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The Cargominium Project

Executive Summary:

The execution of The Caribbean Cargominium Project will result in the creation of fifteen resort-style Cargominium condominiums fabricated from used shipping containers on a ten-acre beachfront parcel. These condominiums will provide luxurious beach-front resort-style living in The Bay Islands.

With the environment in mind, these Cargominiums will be both nature friendly and nature resistant. The Cargominium construction offers an ingenious eco-friendly design that is both storm resistant and lavish. Each Cargominium frame is constructed of 100% recycled steel and will be upgraded with the most energy efficient products available on the market. Additionally, the carefully selected building materials and design will create a home that can be completely opened to the elements or closed with almost no energy waste once fully secured. The result is a paradise that offers the serenity of an untouched tropical nature preserve and the piece of mind that your vacation home is practically impervious to the worst storms of the Caribbean. Combined with the developer's unrivaled commitment to preserving the local culture and investor's comfort, the Cargominium Resort serves as the quintessential eco-resort without sacrificing the amenities that jet-setting vacationers deserve.

The initial purchasers of The Caribbean Cargominium Project will enjoy the comforts and luxuries they have come to expect from fine Caribbean living at a fraction of the price. This opportunity is available due to the combined knowledge and skills of the developers that have come together to bring this exciting opportunity to investors. Over the last ten years, Mr. Bartels has traveled through the Cayman Islands and Belize as both island nations blossomed into exclusive communities for multi-millionaires. His experience and connections with Roatan resort developers and locals to put him in a position to understand and negotiate with the local property owners. Collaboration with Mr. Miller provided the technical construction and environmental land-use planning expertise that has resulted in the ability to provide this premier Caribbean living investment.

Background and Projected Timeline:

What are We proposing?

The design and completion of shipping container homes is occurring throughout the world as port cities become inundated with shipping containers. While the containers are designed for reuse, the non-manufacturing, import heavy, and technology driven nations of the United States and Europe have resulted in a surplus of shipping containers that cannot be transported economically when empty. The result is huge stockpiles of containers that have become an ugly blight.

An innovative solution has been gathering steam over the last several years. Modern architects pioneered the thought that these containers make ideal housing structures. Shipping



containers are perfectly symmetrical, within a few millimeters, have interlocking joints, and are made to be stacked up to 80-90 feet high



while being moved. Additionally, the containers are balanced to international standards, are less than one-half the weight of traditional wood-framed housing, and are designed to withstand the high winds and storms that are expected during ocean transportation. Moreover, a shipping container supplies developers with four walls, a roof, and a floor at a fraction of

the cost of constructing each independently. Because the containers are standardized for the transport of food products and live animal cargo, a little ingenuity and insulation results in one of the most energy efficient and green home building concepts that is currently available on the market.

What makes the proposed process unique?

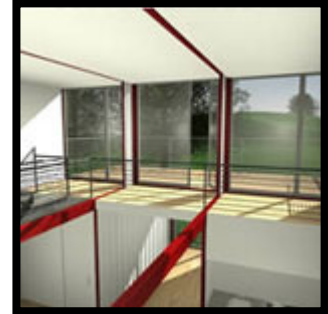
While projects involving the development of shipping container communities are resulting in urban housing available at less than half the price of traditional residential units with similar square footage, the true potential of shipping container housing has yet to be explored. Cargominium founder, Bryan Bartels, partnered with Mr. Travis Miller to design the prototype luxury Caribbean Cargominium that is set for development in Milwaukee, Wisconsin. The unique design of the container retains the integrity of a fully prefabricated shipping container during transport; then allows for the conversion to a fully functional luxury Caribbean Cargominium within two months. Furthermore, the fully assembled Cargominium can be secured at the first sign of hazardous weather and provide unparalleled protection for this island investment. This system allows a fully sustainable residence to be constructed at even the most remote sites in one-fifteenth the time and a one half of the cost of traditional building processes.

