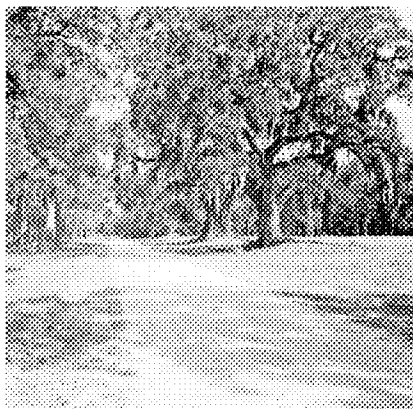


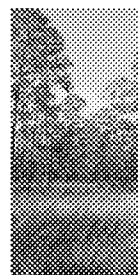
INTERCOASTAL WATERWAY



ROAD AESTHETIC



ECOSYSTEM MANAGEMENT



EcoVest Capital, Inc.

**Sandridge
Recommendations**

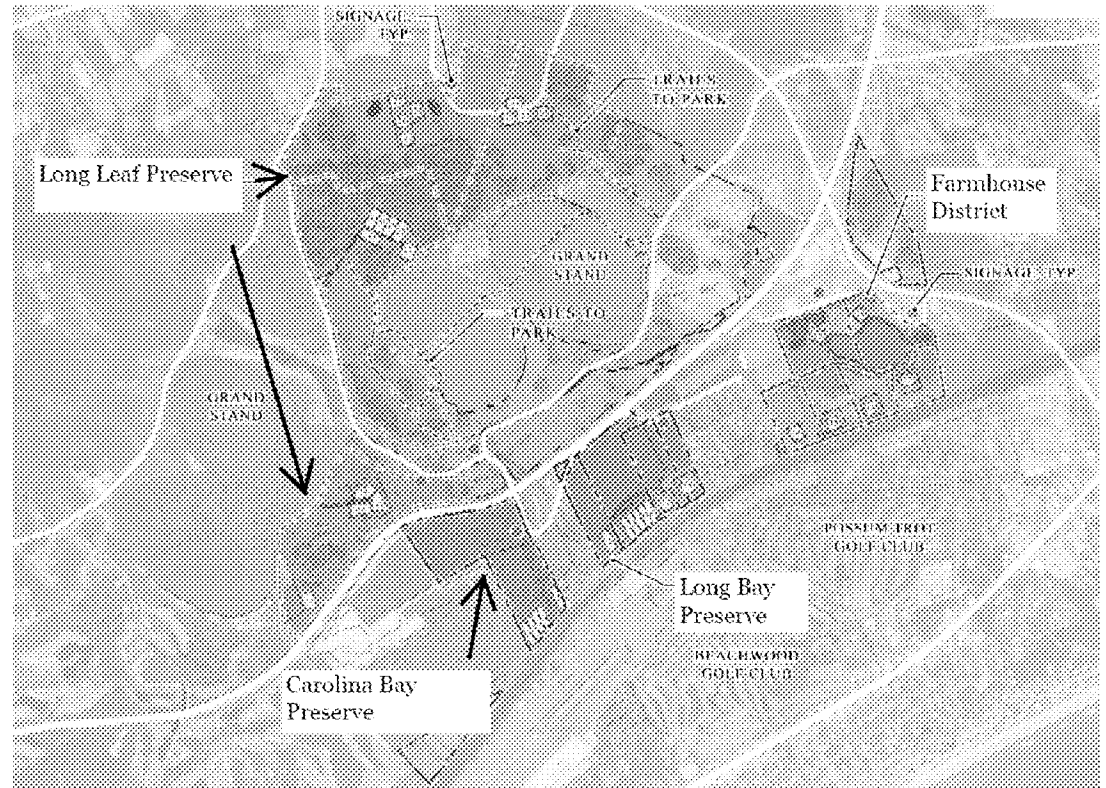
December 4, 2018

**By Strategic Solutions
Alliance**

Belinda Sward
STRATEGIC SOLUTIONS

Property Plan

- Four properties into three districts:
 1. Equestrian: Long Leaf Preserve
 2. Hardwoods: Carolina Bay and Long Bay Preserve
 3. Farmhouse
- Site Characteristics
 - Located "1 to 2 miles" from ocean.
 - Assemblage of 16 EcoVest projects.
 - Water access with docks allowable, although no real water views because of elevation.
 - Fixed development zones.
 - Adjacent to Grand Strand water and sewer facility.



