

Flor de Bayahibe Development Project *Bayahibe, Dominican Republic*

Project Summary

Bachaus Developments, LLC., a limited liability company located in Neenah, Wisconsin, United States of America is proposing the development of a golf course lifestyle community in the Bayahibe, Dominican Republic on approximately 1.4 million square meters of land (340 acres).

The Flor de Bayahibe Development Project presents an excellent opportunity for investors to participate in a real estate venture in a popular tourist destination and a growing secondary home site for many European visitors. The development project includes the construction of an 18-hole championship golf course, single-family home sites with golf course frontage, townhouse/condominium units, hotel/resort location, water park and retail/commercial sites. A full description of the project components and a site plan are available for review in the remainder of this document.

Location

Bayahibe, Dominican Republic is located on Hispaniola Island in the center of the Caribbean. Dominican Republic occupies two-thirds of the island and shares its borders to the west with Haiti. To the north is located the Islands of Turks and Caicos; to the east, Puerto Rico; and to the south, the lower Caribbean with Venezuela and the islands of Aruba, Curacao, and Bonaire.

The projects rests on 340 acres of property owned by Mr. Tilkson Marcelino of the Dominican Republic. The land currently has an appraised value of approximately twenty-seven million dollars (\$27,000,000.00 U.S. Dollars).

The Bayahibe Development Project is also located only minutes from five popular resort hotels containing twenty-three hundred (2,300) rooms. The development is also just a thirty-minute drive from La Romana and one-hundred kilometers to the capital city of Santo Domingo.

The nearest airport is the International Airport of La Romana-Casa de Campo, approximately 15 minutes from Bayahibe. Other connections to the Dominican Republic can be made from the Las Americas in Santo Domingo and the International Airport Punta Cana.

Tourism

Tourism in the Dominican Republic is one of the principal industries of the country. The most popular tourist destinations are Punta Cana, La Romano, Puerto Plata and Santo Domingo. Bachaus Developments, LLC is excited about the potential of this project. The Dominican Republic possesses everything required for a vacation destination, including great weather, spectacular ocean views, white sand beaches, dark blue warm ocean water and a stable government. For many years, the Dominican

Republic has been a favorite destination for European vacationers, resulting in over 3,500,000 tourists per year. Today, this Caribbean island remains as popular as ever with the Europeans, furthermore the last several years have seen the United States vacationers discover this underutilized market. The large numbers of tourists has resulted in a great demand for long-term residences and permanent vacation homes, thereby creating a tremendous need for the type of residential lots that will be part of this development.

Investment Strategy

Bachaus Developments, LLC is allowing an investment into the Bayahibe Development Project beginning in the amount of ten million dollars (\$10,000,000.00 U.S. Dollars). Investment can be injected into the development in two payments of five million dollars (\$5,000,000.00 U.S. Dollars) for sequential years beginning in 2007.

As a result of a ten million dollar investment, the investor will receive forty percent (40%) of the net profits over an eight-year period beginning in 2008. If an investor wishes to inject fifteen million dollars (\$15,000,000.00 U.S. Dollars) then they will receive fifty percent (50%) of the net profits over an eight-year period beginning in 2008. Projected revenues for the development are expected to exceed twenty-six million dollars (\$26,000,000 U.S. Dollars) total for 2008 and 2009. Therefore, the investment amount will be paid back in full after 2009.

Collateral for the ten million dollar investment is 340 acres of land with an appraised value of \$27,000,000.00 U.S. Dollars.

Bachaus Developments, LLC.

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Project Design Statement

The following is a brief description of the amenities, design intent, and reasoning behind the Bayahibe Development Master Plan. The development is comprised of five main functional types and spaces. They include the Golf Course and Club, Golf Course Community Home Sites, Townhouse/Condominium Communities, Hotel/Resort acreage, and Commercial/Retail acreage.

The project is to be developed in four (4) phases over an eight (8) year period to begin in 2008. The development will also feature the construction of a waste treatment facility specifically designed for the property.

General Appearance

The look of the overall development will draw from the natural surroundings of the Caribbean and the Dominican Republic. The style and appearance will draw from the tropical nature of the rain forests and mountains as well as the beautiful sand beaches.