The prefabrication of the Cargominium resolves the conflict that exists between the dream of the peaceful island lifestyle and the realization that the sought after *island time* extends to the island's construction personnel, which often leads to building delays. Additionally, the traditional fears in purchasing a foreign constructed home are not unfounded. With unregulated or nonexistent building codes and lax product health standards, many foreign constructed residences can result in undetected or expensive health concerns and structural integrity issues. The fears invoked by the use of inferior or

dangerous products can be soothed by the Cargominium. Every Cargominium is built with high-end products available within the United States and meets or exceeds the exacting building specifications similarly required in the United States. As a result, a Cargominium purchaser can rest assured that their Caribbean dream home will not turn into an environmental or poorly constructed nightmare.

How the Proposed Process Saves Time and Money?

The quality of each Cargominium is unmatched by any comparably priced Caribbean housing option. The basis of the projects quality and remarkable price is in the re-engineering of the Caribbean building process. As a result, each Cargominium saves the purchaser both time and money while delivering quality resort style homes. Each Cargominium will be built in the United States out of high-end products and appliances. Building in the United States allows for the professional installation of items such as granite counter tops, wind resistant windows, Reni water heaters, and Energy-Star appliances. Moreover, identical flooring, appliances, and even a completely new container unit can be shipped and installed within months rather than the years that are traditionally required for large scale Caribbean repairs. Therefore, the Cargominium makes fears of consistent electric service or shoddy repairs that often result in mismatched flooring, paint, and appliances a non-issue.



After the interior of each Cargominium is finished, it is resealed and prepared for transit. Despite interior modifications each Cargominium retains its shipping integrity through Cargominiums's revolutionary steel re-framing process. The Cargominiums are then imported to Roatan, under a new piece of Honduran legislation declaring Roatan a "Free Trade Zone" for developers of resort communities.¹ This legislation is the first time that United States imports into Roatan can have all customs and duties waived. Next, the Cargominiums are set into place in Roatan's East End. Although secluded, Roatan's East End offers proximity to local towns, untouched white sand beaches, hiking in a national jungle nature preserve, and world class diving. The time to act is now, as Roatan is currently experiencing a real estate property boom. While the United States real estate market is in the doldrums, local Roatan Realtors are projecting that Roatan property values are appreciating at an island record of 60% a year. Moreover, the newly constructed cruise ship dock and the scheduled opening of the islands main airport to international competition is scheduled to bolster tourism to well over 1,000,000 cruise ship visitors and quadruple airline flights over the next year.



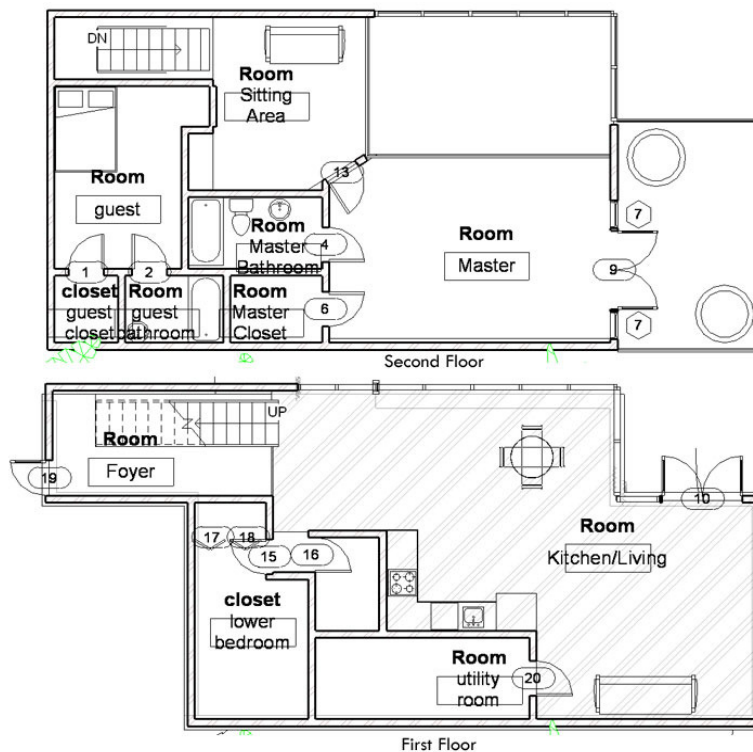
This influx in tourism is creating a crowded western coast that is being inundated with new restaurants, resorts, boutique shopping, and entertainment. However, the more exclusive and remote east of the island is extraordinarily expensive to develop and lies predominantly untouched. The elevated costs associated with shipping in materials, long commutes for labor, and the unpredictable costs of constructing untested buildings force many investors to pay land premiums to secure land in the islands metropolitan areas. As

