

EB5 Capital – Jobs Fund 22, LP

Comprehensive Business Plan

Pursuant to 8 CFR §204.6(j) (4) (B) and Matter of Ho

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Facts available as of June 2017



EB5 Capital – Jobs Fund 22, LP

Project Name: NYC Ritz-Carlton

Project Location: 1185 Broadway New York, NY 10001

Key Project Highlights		
Overview		
Project Type	Ground-up hotel development	
Building Area	≈ 301,000 gross square feet	
Project Elements	Ritz-Carlton hotel containing approximately 250 guestrooms and 8 residential condominium units ≈ 3,369 square feet of retail space for lease	
Timeline		
Construction Start	Quarter 2 – 2018	
Construction Completion	Quarter 1 – 2021	
Construction Period	≈ 36 months	
Stabilized Occupancy	Quarter 1 - 2023	
Funding		
Construction Loan	\$225 million	46%
EB-5 Preferred Equity	\$125 million	26%
Sponsor-Entity Equity	<u>\$134 million</u>	<u>28%</u>
Total Project Cost	\$484 million	100%
Job Creation		
Estimated EB-5 Qualifying Jobs	4,702 jobs	
Jobs Required	2,500 jobs	
Job Coverage	188% (2,202 extra jobs)	

Dates and figures are approximate and subject to change.

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Contents

1	EXECUTIVE SUMMARY	5
2	BUSINESS DESCRIPTION	7
2.1	Business and Objective	7
2.2	Project Site.....	8
2.3	Project Building Description.....	10
2.4	Hotel Operations	12
2.5	Residential condominium units.....	13
2.6	Food and Beverage	13
2.7	Other Amenities	13
2.8	Retail Suite.....	14
3	OWNERSHIP STRUCTURE.....	15
3.1	Project Partners	15
3.2	Investment Structure	15
4	PROJECT TEAM.....	16
4.1	Project Sponsor/Developer	16
4.2	Biographies	17
4.3	New Commercial Enterprise’s General Partner.....	18
4.4	Additional Project Team Members	20
5	DEVELOPMENT SCHEDULE.....	21
5.1	Development Timeline.....	21
5.2	Entitlements, Permits and Approvals.....	21
6	COSTS AND CAPITALIZATION.....	23
7	ECONOMIC IMPACT AND JOB CREATION.....	24
7.1	Targeted Employment Area.....	24
7.2	Job Creation	24
7.3	Verifying Job Creation.....	25
8	MARKET ANALYSIS.....	26
8.1	Market Positioning and Target Market	26
8.2	Market Area Profile	26
8.3	Industry and Economic Profile	28
8.4	Analysis of Competition	29
9	FINANCIAL INFORMATION.....	32
9.1	Summary Financial Analysis	32
9.2	Annual Cash Flows.....	33
9.3	Development Budget	34
9.4	EB-5 Exit Analysis	35

The Ritz-Carlton Hotel Company L.L.C. (“Ritz-Carlton”) is not a sponsor of the Offering described in this Business Plan. As of the date of this Business Plan, Ritz-Carlton and Sponsor-Entity are in negotiations for a hotel management agreement for the proposed hotel, but such hotel management agreement has not yet been executed.

The Ritz-Carlton and Lion & Crown trademarks are owned exclusively by Ritz-Carlton and are registered in the United States and other countries and any use of the Ritz-Carlton name and trademarks at the proposed hotel and residential condominium units would be under license from Ritz-Carlton. Use of all applicable Ritz-Carlton trademarks and service marks in connection with the proposed hotel and residential condominium units will cease upon termination of the hotel management agreement and any agreements related to the residential condominium units with Ritz-Carlton for any reason and all signs and materials bearing those marks and other indicia connecting the proposed hotel and residential condominium units with Ritz-Carlton will be removed. Ritz-Carlton is and will continue to be engaged in other business ventures, including the acquisition, development, construction, ownership or operation of lodging and residential properties, which are or may become competitive with the Project, and thus Ritz-Carlton may have potential conflicts of interest in connection with the operation of the Project.

1 Executive Summary



Figure 1-1. Project Rendering



Figure 1-2. View of Manhattan from Project Rendering

BUSINESS AND PROJECT: EB5 Capital - Jobs Fund 22, LP, a District of Columbia limited partnership (“Partnership”), was formed for the purpose of directing capital investments into the development and operation of the *NYC Ritz-Carlton*, a new luxury hotel development in Midtown Manhattan, New York, New York (“Project”). The Project includes approximately 250 Ritz-Carlton hotel rooms, eight residential condominium units, and approximately 3,369 square feet of ground-floor retail space.

ORGANIZATION: The Project will be developed by Flag Luxury Group, LLC, a Delaware limited liability company (“Flag Luxury”). Flag Luxury is a real estate development company that estimates its current portfolio value to be approximately \$1.7 billion. Flag Luxury’s past hotel projects include Ritz-Carlton South Beach, Ritz-Carlton Bal Harbour Resort & Spa Miami, Ritz-Carlton Coconut Grove & Residences, and Ritz-Carlton Golf Club & Spa Jupiter. The Partnership is managed by an affiliate of EB5 Capital, whose principals have a 100% track record of project approvals for all adjudicated projects.

Flag Luxury, the Partnership, and two third-party investment groups (“Third-Party Investment Group”) will each contribute their capital to RP1185 Mezz, LLC, a Delaware limited liability company (“Sponsor-Member”), which in turn will contribute all of its capital to RP1185 LLC, a Delaware limited liability company (“Sponsor-Entity”), a single-member LLC owned and controlled by Sponsor-Member. An affiliate of Flag Luxury will control and manage Sponsor-Member, subject to major decision rights of the Partnership and the Third-Party Investment Group. The Sponsor-Entity is the owner of the Project responsible for the development and construction of the Project.

CAPITALIZATION: The Partnership intends to raise approximately \$125 million, which will be combined with approximately \$225 million in senior construction debt and approximately \$134 million of

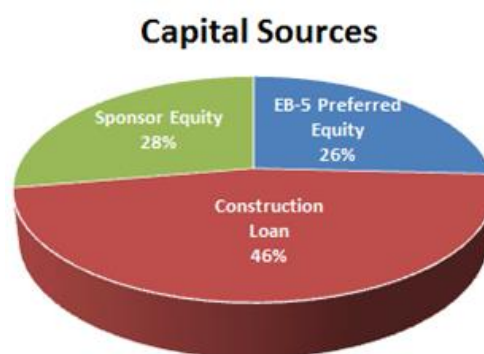


Figure 1-3. Project Funding Sources

Sponsor-Entity equity to fully fund the \$484 million Project. The Partnership will make a preferred equity contribution to the Sponsor-Member, which in turn will contribute those funds to the Sponsor-Entity.

TEA: The Project is located in a Targeted Employment Area (“TEA”) designated by the New York State Department of Labor. This allows for a reduced investment amount of \$500,000 for each EB-5 foreign investor.

SCHEDULE: Construction is on schedule to begin in the second quarter of 2018 and to be completed in approximately 36 months in the first quarter of 2021. The Project will begin operations upon completion of construction and is expected to stabilize by the first quarter of 2023. An independent appraisal prepared by Cushman & Wakefield, Inc. (“C&W Appraisal”) estimates the prospective stabilized market value of the Project to be \$545 million (excluding the value of the residential condominium units that will be sold to third parties). **(Cushman and Wakefield expressly disclaims any liability to any party other than the General Partner of the Partnership with respect to the C&W Appraisal).**

ECONOMIC IMPACT: The economic impact of the Project has been analyzed by Kimberly R. Atteberry using the RIMS II input-output model. The results of the analysis suggest that the Project will create approximately 4,702 EB-5-qualifying direct, indirect, and induced jobs resulting from the construction and operation of the Project. This is 1.88 times the 2,500 jobs needed under the estimated \$125 million investment amount. The EB-5 qualifying jobs shall be allocated to the Limited Partners on a first-in/first-out basis, indexed to the date on which each Limited Partner submitted his or her I-829 petition, or by such other method as may be required or allowed by USCIS.

MARKET: The Project is located in the borough of Manhattan in New York, New York, the economic and cultural center of the United States. Manhattan is home to Wall Street, the New York Stock Exchange and NASDAQ, the United Nations, 72 Fortune 1000 company headquarters, and many of the world’s most popular destinations for entertainment and tourism. For the past decade, Manhattan hotels have averaged 80-90% occupancy rates every year.

The Project site is in an up-and-coming neighborhood, the NoMad District, on the south side of Midtown Manhattan, conveniently located near key landmarks, shopping, retail, entertainment, and employers. The Project will be within one mile of the Empire State Building, Madison Square Park, Grand Central Station, Times Square, and the Broadway Theater district. Major companies that have recently relocated or expanded in the Midtown South area include Google, Facebook, Twitter, Credit Suisse, and Sony.

The Project will be one of the closest luxury hotels to Hudson Yards, which has 1.7 million square feet of office space currently under construction, and to the Jacob K. Javits Convention Center, which is undergoing a major expansion that is expected to generate 200,000 local hotel nights. Existing upscale hotels within a mile of the Project show high occupancy rates, but do not offer the ultimate luxury experience that characterizes the Ritz-Carlton brand.

In 2015 and 2016, members of the Association of Foreign Investors in Real Estate (AFIRE) ranked New York City as the top global city for real estate investment, ahead of London, Los Angeles, Berlin, and San Francisco.

2 Business Description

2.1 BUSINESS AND OBJECTIVE

The Partnership is a new District of Columbia limited partnership. Its purpose is to provide equity capital to the Sponsor-Entity to finance, in part, its development and construction of the Project.