The buildings should be made of local building materials, utilize earth tone colors, and have a light and airy feel to them. They should be pedestrian in scale and promote a strong connection to the outdoor environment. The surrounding landscape should give the impression of the being very tropical. Native tropical plants will be utilized throughout the development and an emphasis will be put on using beautiful flowering or fragrant trees, shrubs, and flowers. These plants will be located in a variety of settings from the formality of the retail core to the large vegetated sand waste bunkers of the golf course.

Golf Course & Clubhouse/Hotel

The design intent of the golf course was to develop a 18-hole championship style golf course for use by the residents of the community and resort guests. The overall course is a par 72, comprised of 10-par 4's, 4-par 5's, and 4-par 3's. It has been designed with 5 average length tees to allow all ranges of ability to play. The course will be used as a semi-private golf club, serve as an amenity to the surrounding residents and will be popular due to the lack of competition in the surrounding area and extensive tourist activity. There are only two golf courses within a forty-minute drive of the property and those facilities average \$200.00 per round compared to projected \$100.00 per round price at the Bayahibe Golf Course. The layout of the holes, surrounding vegetation and general risk reward functions of the course will make it a fun and challenging place to play.

The golf course and the residential community interweave each other. The clubhouse entrance drive is separate from the residential loop drive to increase the visibility of the clubhouse and to reduce the traffic in the residential areas. It is proposed that the clubhouse acreage will also host a hotel for guests and tourists to the area.

Golf Course Community Home Sites Development

The golf course community home sites are comprised of 275 lots strategically designed for an executive gated community at reasonable pricing. The lots and roadway have been designed to promote good residential lots, golf course views and a strong sense of community, while keeping construction costs minimal.

Advantages to the development of the golf course community home sites include the pricing structure, executive setting and private clubhouse amenities. The price structure for the golf course community lots has been established at an average of \$160,000.00 (U.S. Dollars) per lot. Similar home lots in surrounding areas are currently priced in the range of \$500,000-\$1,000,000. The community home site residents will also have access to a private clubhouse with a pool, tennis courts, fitness center and locker rooms. Potential revenues of \$44,000,000 USD.

Townhouse/Condominium Community Development

The condominium communities will be developed in four phases with 240 units that will average eighteen hundred (1,800) square foot units constructed per phase. There will be a total of two hundred forty units upon completion of all phases of construction. The condominium units will feature a private, executive setting and residents will be able to utilize a private clubhouse with locker rooms for physical fitness activities such as tennis and swimming. Units have been priced at \$180,000 (U.S. Dollars) per unit and it is anticipated that twenty-five units will be sold per year beginning in 2008. Potential revenues of \$43,200,000 USD.

Water Park / Commercial / Retail Village

The proposed water park, commercial and retail village will be located in a common location on the southeastern portion of the development land on approximately 40 acres or 170,000 square meters. It is proposed that the retail and commercial buildings be located in one central location and oriented in a city center fashion. These buildings can be one story or a second story could be added that could house offices or residential apartments or condos. Other possible uses for these structures other than standard retail and commercial include sales offices, information center, movie theaters, health club, etc. The retail village will be a great place for social interaction, outdoor dining, and window-shopping, or just relaxing. The water park will be a large draw to the area and will also act as a amenity to the community and hotel guests. This portion of the development will be sold to a third party developer for approximately \$30,000,000 USD.

Component Value Overview (if all components sold out):

- Single Family Residential Lots: 275 Lots x \$160,000 per lot = \$44,000,000
- Condominium / Townhouses: 240 Units x \$180,000 per unit = \$43,200,000
- Water Park / Commercial Land: \$30,000,000
- Total Potential Value: \$117,200,000
- Estimated Length of Project: 8 Years

Costs for Development (if all components developed):

- Residential Infrastructure: 240 Lots x \$10,000 per lot = \$2,400,000
- Condominium Construction: 240 units x 1800 sq.ft average size x \$65.00 sq.ft = \$28,080,000
- Golf Course & Clubhouse/Hotel: \$12,500,000
- Total Cost for Development: \$42,980,000

Total Project Profit Potential: \$74,220,000