¹ <http://www.bayislandsvoice.com/issue-V4-12.htm>. Also See, <http://www.internationalliving.com/honduras/alerts/12-01-06-free-trade-zone.html>, <http://buyroatan.blogspot.com/retireroatan/2007/08/free-tourist-zo.html>, and <http://century21roatan.com/freetradedoc.pdf>.

a result, only a handful of wealthy entrepreneurs have ventured into the unrivaled beauty of east Roatan that is home to the best beaches and private bays on the island. These savvy investors incur the costs of developing on the pristine terrain, because they realize that the island is expanding eastward. Therefore, they are content to offer less amenities for greater property value growth and privacy. The Cargominium provides the economical development solution in east Roatan. The Cargominiums comes fully prefabricated and requires only modest foundational work and assembly to develop the most storm resistant housing product on the market. By purchasing and shipping a Cargominium from the U.S., owners circumvent the elevated costs of developing remotely.



East Roatan Panoramic



Proposed Timeline for The Cargominium Project

Phase I : Initial start up capital raised of \$40,000. A lot will be purchased and which will enable the developers to get an 80/20 preconstruction bank loan. A model Cargominium property in Milwaukee, Wisconsin will be built using the same materials and techniques that could be utilized in Roatan. The Milwaukee model Cargominium is set to be erected between December 2007 and May 2008. It will consist of a four bedroom two bath, and four garage housing unit. The Milwaukee Cargominium will be high-end graduate student campus rental with a projected capitalization rate of 7.9%.

The Cargominium Project: Phase1

Model Corgominium - Milwaukee		2,140	Sq Ft.		
Land					
	541 N. 20th St.			\$	17,000.00
	Survey			\$	2,000.00
	Title Insurance			\$	2,000.00
	Lawyers Fees			\$	500.00
	Misc. Cost			\$	1,000.00
	Architectural Fees			\$	6,250.00
Site					
	Driveway			\$	5,000.00
	Landscaping			\$	5,000.00
Structure					
	Shipping Containers	1,500	10	\$	15,000.00
	Delivery	400	10	\$	4,000.00
	Crane	400	6	\$	2,400.00
	Ground Work				
	Foundation			\$	10,000.00
	Assembly			\$	7,000.00
	Roof			\$	15,000.00
Interior					
	Appliances				
	Water Filtration/Purification			\$	5,200.00
	Reni Water Heater			\$	2,000.00
	Clothes Washer – EnergyStar			\$	800.00
	Clothes Dryer - Energy Star			\$	1,200.00
	Dishwasher - EnergyStar			\$	1,000.00
	Fridge with Freezer - EnergyStar			\$	1,000.00
	Septic Pump (Move raw sewage)			\$	300.00
	Toaster Oven			\$	30.00
	Microwave			\$	100.00
	Electric Range			\$	1,000.00
	Materials			\$	30,399.64
	Labor			\$	20,063.76
Structure Total				\$	126,493.40
Dollars Per Sq Ft.				\$	72.54
Total Phase I				\$	155,243.40