The objectives of the Project are

1. To construct, own, and manage a hotel development at 1185 Broadway New York, NY 10001;
2. To promote job creation in New York City and the surrounding area.



Figure 2-1. Project Highlights and Conceptual Rendering

2.2 PROJECT SITE

The Project site (“Property”) is located on the northwest corner of Broadway and West 28th Street in lower Midtown Manhattan. It comprises two adjacent tax parcels that were purchased by the Sponsor-Entity on January 8, 2015, for a purchase price of \$100 million. The Sponsor-Entity has demolished the one-story retail building and multi-level parking garage that formerly occupied the Property. The Project is consistent with the Property’s M1-6 zoning, for which permitted uses include light industrial, offices, hotels, and most retail uses.¹

<i>Street Address</i>	1185 Broadway, New York, NY 10001
<i>Parcel Number</i>	Block 830, Lot 17 and 24
<i>Gross Land Area</i>	≈ 0.39 acres / ≈ 16,798 square feet
<i>Zoning</i>	M1-6 Light Manufacturing District
<i>Ownership</i>	RP1185 LLC

Figure 2-2. Subject Property Summary

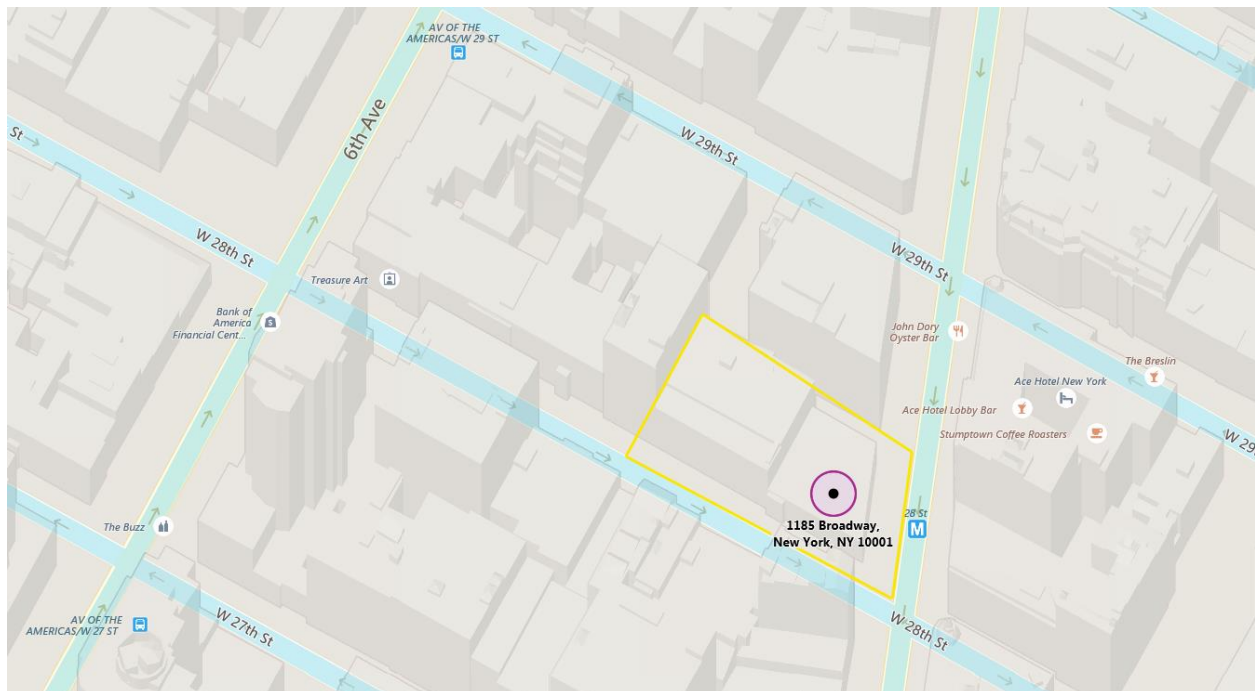
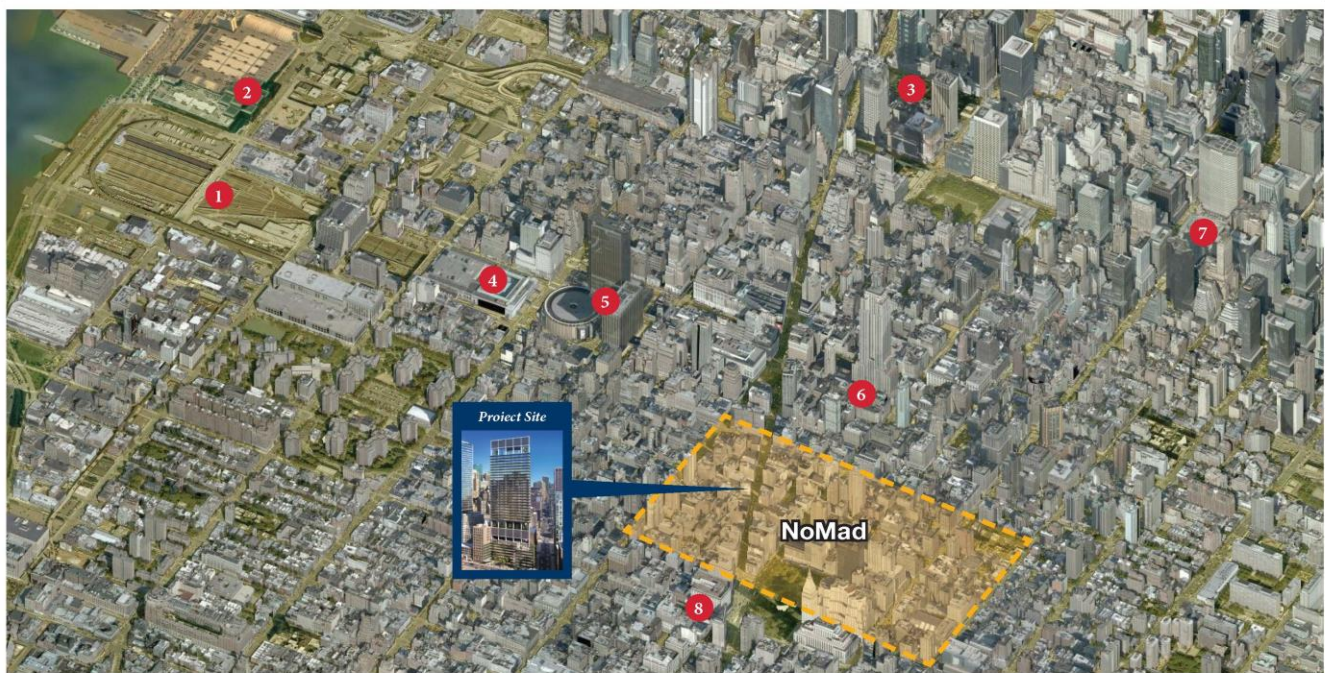


Figure 2-3. Street map, with Property outlined in yellow

¹ For detailed Property identification and zoning discussion, see PZR® Report for Ritz Carlton Manhattan Midtown 1185 Broadway prepared by The Planning & Zoning Resource Company. A property profile is also publicly available from the NYC Department of Buildings. Search by street address at <http://a810-bisweb.nyc.gov/bisweb/bispi00.jsp>. In addition to the Property (Block 830, Lot 17 and 24), the Sponsor-Entity has exercised its option to purchase transferable development rights from adjacent Block 830 Lot 14, and is under contract to purchase transferable development rights from the adjacent Block 830 Lot 62.



Hudson Yards is the largest private real estate development in the history of the United States. When completed in 2025, 125,000 people a day will work in, visit, or call Hudson Yards home. The site will include more than 18 million square feet of commercial and residential space.



The Jacob K. Javits Convention Center is a large convention center occupying six city blocks along the Hudson River. It is considered one of the busiest convention centers in the United States, hosting events such as the New York International Auto Show and the New York Comic Con.



Times Square is a major commercial intersection and neighborhood in Midtown Manhattan, brightly adorned with billboards and advertisements. Often referred to as The Crossroads of the World, it is one of the world's most visited tourist attractions, drawing an estimated 50 million visitors annually.



Penn Station is the main intercity railroad station in New York City, serving more than 600,000 commuter rail and Amtrak passengers a day. It sits entirely underground beneath Madison Square Garden, and is the busiest passenger transportation facility in North America.



Madison Square Garden is a multi-purpose indoor arena used for professional basketball and ice hockey, as well as boxing, concerts, ice shows, circuses, and other forms of sports and entertainment. It is the fourth-busiest music arena in the world in terms of ticket sales, and is home to the NHL's New York Rangers and the NBA's New York Knicks.



The Empire State Building is a 102-story skyscraper, and is one of the most iconic landmarks in the city. It has been named as one of the Seven Wonders of the Modern World. The building and its street-level interior are designated landmarks of the New York City Landmarks Preservation Commission.



Grand Central Terminal is a commuter, rapid-transit railroad terminal serving over 750,000 people daily and over 1,000,000 people during the holidays. With 60 shops and 35 restaurants, the terminal covers 48 acres and has 44 platforms, more than any other railroad station in the world.



Eataly, owned by celebrity chef Mario Batali, is an Italian market with multiple restaurants, butcher, seafood, and cheese counters, bakeries, gelato, coffee, pizza, sandwiches, and more. The 50,000-square foot venue serves around 15,000 visitors on weekdays and up to 25,000 visitors on weekends.

