



Waterfront Land
FUND MANAGEMENT, LLC

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WATERFRONT LAND FUND MANAGEMENT, LLC

THE STATE OF U.S. WATERFRONT REAL ESTATE: A FOREIGN INVESTOR REPORT



With historically low waterfront real estate prices in the southern United States and extremely favorable foreign currency exchange rates, Waterfront Land Fund Management, LLC, invites foreign investors to participate in its next and largest investment fund:
Waterfront Land Investments Fund II, L.P.



To capitalize on the extraordinary investment opportunity presented by current market conditions, Waterfront Land Fund Management, LLC, has initiated Waterfront Land Investments Fund II, L.P., for the sole purpose of acquiring prime waterfront area property throughout the southern United States. The subscription period begins the second quarter of 2008.

Our acquisition approach.

- + Take advantage of a market downturn to generate long-term capital appreciation and maximize investor returns within a five-year period
- + Identify sites carefully, based on strict purchasing criteria in the immediate vicinity of the ocean, Intracoastal Waterway and large recreational lakes and rivers
- + Perform due diligence and analysis for zoning, permitting and environmental issues that could affect appreciation for future development
- + Acquire prime parcels in highly desirable waterfront area locations
- + Execute specific pre-development functions before sale, such as obtaining permits and entitlements, adding greater value to the property and preparing it for sale

Our investor partnership.

- + **Partnership:** Based on an 80/20 model - 80% of profits to our investors (Limited Partners), 20% to WLFM (General Partner)
- + **Preferred Return:** 12% preferred return to the Limited Partners (well above industry standard)
- + **Profit Projection:** The General Partner projects a 20% or greater return per annum on investment
- + **Fund Life:** Investment hold period up to five years
- + **Closings:** Minimum of two closings during subscription period, to deploy capital committed to date

Our risk management strategy.

- + Cash purchases only, which increases the safety of the investment - no leveraging, bank financing or cross collateralization with other properties
- + The General Partner invests a minimum of 3% of the overall value of the fund, up to \$250 million
- + Investments to be made in waterfront area properties based on strict purchasing criteria

Our ability to maximize returns.

- + Maintaining the infrastructure that enables us to assemble the largest and most attractive pipeline of waterfront properties, at the most favorable market values
- + Knowing exactly how and when to purchase waterfront property, how to add the most value to each property and how and when to sell that property for the greatest return

For more information on Waterfront Land Investments Fund II, L.P. contact:

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This publication is an introduction of a proposed offering of investments in debt obligations of Waterfront Land Investments Fund II, L.P., and does not include all of the terms of the investment. The summary information contained herein is for preliminary introductory purposes only. Past performance of funds does not guarantee future results. Any offer will only be made by a confidential offering memorandum.

+ Why invest in waterfront real estate?

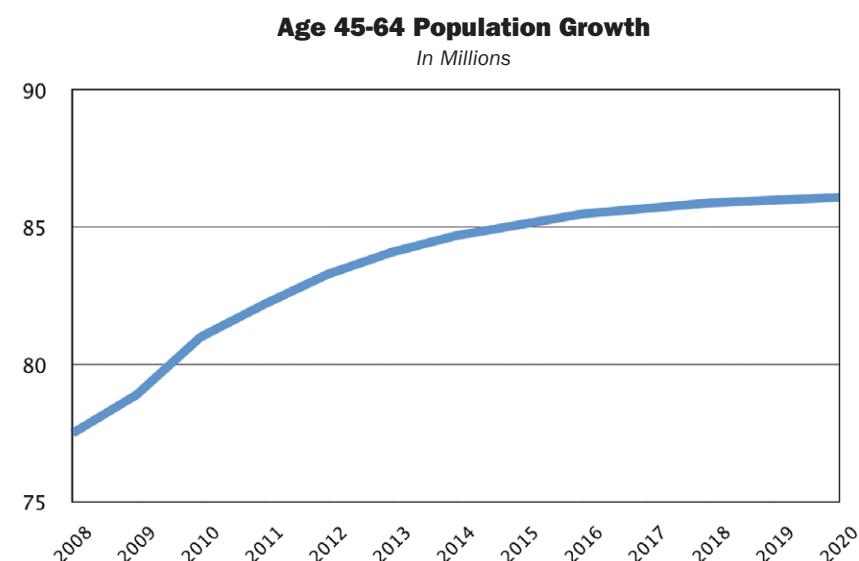
High demand. Limited supply. Proven investment.

