

**Debtors' Notice of Tier I Sale to Southern Caledonian Properties Limited (the "Caledonian Sale Notice")**

By the Caledonian Sale Notice, the Debtors provided notice of a "Tier I Bulk Sale," as required by the order authorizing the Debtors to establish and implement expedited procedures for the multiple-unit sale of properties, entered on November 5, 2008 (the "Multiple-Unit Sale Order").<sup>1</sup>

On October 9, 2008, the Court entered an order (the "Palazzo Sale Order") authorizing and approving, among other things, Debtor Bay Colony-Gateway, Inc. (the "Seller") to sell 22 units at Palazzo I of Pelican Preserve (the "Palazzo Sale") to Southern Caledonian Properties Limited (the "Purchaser") for \$160,000 per unit, for an aggregate purchase price of \$3.52 million (the "Bulk Sale Purchase Price"). In connection with the Bulk Sale Purchase Price, the Purchaser paid a deposit of \$32,000 for each unit, totaling \$704,250 in the aggregate (the "Deposit"). The Purchaser, however, has been unable to secure the necessary financing to close on the Palazzo Sale and has defaulted under the Palazzo Sale contract.

Notwithstanding the foregoing, the Debtors have reached a separate agreement with the Purchaser for the sale of six units (the "Units") located at The Resort at Singer Island Hotel Condominium from Debtor Resort at Singer Island Properties, Inc. (the "RSI Seller") pursuant to (i) the Purchase Contract between the RSI Seller and the Purchaser, and (ii) the Termination & Deposit Transfer Agreement between the RSI Seller, the Seller, and the Purchaser, both dated November 1, 2008 (collectively, the "Sale Agreement"), whereby the RSI Seller will sell the Units to Purchaser for \$1,876,500 (the "Purchase Price") and the Palazzo Sale contract will be terminated with no further liability to the Seller or the Purchaser. In order to consummate the Sale Agreement, the Debtors are applying the Deposit towards the purchase of the Units.<sup>2</sup>

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<sup>1</sup> The Multiple-Unit Sale Order defines a "Tier I Bulk Sale" as a sale of six or more units where the aggregate purchase price is less than or equal to \$20 million.

<sup>2</sup> To facilitate the sale of the Units, the Debtors retained Orsini Properties, Ltd. as a broker and will pay brokerage fees of \$93,825 (5% of the Purchase Price).