Figure 2-4. Map of Project Vicinity

2.3 PROJECT BUILDING DESCRIPTION

The Project involves construction of a high-rise tower that will house a 250-room Ritz-Carlton® hotel and eight residential condominium units, a chef-driven restaurant, extensive meeting space, world-class amenities, and a ground-floor retail suite. It is designed to combine Ritz-Carlton luxury with the lifestyle experience demanded by sophisticated modern travelers.

BUILDING	DETAIL			
Building area	≈ 255,010 square feet (above-grade space)			
	≈ 301,481 square feet (inclusive of below-grade space)			
Building height	36 levels (34 occupied floors plus 2 mechanical floors above-grade, and 4 cellar floors)			
Construction type	Steel and masonry structure with glass curtainwall			
BUILDING USES	DETAIL			
Ritz-Carlton® Hotel and Residential condominium units	Room Type	Keys	Area (NSF)	Location
	King	184	403	Floors 8-31
	Double	35	455	
	Executive Suite A	23	789	
	Executive Suite B	7	810	
	Ritz-Carlton Suite	<u>1</u>	1,649	
	Hotel Guestroom Total	250		
	Residential condominium units	<u>8</u>	1,398	33 rd & 34 th Floor
	Total Guestrooms & Residential condominium units	258		
Food & Beverage	Venue		Area (NSF)	Location
	Restaurant with casual dining area, lobby bar, and fine-dining three-meal restaurant		4,011	1 st Floor 2 nd Floor
	Rooftop Bar		<u>1,305</u>	32 nd Floor
	Total F&B		5,316	
Meeting and Event Space	Venue		Area (NSF)	Location
	Main Ballroom		3,603	3 rd Floor
	Pre-Function Event Space		1,797	3 rd Floor
	Junior Ballroom, Meeting Rooms		2,857	5 th Floor
	Outdoor Event Terrace		<u>2,342</u>	5 th Floor
	Total Function Space		10,599	
Spa, Fitness, Recreation	Full-service wellness spa, fitness center, and indoor pool		Area (NSF) 10,407	Location Cellar Floors
Club Lounge	Exclusive lounge and business center		Area (NSF) 1,668	Location 30 th Floor
Retail space for lease	Retail space with street entrance on Broadway		Area (NSF) 3,369	Location 1 st Floor
Green spaces	Extensive landscaping at the plaza entrance, 5 th floor terrace, and rooftop terrace			

Note: all figures are current estimates as of the date of this business plan and subject to change.



Building Elevation



4,000-square foot landscaped plaza and greenery facade



Hotel reception area



Guestroom with floor-to-ceiling windows



Club lounge

Figure 2-4. Project Renderings

2.4 HOTEL OPERATIONS

The hotel will be operated as a Ritz-Carlton® pursuant to a to-be-negotiated hotel management agreement between the Sponsor-Entity and The Ritz-Carlton Hotel Company L.L.C.



THE RITZ-CARLTON

Ritz-Carlton is a luxury brand, operated by Marriott International as one of its thirty brands. The Ritz-Carlton targets the discerning affluent, and strives to create indelible marks with its legendary and gracious service.

Ritz-Carlton hotels were first established in the U.S. in 1910; the Ritz-Carlton Boston opened in 1927. The Ritz-Carlton Hotel Company L.L.C. was established in 1983. Marriott International became a 49% owner in 1995, and acquired the remaining 51% in 1999. There are currently 96 hotels and resorts globally, with an additional 43 hotels and resorts in the pipeline. Ritz-Carlton offers a Rewards Program that is part of the Marriott Rewards Program, which has approximately 55 million members globally.

For more information see: <http://www.ritzcarlton.com>

Ritz-Carlton Guest Services

- Full-service reception
- The Club Level, featuring additional services and amenities in the Club Lounge
- Full-service spa
- 24-hour in-room dining
- Overnight laundry and dry-cleaning service
- Complimentary morning newspaper
- Valet parking
- Cultural Ambassador, curating custom experiences for hotel guests and promoting activities and events that cater to a worldly, sophisticated, adventurous clientele
- Art program showcasing a rotating collection of artwork in the hotel plaza and public spaces
- Commitment to providing a guest experience that enlivens the senses, instills well-being, and fulfills even the unexpressed wishes and needs of guests

Hotel Management Agreement Summary

- *Parties to the Management Agreement:* The Ritz-Carlton Hotel Company L.L.C. as manager and RP1185 LLC as owner.
- *Purpose:* Owner engages manager to supervise, direct, and control the operation of the hotel and condominium voluntary rental program, and to achieve long-term profitability while maintaining system standards.
- *Summary of Manager's Duties in connection with Hotel and Condominiums:* Administrative policies and procedures, financial accounting and reporting, publicity and promotion, human resources, pricing, inventory, maintenance, risk management, guest services, and managing voluntary rental program.
- *Term:* 30 years
- *Compensation:* Owner will pay the manager a base fee equal to 3% of gross revenues and an incentive fee equal to 20% of the excess, if any, of operating profit above an agreed threshold rate for the fiscal year.

2.5 RESIDENTIAL CONDOMINIUM UNITS

The Project includes eight residential condominium units that will be marketed as Ritz-Carlton Residence® units. Buyers of these luxurious penthouse-level residential condominium units will have the right to use the units for 120 days of the year, with maximum stays of 29 continuous days at any time. When not occupied by owners, the owners may request that their units are placed in a voluntary rental program for use as hotel inventory. Owners will receive a 50% share of rental revenue minus allocated expenses. Owners and guests staying in the residential units participating in the rental program will enjoy all amenities available to hotel guests. Ritz-Carlton Residential condominium units are known for their vibrant locations, top-of-the-line designs and finishes, and access to first-class amenities. As of the date of this Business Plan, the Sponsor-Entity is considering adding two floors (floors 37 and 38) to the Project for eight additional residential condominium units.

2.6 FOOD AND BEVERAGE

To highlight the lifestyle hotel experience, the Sponsor-Entity plans to engage a third party manager (“Restaurant Operator”) to lead the food & beverage program and provide a Michelin-starred concept restaurant that will become a destination for visitors and locals alike. The first floor of the restaurant will feature a bar and a more casual dining setting. A glass-enclosed staircase will lead to an upscale, fine-dining restaurant space on the second floor. The restaurant will be accessible from within the hotel as well as from the exterior plaza, serving the community as well as hotel residents. A rooftop bar with unparalleled views will provide additional food and beverage service and will be available for private events.



Lobby bar



Restaurant with glass-enclosed staircase

Figure 2-5. Project Renderings

The Restaurant Operator will be a reputable, first-class, non-union restaurateur contracted by the Sponsor-Entity to supervise, control and direct food and beverage service on behalf of the Sponsor-Entity. If allowed by the liquor license, the Sponsor-Entity may select separate operators for the restaurant and rooftop bar.

2.7 OTHER AMENITIES

The hotel’s extensive meeting space includes a large ballroom with floor-to-ceiling windows on three sides, contemporary design, and a sophisticated atmosphere - perfect for large corporate events, charity balls, and weddings. A smaller ballroom and meeting rooms on the fifth floor also feature floor-to-ceiling

windows. A beautifully manicured terrace provides outdoor event space ideal for events of up to 200 people. The rooftop bar, with magnificent city views, will also be available for private events.

The hotel will feature a full-service wellness spa, comprehensive fitness center, and indoor pool. The spa will be operated by a reputable and first-class manager contracted by the Sponsor-Entity.

2.8 RETAIL SUITE

The Sponsor-Entity will lease one ground-floor retail suite to a third party tenant. The retail suite will have street access to Broadway with excellent visibility, and is appropriate for a high-end lifestyle tenant such as a fashion or high-tech retailer.

3 Ownership Structure

3.1 PROJECT PARTNERS

Partners in Financing, Developing and Operating the Project		
Partner Role	Entity Name	Ownership and Relationships
New Commercial Enterprise (“Partnership”)	EB5 Capital - Jobs Fund 22, LP	The Partnership will be managed by an affiliate of EB5 Capital. EB-5 investors will be admitted to the Partnership as Limited Partners.
Project Sponsor-Member	RP1185 Mezz, LLC, a Delaware limited liability company	The Sponsor-Member will be owned by the Partnership, an affiliate of Flag Luxury and the Third-Party Investment Group, and Sponsor-Member in turn will contribute all of its capital to Sponsor-Entity, and, in exchange therefore, the Sponsor-Member will be the sole member and manager of Sponsor-Entity. An affiliate of Flag Luxury will control Sponsor-Member, subject to major decision rights of the Partnership and the Third-Party Investment Group, which in turn will control Sponsor-Entity.
Job-Creating Enterprise (“Sponsor-Entity”)	RP1185 LLC, a Delaware limited liability company	The Sponsor-Entity will be a single purpose entity wholly owned, controlled, and managed by Sponsor-Member. The Sponsor-Entity owns the Project and is responsible for its development and construction.