Milwaukee Cargominium Investment

Income

	Gross Rental Possible	\$ 26,400.00	
	Other Income	\$ 3,360.00	
Potential Gross Income		\$ 29,760.00	
	Less Vacancy Amount	\$ 1,488.00	Milwaukee vacancy Rate 5%
Effective Gross Income		\$ 28,272.00	
	Less Operating Expenses	\$ 4,000.00	
	Less Property Taxes	\$ 11,900.00	Milwaukee Prop. Taxes 7%
Net Operating Income		\$ 12,372.00	

Capitalization Rate

	Milwaukee	0.075
Net Operating Income		\$ 12,372.00
Estimated Property Value		\$164,960.00

Net Operating Income	\$ 12,372.00
Property Cost	\$155,243.40
Actual Capitalization Rate	0.0797

Phase II : Other investors join the project at a pre-construction price for Roatan based Cargominium. Final documents securing property in Roatan filed with government and a Honduran Corporation is created between December of 2007 and May 2008. Meanwhile, the relationship with a company like FunJet® vacations will be explored and national marketing campaign launched to completely sell remaining preconstruction units.

Phase III : If all preconstruction Cargominiums purchased May 2008, manufacturing will begin. Manufacturing of the Cargominiums is completed by August 2008. Concurrently the Roatan parcel will be prepared the Cargominium construction. Cargominiums are shipped to Roatan September 2008.

The Cargominium Project - Roatan

Containers

	110	1,500	\$ 165,000.00
Labor Building			\$ 500,000.00
Land Building			\$ 100,000.00

Shipping

Vessel Rental	4	50,000	\$ 200,000.00
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Land (10 acres)

