

Babcock Florida Company Purchase Questions and Answers

Who will own the Babcock Florida Company?

The purchase is a joint venture between Kitson & Partners and the Morgan Stanley Real Estate Fund (MSREF). All assets of the company will continue to be owned by the Babcock Florida Company. All stock in the corporation will be owned by Kitson & Partners and MSREF.

Who is Kitson & Partners?

Kitson & Partners is a Florida company headquartered in West Palm Beach that develops and manages master-planned communities. The company has an established record of conscientious master planning and development in Florida. Its Florida projects include Ibis Golf & Country Club, in West Palm Beach, which neighbors the Grassy Waters Nature Preserve, Grande Champion in Daytona Beach, and Posner Park in Polk County. You can learn more about the company at www.kitsonpartners.com.

Who is Morgan Stanley Real Estate Fund?

MSREF is a series of closed-end funds with an enhanced return strategy targeting investments in real estate assets and portfolios, development projects, non-performing loans and real estate operating companies. MSREF is part of Morgan Stanley Real Estate, which is comprised of three major global businesses: Investing, Banking, and Lending. Since 1991, Morgan Stanley has acquired more than \$67.7 billion of real estate assets worldwide and currently manages \$36.2 billion in real estate assets on behalf of its clients. Using its own capital, Morgan Stanley originates upwards of \$11 billion in commercial mortgages annually. In addition, Morgan Stanley Real Estate provides a complete range of investment banking services including merger, acquisition and restructuring advisory and recapitalizations, as well as public and private debt and equity financing. Morgan Stanley established its real estate organization in 1969.

What assets are included in the purchase?

The contract is for purchase of all stock and assets of the Babcock Ranch Company, including approximately 91,000 acres of land, and existing business enterprises including a cattle ranch, sod farm, limestone mining, and eco-tourism operation.

What will happen to the businesses?

At this time, Kitson & Partners plans to continue operating the existing business enterprises.

How will this sale affect the various efforts to purchase the land for preservation?

Kitson & Partners will work closely with state and local officials to ensure that Babcock Ranch's many natural assets are conserved for the benefit of future generations. Kitson & Partners supports the various state and local efforts to preserve a large portion of the property. In its new role as the property's owner, Kitson & Partners looks forward to engaging in a productive dialogue with state and local officials and surrounding communities.

How much of the land will be preserved and how much will be developed?

Future discussions with the state and county and further review of the ranch's environmental assets will help determine which portions of the property must be preserved and which are suitable for development.

Will the community have input on the preservation and development of Babcock Ranch?

Kitson & Partners is committed to working closely with county and state leaders and will seek opportunities for community participation in the planning process to ensure the creation of a shared vision for the Babcock Ranch property.

Does the Babcock Ranch have development rights?

Yes. The Babcock Ranch includes areas zoned for a variety of uses.

What type of development is being considered?

The vision for a new development should take shape after discussions among Kitson & Partners, local and state officials and other interested citizens. Kitson & Partners believes that a residential community with outdoor recreation and conservation areas would be appropriate for parts of the Babcock Ranch.

What will happen to the water resources of Babcock Ranch?

The water resources of Babcock Ranch are substantial, and Kitson & Partners will continue the tradition of responsible stewardship established by the Babcock family.