Figure 3-1. Project Partners

3.2 INVESTMENT STRUCTURE

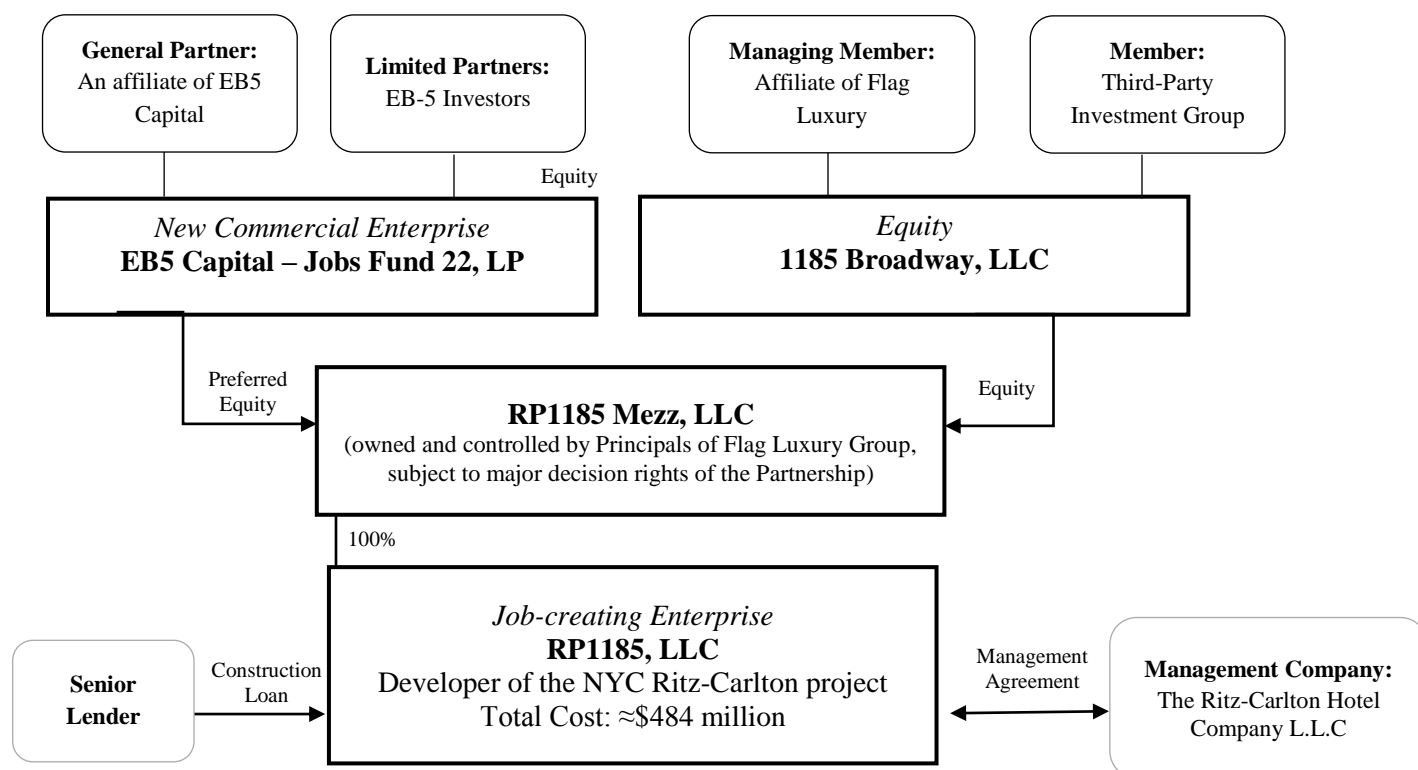


Figure 3-2. Investment Structure Summary

4 Project Team

4.1 PROJECT SPONSOR/DEVELOPER



Flag Luxury (<http://flagluxury.com>) is a privately-held real estate development company headquartered in New York City. Its primary focus is luxury hotels and residential condominium units as well as entertainment and retail projects. Flag Luxury was formed in 1997 by

Dayssi and Paul Kanavos, who were driven by their passion for luxury hospitality and their desire to bring a forward-thinking perspective to the industry. The company’s ability to identify, acquire, and build world-class projects in premier gateway city locations has established Flag Luxury as a leading development company in its industry. Flag Luxury estimates that its current portfolio is valued at approximately \$1.7 billion.

The Flag Group of Companies, the predecessor to Flag Luxury, was founded in 1946 by Peter J. Kanavos. That group planned and developed over \$4 billion worth of assets – including some of the first Marriott and Holiday Inn Hotels; the Intercontinental Hotel, Athens; the Sheraton Hotel, Brussels; and the Trade Fair Hotel, Lagos. Today, Flag Luxury – headed by Chairman and CEO Paul Kanavos – proudly carries on the Flag legacy with imagination and discipline.

Flag Luxury Hotels & Resort Properties	Flag Luxury Retail & Entertainment Properties
<ul style="list-style-type: none">• The Ritz-Carlton, South Beach• The Shelborne, South Beach• The Ritz-Carlton, Bal Harbour Resort & Spa Miami• The Wyndham Orlando Resort	<ul style="list-style-type: none">• Harmon Corner Retail Center, Las Vegas• I-Drive 360, Orlando• I-Shops, Orlando• Hawaiian Marketplace, Las Vegas

Figure 4-1. Current Flag Luxury Portfolio



Ritz-Carlton South Beach



Ritz-Carlton Bal Harbour



Ritz-Carlton Coconut Grove



Ritz-Carlton Jupiter

Figure 4-2. Representative Ritz-Carlton projects by Flag Luxury

4.2 BIOGRAPHIES

Paul Kanavos, Flag Luxury *Chairman & CEO*

Paul Kanavos founded Flag Luxury in 1997 after 11 years heading the Kanavos Group of companies. Recognizing the economic advantages of branding and servicing residential real estate with prestigious hotel companies, Mr. Kanavos formed a strategic partnership in 1998 with the The Ritz-Carlton Hotel Company L.L.C. Today, he continues to pursue land-based entertainment, hospitality, and retail opportunities. Mr. Kanavos is a graduate of Tufts University and the Executive Training Program of Chase Manhattan Bank, where he served as a loan officer until 1985.

Dayssi Olarte de Kanavos, Flag Luxury *President & COO*

Dayssi Olarte de Kanavos is involved in all aspects of the firm's real estate initiatives, which include branding, architectural and interior design, hotel programming, and zoning and construction. Prior to joining Flag Luxury, Ms. Kanavos worked as a commercial real estate financial analyst at the Ginsburg Organization. She holds a Bachelor's Degree from the Cornell School of Hotel Administration and a Master's Degree from New York University in Real Estate Development and Finance.

Adam Raboy, Flag Luxury *Partner & CFO*

Adam Raboy has been an integral part of the Flag Luxury team since 2009. Previously, Adam was managing director and co-head of the North American commercial mortgage business at Credit Suisse, and managing director of the real estate finance group at Donaldson, Lufkin & Jenrette. Mr. Raboy is a council member of the Urban Land Institute. He holds a BA from Brandeis University and an MBA from the Amos Tuck School of Business at Dartmouth College.

4.3 NEW COMMERCIAL ENTERPRISE'S GENERAL PARTNER



The Partnership will be managed by an affiliate of EB5 Capital, which is directed by Ms. Angelique Brunner, President of EB5 Capital. Ms. Brunner's role will be to ensure that EB-5 due diligence matters are met and to monitor the activities of the Sponsor-Entity. The operations of the Partnership will be the responsibility of Ms. Brunner and her staff, assisted by outside partners. Ms. Brunner has extensive experience in development and finance and with the EB-5 Program.

Angelique Brunner, President

Angelique Brunner established EB5 Capital in 2007. She splits her time between the company's Washington, D.C. and San Francisco offices, providing strategic direction and oversight to EB5 Capital's real estate, marketing, and legal teams.

As a seasoned Regional Center operator, Ms. Brunner is an industry expert and a strong advocate for the EB-5 Program as a tool for economic development. She serves on the Board of Directors for Invest in the USA (IIUSA), the national EB-5 industry trade association, and was the Inaugural Chair of the IIUSA Policy Committee, which guides the industry's communications with the USCIS and other governmental agencies.

Ms. Brunner also represents the EB-5 Investment Coalition (EB-5IC) as its Industry Membership Chair & Spokesperson. Ms. Brunner has submitted official congressional testimony in support of the EB-5 Program in 2011, at the request of Senator Leahy's (D-VT) office, and again in 2017 at the request of the Judiciary Committee. She has worked on a number of branded hotel projects, including those involving Marriott and Hilton brands, to successfully obtain EB-5 financing.

Ms. Brunner speaks at numerous conferences for industry organizations, including the National Association of Home Builders (NAHB), IIUSA, the International Economic Development Council (IEDC), and the Council of Development Finance Agencies (CDFA), among others. Ms. Brunner participated in the 2015 SelectUSA Investment Summit, where she led a seminar addressing best practices in regional center operations. She is a member of the Urban Land Institute (ULI), the Real Estate Executive Council (REEC), and the U.S. Chamber of Commerce.

Before founding EB5 Capital, Ms. Brunner spent over a decade working in finance and investments for both public and private organizations focused on real estate and venture capital. In these roles, she arranged over \$3 billion dollars' worth of transactions. Her past employers include Fannie Mae, Neighborhood Development Company, National Capital Revitalization Corporation, CORE Capital Partners, and Public Financial Management.

Ms. Brunner received her Bachelor's Degree in Public Policy from Brown University. She also holds a Master's Degree in Public Affairs and a certificate in Urban Planning from Princeton University's Woodrow Wilson School, where she studied under Ben Bernanke, former chairman of the Federal Reserve.