The role of waterfront real estate has evolved over time. Access to water was the very foundation of early human prosperity and for centuries people have migrated to water. Today waterfront developments are largely a product of housing, leisure and retirement. Waterfront property remains in high demand, largely due to the baby boomer.

“Baby boomers” (used to describe the people born during the unusual spike in birth rates from 1946 to 1964) are 78 million strong and represent the largest segment of the United States population. This group, now between the ages of 45 and 64, are wealthy, in their peak earning years and currently represent the primary age range of waterfront home site buyers. As two-thirds of the baby boomer population continually express interest in acquiring waterfront real estate for vacation and retirement homes, demand is forecasted to outweigh supply, causing prices to continue to rise.

In addition to the ever-increasing demand for waterfront real estate, the United States is in a demographic revolution that is forecasted to increase significantly and broaden the age range of the waterfront home site buyer market. With a 10% growth rate of the 45 to 64 age group expected by 2020 (based on U.S. Census figures), the population of this age group is expected to reach 86.1 million people, increasing the demand for some time. In addition, a 3-year increase in life expectancy beyond age 65 will have a significant impact. This age group is expected to grow at twice the rate of the 45-to-64 age group between now and 2050, expanding the size and age range of the waterfront home buyer market.

The current impact of the baby boomer population is significant to the demand for waterfront real estate. However, other demographic factors are expected to keep the waterfront real estate market strong as the post-baby boom generation enters middle age. The 1.5% fewer births in the post-baby boom era will be



“We are in the sweet spot for buying southern waterfront properties. But when it’s over, it’s over. 2008 presents the best buying opportunity since 1991, and may be the best year for buying in the next decade. It is an incredible opportunity for investors, both foreign and domestic.”

William G. (Gary) Allen, Chairman and Chief Executive Officer, Waterfront Land Fund Management, LLC; Founder/Manager, WLC Waterfront Communities, LLC

offset by other phenomena including immigration growth and reductions in mortality. And, increases in income and wealth will more than compensate for the decline in the growth rate of this demographic group.

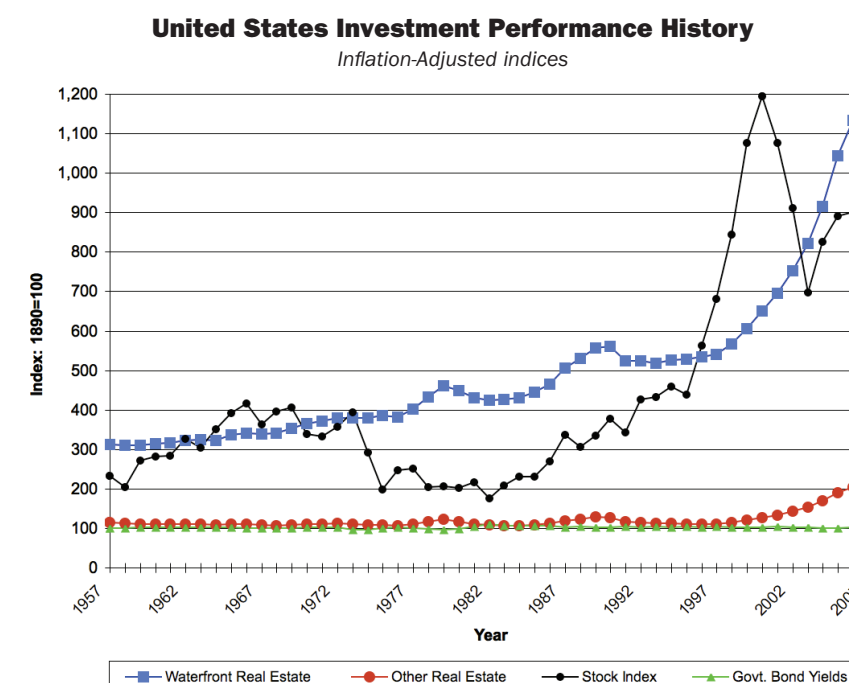
Demographic trends continue to shape the waterfront real estate market, not only in population but through increasing incomes and wealth. When incomes increase, so does the demand for and the value of waterfront property. Incomes are growing faster than ever. Research estimates that over the next ten years, two million second homes will be purchased primarily in recreational locations such as waterfront.

