,500,000
Landscaping							1,500,000
Commercial Construction					49,000	\$90.00	4,410,000
Phase 1 Construction	190				1,550	\$75.00	22,087,500
Phase 2 - Construction	127				1,850	\$75.00	17,621,250
Phase 3 - Construction	127				1,550	\$75.00	14,763,750
Phase 4 -Construction	127				1,550	\$75.00	14,763,750
Phase 5 - Construction	127				1,550	\$75.00	14,763,750
Phase 6 - Construction	127				1,550	\$75.00	14,763,750
Total Hard Construction Cost:	825						118,923,750

Soft Cost	On Amount	Totals
Budget - Marketing Cost		1,000,000
Planning & Architectural, Land-		\$ 500,000.00
Civil Engineering Fee On-site		\$ 250,000.00
Civil Engineering Fee Off-site		\$ 250,000.00
Structural Engineering Fee		\$ 50,000.00
Operational Expenses (General	0 3	\$ 900,000.00
Project Management for Design,		\$ 750,000.00
Environmental Engineer Fees		\$ 50,000.00
Appraisal Fees		\$ 15,000.00
General Legal Fees		\$ 150,000.00
Interest Carry		\$ 4,500,000.00
Builder's Risk Insurance		\$ 750,000.00
Property Survey		\$ 25,000.00
Subsurface Investigation		\$ 150,000.00
General Overhead Cost (includes		\$ 750,000.00
Developer and Project Manager		\$ 1,500,000.00
Funding Fee		\$ 270,000.00
Contingencies		\$ 1,500,000.00

Total Soft Cost: \$ 12,360,000

Total Development Cost: \$131,283,750

Total Land Cost: 8,000,000

Total Development Cost: \$139,283,750