EB5 Capital's Track Record						
<i>Project</i>	<i>Project Name</i>	<i>Number of EB-5 Investors</i>	<i>EB-5 Amount</i>	<i>Status</i>	<i>I-526 Approvals</i>	<i>I-829 Approvals</i>
1	Sugarbush Ski Resort	40	\$20.0 million	Returned	✓	✓
2	City Market at O Street – Group 1	10	\$5.0 million	Returned	✓	✓
3	D.C. Marriott Hotels – Phase I	10	\$5.0 million	Invested	✓	✓
4	City Market at O Street – Group 2	25	\$12.5 million	Invested	✓	Pending
5	D.C. Hilton Hotels	78	\$39.0 million	Invested	✓	Pending
6	San Jose Marriott Hotels	70	\$35.0 million	Invested	✓	Pending
7	Redwood City Senior Housing	13	\$6.5 million	Invested	✓	-
8	Riverfront at the Navy Yard	34	\$17.0 million	Invested	✓	-
9	Columbia Place	81	\$40.5 million	Invested	✓	-
10	The Coliseum	36	\$18.0 million	Invested	✓	-
11	1000 F	18	\$9.0 million	Invested	✓	-
12	Proper Hotel	68	\$34.0 million	Invested	✓	-
13	The Highline	55	\$27.5 million	Invested	Pending	-
14	Portland Hilton Canopy	31	\$15.5 million	Invested	Pending	-
15	225 North Calvert	40	\$20.0 million	Invested	✓	-
16	Goleta Hilton Garden Inn	11	\$5.5 million	Invested	Pending	-
17	300 M	62	\$31.0 million	Escrowed	Pending	-
18	Temecula Hilton Home2 Suites	17	\$8.5 million	Escrowed	Pending	-
19	LA-Agoura Hills Marriott Hotels	41	\$20.5 million	Escrowed	Pending	-
20	1401 Penn	34	\$17.0 million	Escrowed	Pending	-
21	331 N	68	\$34.0 million	Escrowed	Pending	-
22	NYC Ritz-Carlton	250	\$125.0 million	Current		
23	Nashville Virgin Hotel	60	\$30.0 million	Escrowed	Pending	

Figure 4-3. Overview of EB5 Capital's Track Record



Figure 4-4. Notable hotel projects funded in part through EB5 Capital

4.4 ADDITIONAL PROJECT TEAM MEMBERS

The Sponsor-Entity has engaged a team of professional consultants and contractors to undertake the Project.

- **Architect:** Rafael Viñoly <http://vinoly.com/>
- **Interior Designer:** Yabu Pushelberg <http://www.yabupushelberg.com/>
- **Landscape Designer:** Michael Van Valkenburgh <http://www.mvvainc.com/>
- **General Contractor:** Triton Construction <http://www.tritonconstruction.net/>
- **Civil Engineer:** Langan <http://www.langan.com/>
- **Mechanical, Electrical, and Plumbing:** AKF <http://akfgroup.com/>
- **Structural Engineer:** DeSimone Consulting & Engineering <http://www.de-simone.com/>



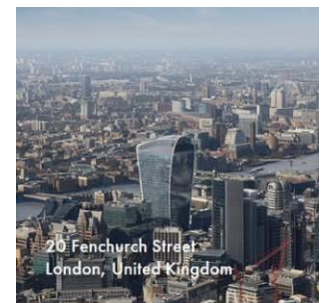
432 Park Avenue New York



125 Greenwich St New York



Tokyo International Forum



20 Fenchurch St. London

Figure 4-5. Notable projects designed by Rafael Viñoly



London Edition



Trump Hollywood



Park Hyatt New York



Public Chicago

Figure 4-3. Notable projects designed by Yabu Pushelberg



Brooklyn Bridge Park



Pennsylvania Avenue DC



The 606 Chicago



Harvard Yard

Figure 4-4. Notable projects designed by Michael Van Valkenburgh

5 Development Schedule

5.1 DEVELOPMENT TIMELINE

The Sponsor-Entity completed demolition work at the Property in May 2016, and expects excavation and foundation work to should commence in the second quarter of 2018. The Sponsor-Entity expects to complete construction after 36 months, and to open the hotel in the first quarter of 2021.

Preliminary Project Timeline *		
Timeline	Start	Finish
Design & Engineering	Quarter 2 – 2015	Quarter 1 – 2018
Abatement & Demolition	Quarter 3 – 2015	Quarter 2 – 2016
Excavation & Foundation	Quarter 2 – 2018	Quarter 2 – 2018
Building Construction	Quarter 2 – 2018	Quarter 1 – 2021
Hotel Opening		Quarter 1 – 2021
Stabilized Occupancy		Quarter 1 – 2023
*Dates are approximate and subject to change. A detailed timetable from the contractor is available for review.		

Figure 5-1. Preliminary Project Timeline

5.2 ENTITLEMENTS, PERMITS AND APPROVALS

Property Ownership and Transfer Development Rights: The Sponsor-Entity acquired the Property at 1185 Broadway on January 8, 2015, and is purchasing transferable development rights (“air rights”) and pass-through rights from adjacent properties. Air rights are necessary to enable the Sponsor-Entity to construct a building of the planned height and configuration on the Property.

Street Address	Parcel	What Purchased	Price
<i>Subject Property</i>			
1185 Broadway	Block 830, Lot 17, 24	16,798 SF land	\$100 million
<i>Transfer Development Rights</i>			
1201 Broadway	Block 830 Lot 62	6,000 SF air rights	\$3.2 million
41 West 28 th Street	Block 830 Lot 14	14,140 SF air rights	\$6 million
32 West 29 th Street		Pass-through rights	\$1 million
36-40 West 29 th		Pass-through rights	\$0.6 million
		Total	\$110.8 million

Figure 5-2. Purchase of Land and Transfer Development Rights by RP1185 LLC

Zoning: The proposed Project is consistent with the Property’s M1-6 zoning, whose permitted uses include light industrial, offices, hotels, and most retail uses. The Project’s size is also consistent with applicable zoning regulations.²

² For detailed Property identification and zoning discussion, see PZR® Report for Ritz Carlton Manhattan Midtown 1185

Project Approvals: Required studies for the Project have been prepared, including the Geotechnical Investigation (completed June 2015 by RA Consultants LLC) and Phase I Environmental Site Assessment (completed October 8, 2014 by Martin Environmental Solutions Inc). The Sponsor-Entity has begun to receive construction approvals for the Project from the NYC Department of Buildings.³

Ritz-Carlton Agreement: The Sponsor-Entity intends to enter into a Management Agreement with The Ritz-Carlton Hotel Company L.L.C to operate the Project and the rental program for the residential condominium units under the Ritz-Carlton brand.⁴

Broadway prepared by The Planning & Zoning Resource Company. A property profile is publicly available from the NYC Department of Buildings. Search by street address at <http://a810-bisweb.nyc.gov/bisweb/bispi00.jsp>. The firm of Kramer Levin Naftalis & Frankel LLP, special land use counsel to the Sponsor-Entity, reviewed the appropriateness of the Project for the property zoning in an opinion letter dated October 21, 2016. **(KLNF LLP expressly disclaims any liability to any party other than the Sponsor-Entity.)**

³ Building permits are publicly available at <https://www.nybuildingjobs.com/>. Search by the Project address: 1185 Broadway.

6 Costs and Capitalization

The Partnership intends to raise approximately \$125 million of EB-5 foreign investor capital. This capital, combined with equity from the Sponsor-Entity and a construction loan, will fully finance the Project.

NYC Ritz-Carlton New York, NY Sources & Uses					
Total Rooms		258			
Sources		\$/Room		Total	
Construction Loan	46%	\$ 872,093		\$ 225,000,000	
EB-5 Preferred Equity	26%	\$ 484,496		\$ 125,000,000	
Sponsor Equity	28%	\$ 520,756		\$ 134,355,000	
Total Sources	100%	\$1,877,345		\$484,355,000	
Uses		\$/Room		Total	
Land Cost	29%	\$ 542,636		\$ 140,000,000	
Hard Cost	44%	\$ 833,159		\$ 214,955,000	
Soft Cost	27%	\$ 501,550		\$ 129,400,000	
Total Uses	100%	\$1,877,345		\$484,355,000	

6-1. Project Sources & Uses Summary

Construction Loan: Financing proposals for a construction loan for the Project have been provided by several leading financial institutions. These proposals **are not commitments to lend** to the Sponsor-Entity; and if, at the time of closing, more attractive banking terms can be obtained, the Sponsor-Entity reserves the right to replace the proposals. The anticipated amount of the construction loan is approximately \$225 million.

EB-5 Preferred Equity: The Partnership intends to invest \$125 million into the Project, representing approximately 54% of the total equity to be contributed to Sponsor-Entity, and in exchange shall receive a membership interest with the rights set forth in the Sponsor-Member's limited liability company agreement, including the right to receive a 6.25% preferred return and the right to require the Sponsor-Entity to purchase the preferred interest for an amount equal to the Partnership's investment plus all accrued and unpaid preferred return amounts. See the EB5 Capital Preferred Equity Term Sheet, executed September 12, 2016. Upon mutual agreement between the Partnership and Sponsor-Entity, the Partnership has the right to increase its investment up to \$150 million.

Flag Luxury and Third-Party Investment Group: Flag Luxury and the Third-Party Investment Group are contributing approximately \$134 million of equity to the Project, which includes a combination of land equity and cash equity. An affiliate of Flag Luxury is contributing the land at a value of \$140 million. The appraised as-is market value of the fee simple interest in the Property as of October 11, 2016 is \$140 million.⁵ **The Sponsor-Entity acquired title to the Property in 2015 at a cost of approximately \$100 million. Since then the Sponsor-Entity has purchased all the required air rights at a cost of \$10.8 million, for a total land cost of \$110.8 million (see Figure 5.2 above), and resulting**

⁵ See p. 2 of "Appraisal of Real Property, Proposed NYC Ritz-Carlton" (November 18, 2016) prepared by Cushman & Wakefield, Inc. C&W File ID: 16-12002-902938 **(Cushman & Wakefield expressly disclaims any liability to any party other than the General Partner of the Partnership with respect to the C&W Appraisal.)**

in land equity of \$29.2 million. The \$104.8 million balance of Flag Luxury/Third-Party Investment Group equity will be contributed in the form of cash.