According to the United States Census Bureau, 19% of the country’s 113 million households report annual incomes of greater than \$100,000. U.S. households at the highest income level have tripled since 1980, adding more than 11.6 million more households in the highest income range. As we look to the future, the waterfront home site buyer population, which typically has household incomes in the \$125,000 plus range, is expected to grow more rapidly than the population as a whole over the next 10 to 20 years, thereby adding an additional 10 million households in that income range.

With a broadening age range of buyers, younger families moving into the higher income brackets and older buyers living longer, demographic and economic factors suggest a conservative estimate of an increased market demand of 4.5% to 6.5% per annum over the next ten to twenty years. This range is 50 to 100 percent greater than the 3.0% to 3.3% percent projected growth of the economy overall, as measured by real gross domestic product.

As an investment, waterfront real estate, particularly property concentrated in the southeastern United States, has historically generated remarkable returns with limited volatility. Since World War II there have been 18 years in which the downturn in the United States stock market has been greater than 2%. In 12 of these 18 years, the stock price decline was 10% or greater. By comparison, there was no year in which the decline in southeastern real estate exceeded 7%.

While the United States stock market has served both domestic and foreign investors well for decades, investors in southeastern waterfront real estate have experienced greater returns over time with less volatility. The long-run average annual compounded real rates of return on waterfront real estate have been similar to those for common stocks. In fact, over the past 40 years, purchasing southeastern waterfront real estate, even during a general housing downturn, would have yielded an additional two and a half percentage points above the long run average annual compounded return on stocks.



+ Why invest through Waterfront Land Fund Management, LLC?

Large pipeline. Proven track record. Managed risk.



John Bennett, President, WLFM, LLC and Gary Allen, Chairman and CEO, WLFM, LLC

With a stellar reputation, unparalleled relationships in the waterfront real estate community and a proven ability to identify receptive property sellers, Waterfront Land Fund Management, LLC (WLFM), has assembled one of the largest waterfront property pipelines in the industry. The company strategically seeks opportunities to purchase pristine, undeveloped waterfront land, while taking advantage of temporary fluctuations in the market.

With expertly selected real estate, based on strict purchasing criteria, cash purchases and no additional leveraging or cross collateralization, Waterfront Land Fund Management minimizes risk to its investors and increases its flexibility to sell properties based on returns and preferred tax treatment of profits.

+ Why invest now?

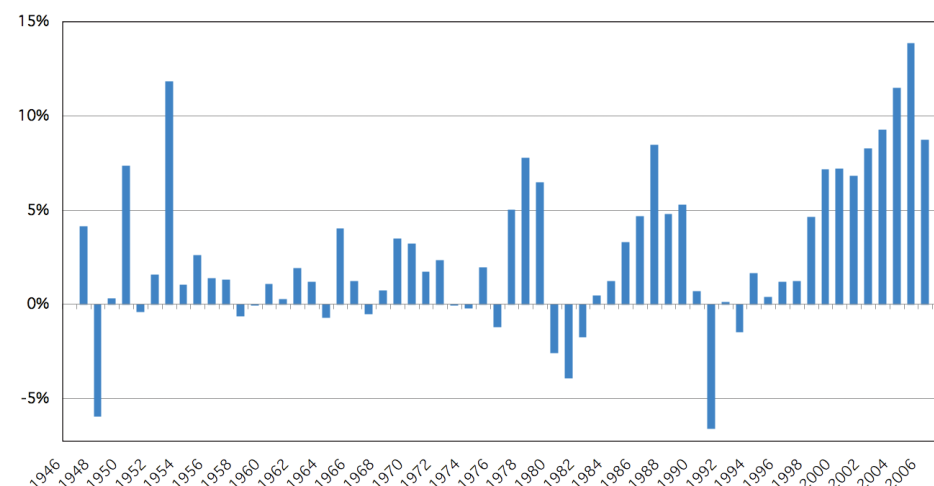
Depressed real estate prices. Depreciated dollar. A limited opportunity.