Land Plan Questions

- Does equestrian exist in the market?

- Yes, Wampee Stables is nearby. People have been using existing trails that traverse the property for horseback riding.

- Could the property be developed as a master-planned community with shared amenities even though the parcels are not physically connected?

- Yes, this would require a community brand that ties it all together (one name, one theme, branded signage and architectural design, connecting trails (as possible, including using existing roads), community marketing and sales and shared amenities.
- Several examples of where this has worked: Rancho Mission Viejo, Lake James, etc.

- Could an iconic amenity building be developed in the Farm District?

- Yes, although the property is not well accessed or

physically connected to the other parcels.

However, this could bring a premium to this location.

- Could a trail and/or greenway be located in an easement along the water areas?

- Yes, probably more of a trail along Carolina Bay and Long Bay properties.

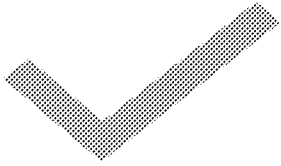
- Are docks allowed on the water lots?

- Yes, although the lots have limited views (water access, no views)

- Can higher priced housing and/or resort residential be supported at this location to offset more stringent regulatory challenges to the lower density?

- This is an unknown and will be researched and determined as part of this engagement.

Questions to Answer



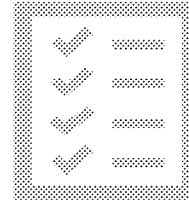
Other Questions to Answer

Should the property be developed as:

- MPC with districts and shared amenities?
- Individual districts, no shared amenities?
- Two communities – east and west of the Carolina Bays Parkway?
- Sell off water lots?
- Resort development?

For each scenario:

- Who are the customer segments?
- What are the product types?
- Design spec homes?
- What are the achievable prices?
- What sales pace can we expect?
- What are the recommended shared or individual district amenities?



Work Scope

Conduct research and provide examples to answer the questions and identify opportunities under various scenarios

Analysis and provide initial recommendations

If supported, then make modifications and/or finalize the recommendations

Prepare a written summary of the key assumptions, analysis and recommendations

Property Assessment

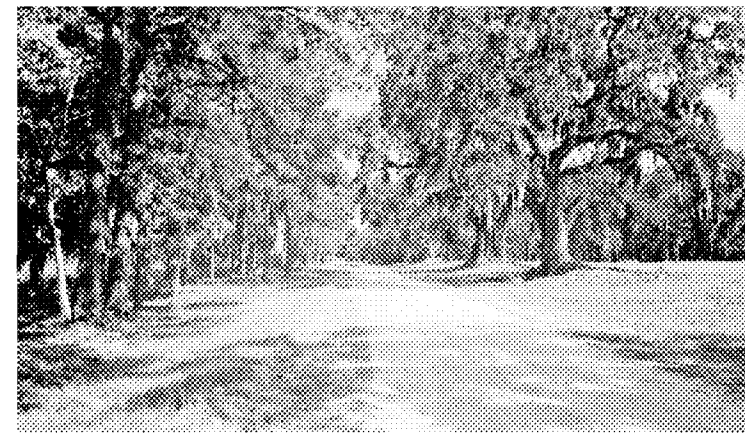
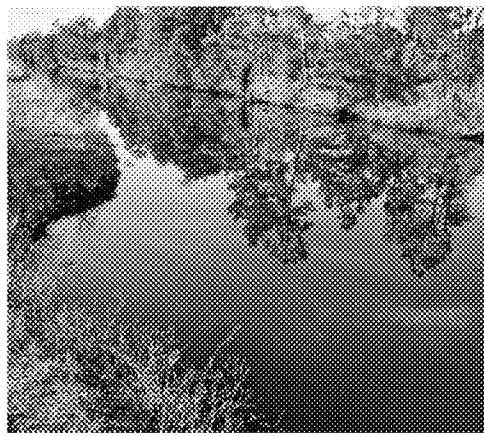
- The following is a summary of a professional assessment of the subject property.