7 Economic Impact and Job Creation

7.1 TARGETED EMPLOYMENT AREA

Under the EB-5 Program, a foreign investor can become eligible to obtain U.S. permanent resident status by investing either US \$1 million or US \$500,000 in a new commercial enterprise. To participate in the EB-5 Program by investing the lower \$500,000 amount, the foreign investor must invest his/her capital into a geographic area that qualifies as a Targeted Employment Area ("TEA").

Section 203(b)(5)(B) of the Immigration and Nationality Act defines a TEA as an area that, at the time of investment, is a rural area or an area that has experienced an unemployment rate that is at least 150 percent of the national average unemployment rate.

The Project is located within a district designated as a TEA by the New York State Department of Economic Development (the designated agency), based on a determination by the New York State Department of Labor that the area meets the minimum threshold of unemployment to qualify as a TEA. The designated area comprises nine contiguous census tracts (including census tract 76, which contains the address 1185 Broadway) with an annual average unemployment rate of 8.0 percent. The designation was made as of a letter from the designated agency dated September 26, 2016.

Evidence that the Project is located in a TEA within the Regional Center geography will be provided with the individual EB-5 investors' I-526 petitions.

7.2 JOB CREATION

The impacts of the Project have been analyzed by Kimberly R. Atteberry of Vermilion Consulting, using the RIMS II input-output model. The analysis follows EB-5 best practices by using project-specific RIMS multipliers based upon commuting patterns. The results of the analysis suggest that the Project will result in the creation of 4,702 EB-5 qualifying jobs within the NYC Workforce Drawing Area.

Activity	Direct Jobs	Indirect & Induced Jobs	Total Jobs
Construction	1,634	1,904	3,538
Operations	778	386	1,164
Total Jobs	2,412	2,290	4,702

Source: Vermilion Consulting Economic Impact Analysis (June 14, 2017)

Figure 7-1. Overview of Project Job Creation

Under the EB-5 Program, each foreign investor's investment in a new commercial enterprise must result in the creation of 10 new full-time jobs. The EB-5 regulations at 8 CFR 204.6(m)(7)(ii) state that "jobs created indirectly" by the new commercial enterprise may be counted toward the job creation requirement. The regulations also state that "[to] show that 10 or more jobs are actually created indirectly by the business, reasonable methodologies may be used." RIMS II has been recognized and accepted by USCIS as a reasonable methodology for projecting and verifying job creation.

For further details on Project job creation, including the additional indirect and induced impacts of construction expenditures, please refer to the economic impact analysis report.

7.3 VERIFYING JOB CREATION

In order to verify job creation for future I-829 petition submissions, several items will be presented to support an updated economic analysis. First, to validate indirect/induced jobs related to construction activities, evidence will include an accounting of qualifying construction expenditures for the Project. Second, to evidence indirect/induced job creation arising from operational revenue, generally accepted financial reporting documents will be provided to validate such revenue claims. Finally, should direct jobs be required, EB5 Capital will present documentation as required by the USCIS to demonstrate the creation of direct employment.

8 Market Analysis

8.1 MARKET POSITIONING AND TARGET MARKET

Ritz-Carlton® is a luxury brand, operated by Marriott International as one of its thirty brands. The Ritz-Carlton targets the discerning affluent, and strives to create indelible marks with its legendary and gracious service. With an unshakeable credo and a corporate philosophy of unwavering commitment to service, The Ritz-Carlton has been recognized with numerous awards for being the gold standard of hospitality.

The NYC Ritz-Carlton will target demand for lodging in Midtown Manhattan. The C&W Appraisal of the Project estimates a market mix of approximately 50% commercial demand (travelers in Manhattan on business), 40% leisure demand (tourist travelers), and 10% meeting and group demand (guests associated with corporate and social events hosted at the hotel).

8.2 MARKET AREA PROFILE

The Project is located in Midtown Manhattan, New York City. Manhattan is known as the economic and cultural center of the United States. It is home to Wall Street, the New York Stock Exchange and NASDAQ, the United Nations Headquarters, and many Fortune 500 companies, commercial and investment banks, entertainment destinations, and tourist attractions. The high concentration of business activity and tourism in Manhattan generates substantial hotel room night demand. Ritz-Carlton operates two existing hotels in Manhattan – in Central Park to the north and Battery Park to the south – and has positioned the Project to serve the Midtown area, particularly between 14th and 42nd Street.



Figure 8-1. South-facing photograph of Midtown and Lower Manhattan, with Project site marked⁶

⁶ Photograph by Anthony Quintano - Flickr, CC BY 2.0, <https://commons.wikimedia.org/w/index.php?curid=34972554>

The Project is on the south side of Midtown Manhattan, in an area that has seen significant new development in recent years. Major companies such as Google, Facebook, and Twitter have moved into the Midtown South market, and the section of Broadway just south of the Property has gained the nickname “Silicon Alley” for its high concentration of tech companies. The Project’s immediate neighborhood consists primarily of commercial and mixed-use residential buildings along side streets, and commercial buildings along the main avenues. The location benefits from a wide range of desirable amenities such as excellent transportation, strong retail corridors with heavy pedestrian traffic, and a wide range of housing types. The area remains one of Manhattan’s most desirable residential neighborhoods. Its high-end retail shops and restaurants attract both tourists and New Yorkers, and its commercial tenants include creative and financial industries.

Selected Neighborhood Features		Miles from Project
<i>28th Street Station</i>	Nearest subway station, with access to N, Q, R, and W lines.	Adjacent
<i>Madison Square Park and Flatiron District</i>	6.2-acre public park, at the heart of Madison Square, surrounded by the landmark Flatiron Building and Met Life building (currently home of Credit Suisse, Sony, and William Morris Endeavor), Eataly (a popular gourmet food market and eatery), Supreme Court Appellate Division, the 42-story New York Merchandise Mart, and the New York Life building; and luxury condo high-rises such as The Whitman, home to Chelsea Clinton and Jennifer Lopez.	0.3 miles
<i>Fashion Institute of Technology</i>	A State University of New York college specializing in disciplines connected to the fashion industry; serves nearly 10,000 students; magnet for office tenants connected with the fashion industry.	0.4 miles
<i>Herald Square</i>	Major retail hub, with many clothing retailers and department stores, including Macy’s 2.2-million square foot flagship store; Manhattan Mall; Gotham Hall	0.4 miles
<i>Empire State Building</i>	102-story landmark skyscraper, formerly the highest in the world; current tenants include Air China, LinkedIn, and People’s Daily.	0.4 miles
<i>Madison Square Garden</i>	Events and sports arena, with 820,000 square feet of event space and seating for between 18,000 and 20,000 people; home of the New York Rangers professional hockey team and New York Knicks professional basketball team.	0.4 miles
<i>Baruch College</i>	Constituent of the City University of New York system, with over 15,000 students, a staff of over 1,000, and an endowment of nearly \$200 million.	0.5 miles
<i>Penn Station</i>	The primary intercity rail station in New York, which serves over 230,000 passengers every weekday.	0.5 miles
<i>Union Square</i>	Culturally important park and square, surrounded by the landmark Bank of the Metropolis, Zeckendorf Towers, ConEd Building, and the Decker Building; companies in the vicinity include BuzzFeed.	0.7 miles
<i>Bryant Park</i>	A 10-acre public park, abutted by the main branch of the New York Public Library, and surrounded by the 1,200 foot Bank of America Tower, the 50-story Grace Building (home of Bain & Co. and People’s Bank of China), and the 41-story 1095 Avenue of the Americas building (now Salesforce Tower).	0.7 miles
<i>Grand Central</i>	New York’s largest commuter and rapid transit rail terminal, with 44 high-level platforms and 67 tracks.	1.0 mile
<i>Times Square</i>	Famous commercial hub, entertainment hub (including the Broadway Theater District), and a tourist destination, with about 330,000 pedestrians on an average weekday; major companies in the area include Barclays, Bertelsmann, Conde Nast, Morgan Stanley, the New York Times, Reuters, and Viacom.	1.0 mile
<i>Chelsea</i>	Landmark building, filling an entire block, with major shopping mall and many	1.1 miles

<i>Market</i>	media tenants, including the Food Network, EMI music, Youtube, and Google.	
<i>Hudson Yards</i>	\$20 billion mixed-use development planned for over 17 million square feet and 16 buildings. A 1.7 million square foot office building is under construction (major tenants include Coach, L'Oréal, and SAP AG) and scheduled to open in late 2016.	1.2 miles
<i>Jacob K. Javits Convention Center</i>	New York's primary convention facility (and the busiest convention center in the nation), with 177 events in 2014. Construction began in 2016 on a \$1 billion redevelopment that is expected to add 1.2 million square feet to the facility and generate 200,000 additional hotel room nights a year.	1.4 miles

Figure 8-2. Project Site Vicinity

8.3 INDUSTRY AND ECONOMIC PROFILE

Highlights from the 2016 Manhattan Borough Report by the NYC Economic Development Corporation:

- Manhattan has a population of over 1.6 million people across 23 square miles. This population nearly doubles on business days due to the influx of tourists and commuters.
- Total private sector employment in Manhattan was 2.1 million in 2014, the highest level of any borough.
- Big business is dominant in Manhattan. 20.1% of workers are employed in a firm with more than 500 employees. Manhattan has 72 Fortune 1000 company headquarters.
- There were 3,772 construction projects in Manhattan valued at approximately \$20.1 billion in 2015. The value of construction projects has increased by almost 87.0% since 2013, although the number of new projects has increased by only 9.0% over the same period.
- Manhattan is one of the world's most popular tourist destinations. Attractions range from traditionally popular destinations such as the Empire State Building and Times Square to recently constructed sites including the 9/11 Memorial in Lower Manhattan and the High Line in Chelsea.
- Manhattan's hotels have benefited from this tourism, with hotel occupancy rates steadily increasing in recent years to reach 89.2% in 2014.⁷