The current economic climate presents foreign investors with a tremendous opportunity for significant returns. However, the opportunity to invest in waterfront real estate at historically low prices is expected to be short-lived. In fact, Waterfront Land Fund Management anticipates the best buys to last no longer than 12–18 months.

There have been five major troughs in the southeastern United States real estate market in the past 50 years: 1948, 1976, 1980–82, 1991–93 and 2007–?. In analyzing each of the periods, there were no downturns for a period of greater than three years where the waterfront real estate market didn't rebound strongly.

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Southeast Waterfront Performance
Annual Percentage Change



Interest rates are at historical lows. The United States dollar has tumbled against major international currencies and waterfront real estate in the United States is on sale. For international investors seeking investments with high returns, short hold periods and minimal risk, the stars have aligned. Smart international money is going into expertly picked United States waterfront real estate, and the time to invest is now.

+ Why invest in the United States?

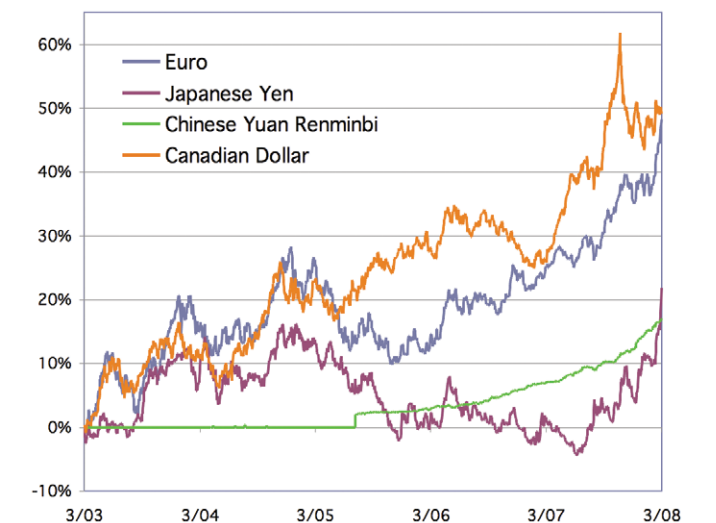
Economic strength. Political stability. Wealthy citizens.

With the 2007 gross domestic product (GDP) at \$14.08 trillion, low unemployment, modest inflation and significant technological advances continuing to bolster the economy, the United States holds an important position in the global economy. With a population of 300 million and a median household income of \$48,000, the United States has one of the wealthiest populations in the world, and its businesses and individuals continue to drive the economy forward. The United States is one of the largest and most important markets in the global economy, attracting foreign investors for decades.

A politically stable country, the United States has seamless transition of its leadership and has proven to be resilient in the face of natural disasters and political pressures, such as terrorism. This is evidenced most recently by the terrorist attacks of September 11, 2001 and the devastation to the coastlines caused by hurricanes Katrina and Rita in 2005. Following both events, the market rebounded quickly and responded with only a slight impact to GDP growth. Today, even in light of the falling dollar and threat of a recession, American consumers continue to spend and economic growth remains strong.

According to Deloitte and Touche, a financial advisory firm, of all the regions worldwide, the United States has the fewest impediments to investing. Recognizing the enormous opportunity presented by the increased buying power in the United States, foreign investors poured an unprecedented \$414 billion into United States companies and investments in 2007, up 90% from 2006, according to Thomson Financial, one of the world's leading information companies.

Currency Conversion to United States Dollars
Percentage Changes



The increased buying power resulting from the United States Dollar's fall against many international currencies continues to attract foreign investors. Five years ago one Euro bought \$1.06; today it buys \$1.57. Similar examples of the United States Dollar's devaluation can be seen against other major currencies including the Japanese Yen, the Chinese Yuan, the Canadian Dollar and the British Pound.