

The Continuum Company LLC

September 16, 2011

RE: RFP 43-10-11 (A) Biscayne Landing Redevelopment Project

Dear City of North Miami,

We respectfully and with regret have determined not to proceed to Stage 2 of the RFP Process for the redevelopment of the Biscayne Landing site. After careful consideration, our principal equity partner has determined that, given the structure of the deal that has been set forth by the City of North Miami and because of current market conditions, it would not be prudent to currently move forward with a Stage 2 submission. Given the recent timing of this decision, we have to withdraw our application and end our pursuit of the opportunity to redevelop the site.

As we indicated in our Stage 1 submission, we were enthused about the thought of bringing our experience and expertise to bear on the revitalization of the Biscayne Landing site. In particular, we viewed the redevelopment as a substantial opportunity to provide business and employment opportunities for the residents of North Miami and its surrounding communities and to create a year round multi-use destination for local residents, business interests and tourists.

We especially looked forward to the opportunity to work side by side with the City's elected officials, the many local business interests and the residents of the City to implement creative and novel approaches to this urban development. We still believe that the inclusion of concepts like Community Based Franchises for local and minority businesses, an innovative Grey Water reclamation system, a Medical Pavilion managed and developed by local and minority health care professionals as well as hospitality initiatives spearheaded by local and minority businesses should be included in this development regardless of who is ultimately selected as the developer.

Needless to say, our decision not to move forward came after thoughtful deliberation. In particular, we reached this conclusion because the current structure proposed by the City requires the developer to expend in excess of \$50.0 million before any income is derived from the project. This amount reflects the City's requirement of an upfront payment of approximately \$23.0 million for expenses including ground rent payments, tax arrears and retroactive annual maintenance costs of the sites in addition to the costs we would have to expend for operational, design, engineering, legal and retroactive annual maintenance during the 3 years in which no income will be generated on the site, construction costs and the costs required to build the necessary infrastructure to attract tenants. Further, the City's upfront payment requirement comes with no provisions or guarantees of, for example, expedited site plan approvals, permits, executed leases with prospective tenants or environmental remediation assurances.

When submitting the RFP for Stage 1, both we and our equity partners prepared budgets and projections based on the understanding that the lease payments to be made to the City would be spread over a 4-5-year period and, therefore, logically timed with the total build out of the retail portion of the site. Additionally, our projections also included generous market driven profit sharing formulas to the City from the future revenue of the development because we believed that it made economic sense that the City share in the success of the redevelopment. Our projections and budget were based on the City's sensible approach to the original Biscayne Landing project that included substantial developer financial obligations to the City after value had been created at the site. However,

after revising our budgets and projects to conform with the City's requirements regarding upfront payments, it was abundantly clear that our projected return expectations were materially altered and that the potential returns for both us and for the City of North Miami were no longer justified by the risk, especially given current market conditions, of this project.

As noted and as evidenced by the success of The Continuum on South Beach, we have a strong interest in development in South Florida, and we will continue to monitor the progress of the development of Biscayne Landing. In the event the RFP process does not produce the outcome desired by the City and if and when our concerns dissipate, we certainly would welcome the opportunity to further discuss the redevelopment with you. We wish the City of North Miami the best of luck and future success.

Very Truly Yours,

A handwritten signature in blue ink that reads "The Continuum Company". The signature is stylized and cursive.

The Continuum Company