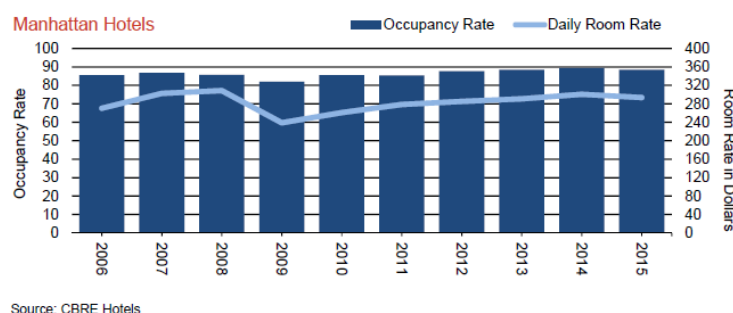


Figure 8-3. Average Manhattan Hotel Performance 2006-2015⁸

⁷Quoted from *Borough Trends & Insights: The Manhattan Update* (May 2016). New York City Economic Development Corporation.

http://www.nycedc.com/sites/default/files/filemanager/Resources/Economic_Data/borough_update/May_2016_Manhattan_Borough_Report.pdf

⁸Image source: *The Hotel Industry in New York City* (June 2016). Office of the New York State Comptroller.

http://www.osc.state.ny.us/osc/hotel_industry_nyc_rpt2_2017.pdf

In 2015, a record 58.3 million tourists visited New York City, and the city is on pace for a goal of drawing 67 million annual visitors by 2021. England, Canada, Brazil, and China are the largest sources of foreign visitors to the city.⁹

Manhattan is an attractive location for a new hotel development based on its history of strong hotel occupancy and evidence of growth in areas likely to drive increased demand for hotel accommodations. The Project will be one of the closest luxury hotels to Hudson Yards, which has 1.7 million square feet of office space currently under construction, and to the Jacob K. Javits Convention Center, which is slated to expand by 1.2 million square feet. The Project's luxury presence is expected to accelerate the pace of redevelopment in the Midtown South area around Madison Square Park.

In 2015 and 2016, members of the Association of Foreign Investors in Real Estate (AFIRE) ranked New York City as the top global city for real estate investment, ahead of London, Los Angeles, Berlin, and San Francisco.¹⁰

8.4 ANALYSIS OF COMPETITION

The Project will compete primarily against other properties offering luxury hotel accommodations in Manhattan, particularly in the Midtown South area.

The C&W Appraisal for the Project¹¹ identifies two sets of competitive properties: primary competitors (other upscale properties less than one mile from the Project) and secondary competitors (other premium properties within a three-mile radius of the Project). The set of primary competitors are similar to the Project in terms of location, while the secondary competitors are similar to the Project in terms of quality.

AAA, a non-profit travel organization, distinguishes two ranks of high-end hotels: 4-diamond hotels are “refined, stylish with upscale physical attributes, extensive amenities and a high degree of hospitality, service and attention to detail,” while 5-diamond hotels are characterized by “ultimate luxury, sophistication and comfort with extraordinary physical attributes, meticulous personalized service, extensive amenities and impeccable standards of excellence.”¹² The two existing Ritz-Carlton hotels in Manhattan have both been awarded a 5-diamond rating, and the Project is also expected to compete at this level. None of the hotels in the Project's primary competitive set are ranked at the 5-diamond level.

In comparison with primary competition, the Project will be distinguished by its Ritz-Carlton branding, aim for ultimate luxury, large amount of meeting space, and landmark new facility. The C&W Appraisal calculated market penetration, occupancy, and rate estimates for the Project considering the performance of local primary competitors and comparable secondary competitors.

Property	2015 Estimated Occupancy Rate*	2015 Average Rate*	Distance from Project	AAA Diamond Rating
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⁹ “Record Number of Tourists Visited New York City in 2015, and More Are Expected This Year” (March 8, 2016) *The New York Times*. http://www.nytimes.com/2016/03/09/nvregion/record-number-of-tourists-visited-new-york-city-in-2015-and-more-are-expected-this-year.html?_r=0

¹⁰ AFIRE Press Release: In 2016, Foreign Real Estate Investors Plan continued US Investment. http://www.afire.org/Files/2016_Survey/Public/2016_Survey_Press_Release.pdf





¹¹ See p. 87-92 of “Appraisal of Real Property, Proposed NYC Ritz-Carlton” (November 18, 2016) prepared by Cushman & Wakefield, Inc. C&W File ID: 16-12002-902938 (**Cushman & Wakefield expressly disclaims any liability to any party other than the General Partner of the Partnership with respect to the C&W Appraisal**).

¹² <http://newsroom.aaa.com/diamond-ratings/diamond-rating-definitions/>

<i>Primary Competition</i>				
The Chatwal NYC	80%	\$ 560	0.9 miles	4
The NoMad	82%	430	0.1 miles	4
Andaz Fifth Avenue	87%	450	1.0 miles	4
Hotel Gansevoort	86%	410	0.3 miles	4
Gramercy Park Hotel	71%	515	0.6 miles	not rated
Langham Place 5 th Avenue	75%	555	0.5 miles	4
Standard Hotel	90%	435	1.3 miles	not rated
Average	82.5%	\$ 467		
<i>Secondary Competition</i>				
The Mercer	76%	\$ 780	1.6 miles	not rated
Firmdale Crosby Street	88%	570	1.7 miles	not rated
The Greenwich	87%	885	2.3 miles	not rated
Ritz-Carlton Battery Park	78%	415	3.4 miles	5
The Peninsula	70%	890	1.4 miles	5
St. Regis	83%	950	1.5 miles	5
Mandarin Oriental	72%	850	1.8 miles	5
Ritz-Carlton Central Park	71%	890	1.6 miles	5
Four Seasons	65%	955	1.7 miles	5
Baccarat Hotel	50%	900	1.4 miles	not rated
Park Hyatt	64%	890	1.5 miles	5
Average	72.0%	\$ 814		
NYC Ritz-Carlton Manhattan Midtown	Estimate 84% at stabilization	Estimate \$842 in 2020		5 (expected)

Sources: 2015 ADR and occupancy for competitor properties and estimates for the subject property from Cushman & Wakefield Appraisal¹³. AAA Diamond ratings from individual hotel listings at <http://www.aaa.com/>

Figure 8-4. Comparison with Primary and Secondary Competitor Pricing

Property Image	Property Name	Size	Affiliation (# System hotels)	Features	Meeting space (SF)
	NYC Ritz-Carlton Manhattan Midtown	258 rooms (39 suites) 36 stories	Ritz-Carlton (96)	Chef-driven restaurant, full-service spa, fitness center with indoor pool, rooftop terrace, landscaped plaza renowned architect and designers	10,599
	The Chatwal NYC	76 rooms 10 stories	Starwood Luxury Collection (85)	Chef-driven restaurant, indoor pool, spa, fitness center	2,100
	The NoMad Hotel	168 rooms 12 stories	Independent	Fine dining restaurant, roof terrace, fitness center, Turkish steam room	4,000
	Andaz Fifth Avenue	184 rooms 13 stories	Hyatt Andaz (19)	Three-meal restaurant, open kitchen, fitness center, business center	6,400

¹³ See p. 99-107 of “Appraisal of Real Property, Proposed NYC Ritz-Carlton” (January 17, 2016) prepared by Cushman & Wakefield, Inc. C&W File ID: 16-12002-902938 (**Cushman & Wakefield expressly disclaims any liability to any party other than the General Partner of the Partnership with respect to the C&W Appraisal**).




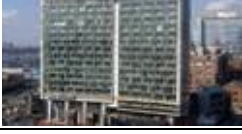
	Hotel Gansevoort	186 rooms 11 stories	Gansevoort (4)	Japanese bar/restaurant, spa, business center, fitness center, rooftop pool and bar	600
	Gramercy Park Hotel	189 rooms 18 stories	Starwood Design Hotels (115)	Three-meal restaurant, two bars, private rooftop venue, extensive 20 th century art holdings	6,500
	Langham Place Fifth Avenue	214 rooms 59 stories	Langham (18)	Fine-dining restaurant, spa, salon, fitness center	3,200
	Standard Hotel New York	338 rooms 18 stories	Standard (5)	Three food/drink establishments, access to High-Line Park	3,800

Figure 8-5. Comparison with Primary Competitor Properties

The C&W Appraisal analyzed the eight residential condominium units at the Project against the Trump SoHo, a development in Lower Manhattan that uses the same ownership model (owners may occupy the unit a maximum of 120 days a year, with maximum stays of 29 consecutive days, and share revenue from hotel use for the remainder of the year). Cushman & Wakefield's pricing conclusion for the Project represents an approximately 37 percent premium to average Trump SoHo sales, which is considered reasonable, given the relatively large size of the Project's units and the Ritz-Carlton brand.¹⁴

The Cushman & Wakefield Appraisal estimates a stabilized market rent of \$394 per square foot for the 3,369 square feet of retail space at the Project. This estimate is based on analysis of six comparable leases at nearby buildings, which range from \$275 to \$650 per square foot for ground floor retail space.¹⁵

¹⁴ See p. 133 of "Appraisal of Real Property, Proposed NYC Ritz-Carlton" (January 17, 2017) prepared by Cushman & Wakefield, Inc. C&W File ID: 16-12002-902938 (**C&W expressly disclaims any liability to any party other than the General Partner of the Partnership with respect to the C&W Appraisal.**)