Strengths	Challenges
<ul style="list-style-type: none"> -Generally good semi-rural location with multiple points of access and visibility. -Nearby amenities include the North Myrtle Beach Park and Sports Complex, Waggin' Tales Dog Park and Wampee Stables. -Located approximately two miles from the Atlantic Ocean (experience ocean breezes). -Community plan includes 6+ miles of hiking, biking and equestrian trails, Intracoastal Waterway access, community pool, gathering pavilion, wildlife viewing stations and access to the sports park, dog park and stables. -Master plan includes three themed districts: 1) Equestrian, 2) Hardwoods, and 3) Farmhouse -Approximately a 5 to 10-minute walk within each enclave or cluster of homes -Properties to the east of the Carolina Bays Parkway, including Carolina Bay Preserve, Long Bay Preserve and Farmhouse District, border the Intracoastal Waterway. -Properties to the west of Carolina Bays Parkway, Long Leaf Preserve, are surrounded by treed open space, pastures and farm land. 	<ul style="list-style-type: none"> -Large property, spread-out and car oriented versus walkable. -The 6-lane Carolina Bays Parkway bifurcates the subject property east and west, creating a barrier between the two properties. -Approximately 15 to 18 separated properties of 25 to 250 acres each. -Low unit count of approximately 37-38 units or tracks. -Properties along Intracoastal Waterway have dock access but no views because of elevation. -Adjacent to Grand Strand water and sewer facility. -Multiple points of entry into the subject property, which can hinder strong marketing window and place making. -Greater regulatory challenges. -Likely well water and septic. -Not a traditional resort location.

Property Assessment

- The following is a summary of a professional assessment of the subject property with level of opportunity from low to strong.

Community Type	Strengths	Challenges	Level of Opportunity
Three themed districts or individual communities, no shared amenities: 1) Equestrian, 2) Hardwoods, and 3) Farmhouse.	<ul style="list-style-type: none"> Physical separation of properties and characteristics of parcels support this concept. Creates ability for differentiation and placemaking at a district or small community level. Ability to develop simultaneously. 	<ul style="list-style-type: none"> Small properties and budgets. Farmhouse District too small. Separate budgets. Likely local marketing. Likely limited amenities. 	Low
One Master-Planned Community with the three districts and shared amenities.	<ul style="list-style-type: none"> One community brand with three districts. Ability for master marketing and sense of community, which garners a premium in sales and pricing. Given differentiation could be developed simultaneously or in phases. 	<ul style="list-style-type: none"> Requires one community branded signage and infrastructure to tie properties together. Road separations, size of property and distance between districts. Potentially higher costs. 	Low
One themed Master Plan with two distinct and separate communities: 1) West of Carolina Bays Parkway; and 2) East of the parkway.	<ul style="list-style-type: none"> Property bifurcated by Carolina Bays Parkway. More natural separation and better marketing window. Allows for two similar property sizes and grouping of units. Properties to the east of the parkway border Intracoastal Waterway. Properties to the west of the parkway have an open space orientation. 	<ul style="list-style-type: none"> Separation of space between Hardwoods and Farmhouse Districts. 	Medium to Strong



Recommended Concepts

- One overall themed master plan with a master HOA, yet with two distinct and separate communities that live and are marketed differently.