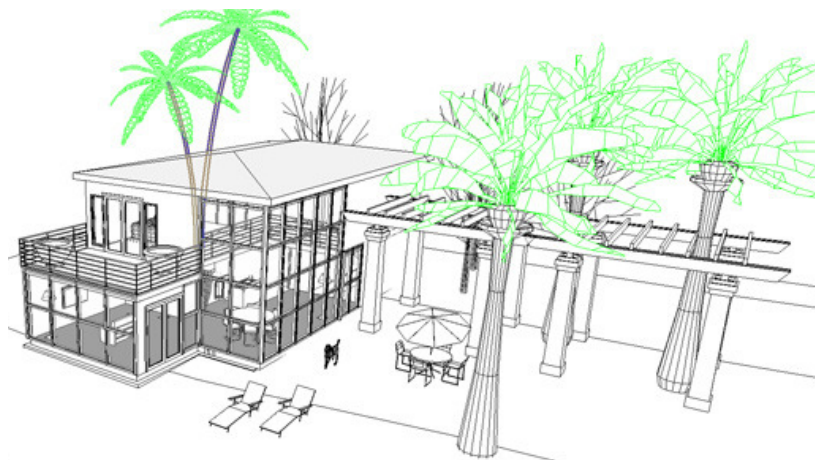
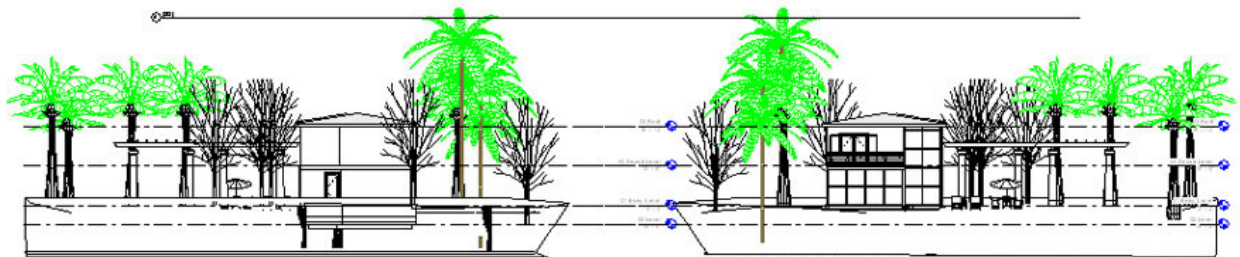
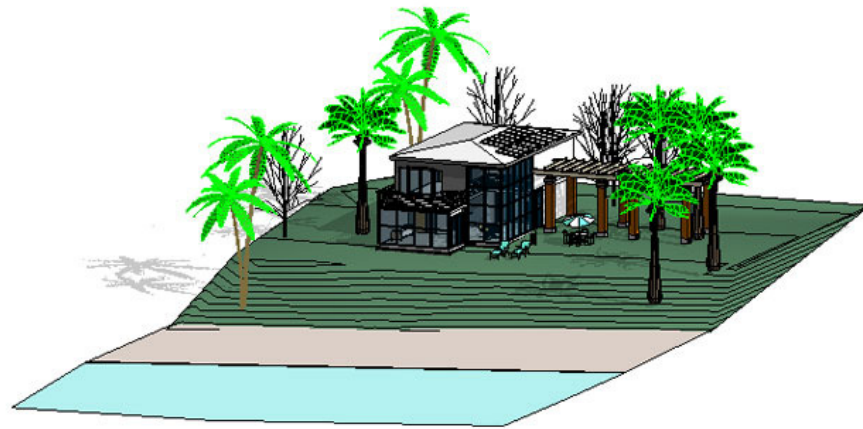
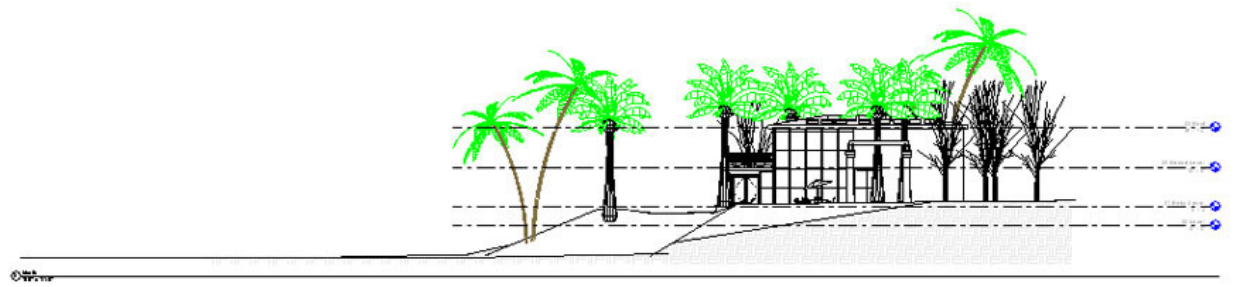
	10	20,000	\$ 200,000.00
Preparation		100,000	\$ 100,000.00
Landscaping		100,000	\$ 100,000.00
Well Preparation	2	15,000	\$ 30,000.00

	Container Assembly			
	20	5,000		\$ 100,000.00
Interior Finish				
	15 Cargominiums, Office, Gather Place			
	20	30,000		\$ 600,000.00
	Kitchen			
	1	45,000		\$ 45,000.00
	Refrigerated Container			
	1	10,000		\$ 10,000.00
	Pool			
	1	60,000		\$ 60,000.00
Misc				
	Fuel			
				\$ 30,000
	Crane Rental			
				\$ 50,000
	Water System			
	2	10,000		\$ 20,000
	Honduran Incorporation Legal Fees			
		20,000		\$ 20,000
	Marketing			
				\$ 100,000
	Local Developer Fee			
				\$ 200,000
	20% Unkown			
				\$ 478,000

Total Cost Phase 3	\$3,108,000.00
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Phase IV : Cargominium Estates on site construction completed from September 2008 through January 2008. Local staff is hired and Cargominiums begin full operation in February 2008. Five final investors join The Cargominium Project at full price based on current market value of the Cargominiums.

Preliminary Model Exterior Design Drawings



Preliminary Model Interior Design Drawings