1. Open Space/Conservation Resort Residential Community

Take advantage of open space and create a conservation oriented resort residential community.

Incorporate planning elements from Blackberry Farms, Montage at Palmetto Bluff, Serenbe, Barnsley Gardens and/or Palm Key as case study analogues.

2. Intracoastal Waterway Custom Lot Community

Take advantage of the Intracoastal Waterway (ICW) orientation and access in combination with the larger lots and open spaces to create a unique open space/water orientation for custom estate lots and homes.

Examine inventory and sales prices of ICW oriented homes and homesites in the greater Myrtle Beach market.

Open Space/Conservation Resort Community



Assessment and Opportunities

- The following is a professional assessment of the Long Leaf Preserve property/Equestrian District for development as an open space/conservation resort community.

Districts	Housing Types	Market Assessment	Opportunity
Equestrian (Long Leaf Preserve) <ul style="list-style-type: none"> Approx. 800 acres Paddocks, barn Horse trails 	<ul style="list-style-type: none"> 19 units or tracks Large tracks (2 to 15 acres; building sites of 1.5 acres) Single-family detached homes Residential resort 	<ul style="list-style-type: none"> Equestrian has a narrow focus (only 3% of U.S. population). Expand to Open Space orientation, which could include equestrian. Low demand potential for primary home large rural lots and inability to generate premium. However, open space/conservation community has great appeal and examples of Growing demand from: destination weddings and special occasions, group outings, multi-generational vacations, environmental "unplugging" get-away. Food related, nature/outdoors, access to beach. 	<ul style="list-style-type: none"> Open space community Combination cottage, clustered homes with shared open space Resort residential Amenities: trails, outdoor/indoor venue area with garden, and seasonal farm-to-table experience chef's table restaurant.

Open Space/Conservation Resort

Community Case Studies

Communities	Palmetto Bluff	Palm Key
Characteristics	4,000-unit luxury master-planned community on 22,000 acres (20,000 of which are in a conversation). Approximately 1,200 lots developed 580 completed homes and 170 homes under construction. Located in Bluffton SC. Being developed by Crescent Resources.	350-acre private island on the Broad River near Seabrook, SC. Bed and breakfast with individual cottages
Resort/lodging	Montage 5-star: \$300-\$2,500/night Lodge and guest homes (200 rooms), plus cottages 100,000 annual guests	3-star: \$125-\$300/person/night Cottage bed and breakfast 150 guests, family style dining
Housing	Lots: \$200,000-\$2.3 M Detached: \$800,000-\$6.0 M Attached Housing: \$500,000-\$1.0 M	Lots: \$72,500 Homes: \$139,900-\$349,000
Sales	100/year	N/A
Resort Critical Success Factors	5-star gourmet dining. Customer experiences – golf, kayaking, fly fishing, equestrian, luxury spa, sports, clay shooting, different artists, chefs and musicians, artisans, trails for walking or biking, etc. Extremely high staff to guest ratio. Pampering, wellness.	Relaxation, nature and food. Activities include kayaking, birding, fishing, hiking, and arts experiences. Family style dining. Guided activities and excursions as well as groups/meetings and meeting space.
Lessons Learned	Early on had too much emphasis on golf and custom lot sales without a building program. Broader appeal with strong architecture, homes, and multiple experiences.	Quiet and peaceful for those who want to unplug. More word of mouth than marketing.
Application to Sandridge	Focus on authentic customer experiences.	Outdoor experiences and food.

STRATEGIC DEVELOPMENT AGREEMENT

12/12/18

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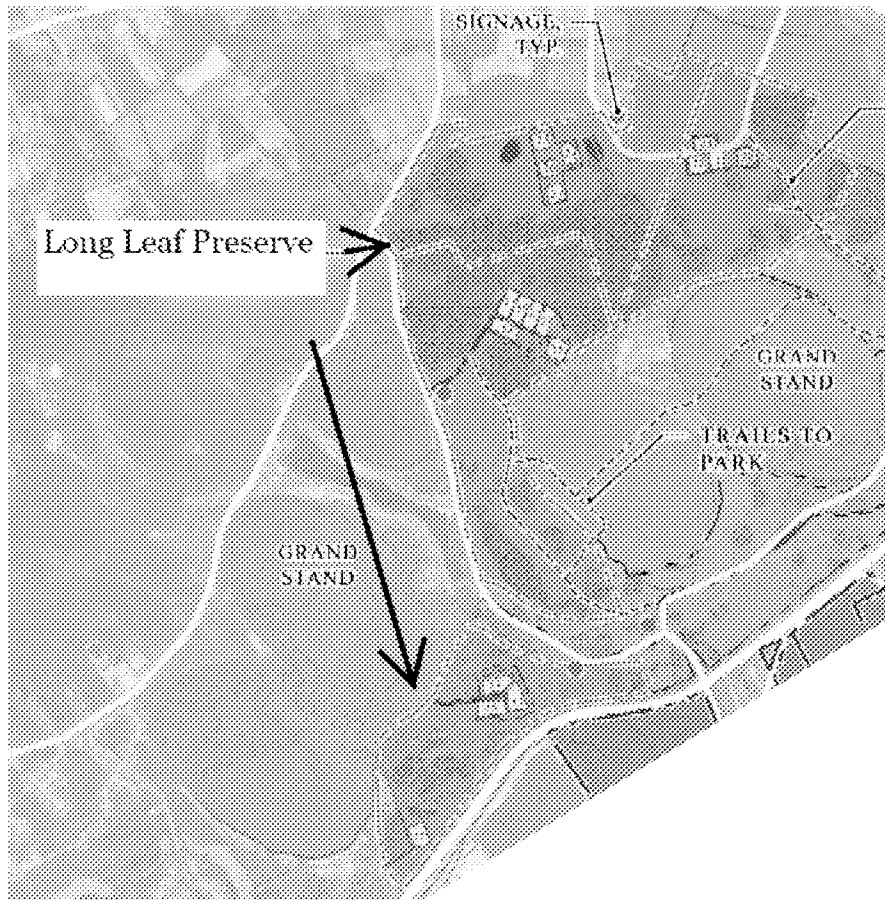
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Open Space/Conservation Resort Communities

Communities	Blackberry Farms	Serenbe	Barnsley Gardens
Characteristics	4,200-acre luxury resort with emphasis on organic farming and farm-to-table food experiences. Located in Walland, Tennessee, 35-40 miles south of Knoxville.	1,024-unit "agri-suburbia" community, including organic foods and teaching farms. Located outside traditional Atlanta location.	Resort community with emphasis on sports (hunting, fishing, golf) as well as having a food aspect and spa/wellness. Marketing expanded from Atlanta to SE and national feeder markets.
Resort lodging	Guest cottages: 62 rooms 5-star: \$900-\$2,400/night	Inn and cottages - 22 rooms 4-star: \$250-\$500/night	Inn and cottages – 150 rooms 4-star: \$250-\$650/night
Housing	No housing for sale.	Lots: \$145,000-\$500,000 Homes: \$399,000-\$2 million	No housing for sale.
Sales	N/A	50-75/ year	N/A
Critical Success Factors	5-star gourmet dining. Customer experiences – farm-to-table eating, mountain views and hiking, equestrian, spa, sports, clay shooting, different artists, chefs and musicians, artisans, etc. Extremely high staff to guest ratio. Pampering, wellness.	Customer experiences and "agri-business" to create a destination and new place – Chattahoochee Hills. The retail village and restaurants have reportedly been successful.	Multiple amenities – golf, fishing, hunting, clay sports, spa/wellness, outdoor activities, beer garden, ruins, trails and farm-to-table dining and food experiences.
Lessons Learned	Community does not offer housing for sale. Includes an inn, bramble hall and guest cottages for 62 rentals.	Cost of farming operation offset by conservancy and non-profit foundation, paid for through transfer fees.	Multiple experiences created through soft programming; diverse to provide various activities and appeal to different customers. Golf less important.
Application to Sandridge	Focus on authentic customer experiences.	Self-contained community.	Best analogue. Soft programming to create multiple experiences for guests.

Recommendations

- One overall themed master plan, with two distinct and separate communities that live and are marketed differently.



1. Open Space Resort Residential Community

- Target customers: Investor or developer owned and rented to third party visitors/renters for: destination weddings and special occasions, group outings, multi-generational vacations, and environmental "unplugging" get-away.
- Amenities/activities: Food and wine (Farm-to-table/ chef's table restaurant), hiking, cycling, bird-watching and other exploration, 4-wheeler, archery, paintball, nearby horseback riding (Wampee Stables), outdoor campfires, and possible concierge for access to wellness/spa, access to beach, access to golf, etc.
- Resort: 4-5 star small inn or bed and breakfast, guest homes/ cottages with connecting bedroom suites, housing ("Farmstead cottages") with private and separate lock-out units that connect via porches.
- Housing prices: \$800,000 - \$1.2 million with rental income, architecturally significant homes.
- Rates: \$300-\$650/night standard with upwards to \$1,000+/night for packaged excursions.

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Intracoastal Waterway Custom Lot Community



Assessment and Opportunity by District

- The following is a professional assessment of the proposed districts and housing types.

Districts	Housing Types	Market Assessment	Opportunity
Hardwoods (Carolina Bay Preserve and Long Bay Preserve) <ul style="list-style-type: none"> Fitness/ Community house Water access 	<ul style="list-style-type: none"> 13 units or tracks Custom lots (1+ acre building sites) Single-family detached homes 	<ul style="list-style-type: none"> Properties/lots with hardwoods are priced at a premium positioning in market Expand to include water orientation – access Higher demand and low inventory of custom lots/ themed homes in small, private (and quiet) neighborhood with access to the Intracoastal Waterway. 	<ul style="list-style-type: none"> Custom lots along Intracoastal Waterway Combine via theme with “Farmhouse” and include one community dock amenity for both
Farmhouse <ul style="list-style-type: none"> Pavilion Dock Pond 	<ul style="list-style-type: none"> 7 units or tracks Custom lots (1+ acre building sites) Single-family detached homes 	<ul style="list-style-type: none"> Premium property, hardwoods and lake Expand to include water orientation – access Lots 18 and 19 private lake 	<ul style="list-style-type: none"> Custom lots along Intracoastal Waterway Combine with “Hardwoods”

Intracoastal Waterway Custom Lots

- Price ranges for competitive custom Intracoastal Waterway lots are summarized below. Sandridge provides a different experience – significant open space and architecturally designed homes not currently offered in the market.

Community Type	View/Access	HOA	Private Dock	Lot Size	Lot Price
Older communities, no amenities, small lots	Direct views, permits for private docks.	Yes	Yes	1/5 to 1/4 acre	\$149,900 - \$179,900
Semi-rural or existing community with amenities	Direct views, community boat ramp.	Yes	No	1/4 to 1/2 acre	\$200,000 - \$235,000
Strong location, actively selling gated communities with amenities.	Direct view and access.	Yes	Yes	1/4 to 1/3 acre	\$250,000 - \$285,000
Strong location, actively selling gated communities with amenities.	Direct views, wider areas of ICW, and direct access. Private dock in place.	Yes	Yes	3/4 acre to 1+ acres	\$300,000 - \$449,000
Sandridge: Highly architecturally designed waterfront with access to significant open space	Water access, treed and conservation, privacy	Yes	Yes	1+ acre home building sites	\$350,000 - \$550,000 (20% premium over local market)

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