¹⁵ See p. 156-158 of the Cushman & Wakefield Appraisal

9 Financial Information

9.1 SUMMARY FINANCIAL ANALYSIS

NYC Ritz-Carlton New York, NY Financial Overview & Assumptions									
Property Description			Financial Assumptions				Loan and Preferred Equity Assumptions		
Project Name	NYC Ritz-Carlton		Hotel Income (Stabilized)				Construction Loan	\$	225,000,000
Location	New York, NY		Hotel Occupancy		84%		Interest Rate		10.00%
Project Type	Hotel		Average Daily Rate (ADR)	\$	842		Loan Term		42 Months
Total Gross SF	301,481		Revenue Per Available Room (RevPAR)	\$	707		Amortization		Interest Only
Rooms	258		Operating Expenses (Stabilized)				Permanent Loan	\$	225,000,000
Retail SF	3,369		Expenses/Per Room/Year	\$	182		Interest Rate		5.00%
			Condo Sales				Loan Term		5 Years
			Number of Units		8		Amortization		30 Years
			Avg. Sale Price Per Unit	\$	3,354,600		EB-5 Preferred Equity	\$	125,000,000
			Condo Proceeds Net of Costs	\$	23,000,000		Preferred Return		6.25%
Capital Sources			Project Costs				Stabilized Valuation		
Construction Loan	46%	\$ 225,000,000	Land	\$	140,000,000		Total Revenue	\$	99,948,000
EB-5 Preferred Equity	26%	\$ 125,000,000	Hard Costs	\$	205,618,000		Total Expenses (Variable & Fixed)	\$	67,769,000
Sponsor Equity	28%	\$ 134,355,000	Soft Costs	\$	60,022,000		Management Fee		3,874,200
Total Project Costs		\$ 484,355,000	Financing Costs	\$	68,878,000		Net Operating Income	\$	28,304,800
			Contingency & Misc.	\$	9,837,000				
			Total Development Costs	\$	484,355,000		Hotel/Retail Appraised Value (Stabilized)	\$	545,000,000
							Hotel/Retail Value Per Unit	\$	2,112,403
							Condo Sale Proceeds	\$	23,000,000
			Cost Per Unit	\$	1,877,345		Yield on Cost		5.84%

9.2 ANNUAL CASH FLOWS

NYC Ritz-Carlton New York, NY							
ANNUAL PROPERTY CASH FLOW SUMMARY							
EB-5 Investment Years	Construction			EB-5 Extensions			
	Year 1	Year 2	Year 3	Year 4	Year 5	Stabilized Year 6	Option #2 Year 7
Developer Years	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Year Ending	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
REVENUES							
Rooms				\$45,062,000	\$56,149,000	\$66,576,000	\$68,574,000
Food & Beverage				23,828,000	26,820,000	29,188,000	30,064,000
Spa				1,670,000	1,822,000	1,946,000	2,004,000
Other Income				1,996,000	2,126,000	2,238,000	2,305,000
Total Revenues				72,556,000	86,917,000	99,948,000	102,947,000
DEPARTMENTAL COSTS							
Rooms				15,126,000	16,299,000	17,282,000	17,800,000
Food & Beverage				18,874,000	20,188,000	21,307,000	21,947,000
Spa				1,651,000	1,700,000	1,751,000	1,804,000
Other Income				830,000	863,000	895,000	922,000
Total Departmental Costs				36,481,000	39,050,000	41,235,000	42,473,000
DEPARTMENTAL INCOME				36,075,000	47,867,000	58,713,000	60,474,000
UNDISTRIB. OPERATING EXPENSES							
Administrative & General				6,599,000	7,020,000	7,421,000	7,643,000
Marketing				3,880,000	4,156,000	4,416,000	4,549,000
Property Operations & Maintenance				3,326,000	3,562,000	3,786,000	3,899,000
Utility Costs				1,430,000	1,491,000	1,552,000	1,598,000
Total Undistrib. Operating Expenses				15,235,000	16,229,000	17,175,000	17,689,000
MANAGEMENT FEES							
Base Management Fee				2,177,000	2,608,000	2,998,000	3,088,000
Total Management Fees				2,177,000	2,608,000	2,998,000	3,088,000
GROSS OPERATING PROFIT				18,663,000	29,030,000	38,540,000	39,697,000
FIXED CHARGES							
Property Taxes				4,900,000	5,047,000	5,198,000	5,354,000
Insurance				632,000	651,000	670,000	690,000
Reserve for Replacement				1,451,000	2,608,000	3,998,000	4,118,000
Condo Revenue Split				628,000	714,000	804,000	804,000
Rent				(9,000)	(458,000)	(1,312,000)	(1,351,000)
Total Fixed Charges				7,602,000	8,562,000	9,359,000	9,615,000
NET OPERATING INCOME				11,061,000	20,468,000	29,181,000	30,082,000
Incentive Management Fee	20%			-	-	(876,200)	(1,056,400)
Debt Service				(14,636,573)	(14,636,573)	(14,636,573)	(14,636,573)
NET CASH FLOW				(3,575,573)	5,831,427	13,668,227	14,389,027
Total Number of Units:	-	-	-	258	258	258	258
Average Occupancy:	-	-	-	69%	78%	84%	84%
Average Daily Rate (ADR)	-	-	-	\$693.51	\$764.43	\$841.64	\$866.89
Revenue Per Available Room (RevPAR)	-	-	-	\$478.52	\$596.25	\$706.98	\$728.19
Operating Expenses/Room:	-	-	-	\$161.78	\$172.34	\$182.38	\$187.84

This Cash Flow Summary is based on the C&W Appraisal Forecast Through Stabilization¹⁶. Pricing assumptions are discussed in Section 8.4 above and in the C&W Appraisal.

¹⁶ See p. 161-162 of “Appraisal of Real Property, Proposed NYC Ritz-Carlton” (January 17, 2017) prepared by Cushman &

9.3 DEVELOPMENT BUDGET

NYC Ritz-Carlton New York, NY		
	Costs	/Room
Land Value	\$ 140,000,000	\$ 542,636
Base Construction Cost	\$ 205,618,000	\$ 796,969
Hard Costs Total	\$ 205,618,000	\$ 796,969
A&E	\$ 9,387,000	\$ 36,384
Consultants	\$ 6,854,000	\$ 26,566
Insurance	\$ 1,350,000	\$ 5,233
Legal	\$ 6,390,000	\$ 24,767
TI	\$ 704,000	\$ 2,729
Leasing	\$ 600,000	\$ 2,326
FF&E	\$ 18,150,000	\$ 70,349
Systems	\$ 2,250,000	\$ 8,721
Preopening	\$ 3,500,000	\$ 13,566
Working Capital	\$ 1,000,000	\$ 3,876
Development Fees	\$ 9,837,000	\$ 38,128
Soft Costs	\$ 60,022,000	\$ 232,643
Financing & Related Fees	\$ 68,878,000	\$ 266,969
Contingency		\$ -
Hard Cost Contingency	\$ 9,837,000	\$ 38,128
Contingency & Misc.	\$ 9,837,000	\$ 38,128
Total Development Costs	\$ 484,355,000	\$ 1,877,345
Total Rooms		258

Wakefield, Inc. C&W File ID: 16-12002-902938 (**Cushman & Wakefield expressly disclaims any liability to any party other than the General Partner of the Partnership with respect to the C&W Appraisal.**)

9.4 EB-5 EXIT ANALYSIS

The tables below illustrate how the EB-5 investment may be returned at the end of the fifth year by either a sale or refinance of the Property. Based on discounted cash flow analysis, the C&W Appraisal¹⁷ estimates a value of \$545 million for the Project at the end of the fifth year of the investment. The proceeds of a sale after Year 5 at this value, combined with net proceeds from residential condominium unit sales (which Cushman & Wakefield estimates at \$23 million), would generate proceeds of approximately \$198 million above the requirement to fully repay the senior construction loan and return the EB-5 investment. **(Cushman & Wakefield expressly disclaims any liability to any party other than the General Partner of the Partnership with respect to the C&W Appraisal).** Similarly, the expected refinance proceeds are estimated to be nearly \$1 million above the requirement to fully repay the senior construction loan and return the EB-5 investment. There is, however, no guaranty that the Sponsor-Entity will be in a position to return the EB-5 preferred equity investment to the Partnership after year five, or at any point in time thereafter. The EB-5 preferred equity investment is at risk of total loss.

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Sales Analysis	Year 6 Appraisal Proforma
Net Operating Income (NOI)	\$ 28,304,800
Implied Cap. Rate	5.2%
Appraised Value	\$ 545,000,000
Cost of Sale (4.00%)	\$ (21,800,000)
Net Sale Proceeds	\$ 523,200,000
Net Condo Proceeds (After 30% Tax)	\$ 16,100,000
Remaining First Trust Loan	\$ (215,939,458)
EB-5 Preferred Equity	\$ (125,000,000)
Net Sale Proceeds	\$ 198,360,542

Refinance Analysis	Year 6 Appraisal Proforma
Net Operating Income (NOI)	\$ 28,304,800
Implied Cap. Rate	5.2%
Appraised Value	\$ 545,000,000
Loan to Value	61%
Refinance Loan Amount	\$ 332,450,000
Transaction Costs (2.00%)	\$ (6,649,000)
Net Condo Proceeds (After 30% Tax)	\$ 16,100,000
Remaining First Trust Loan	\$ (215,939,458)
EB-5 Preferred Equity	\$ (125,000,000)
Net Sale Proceeds	\$ 961,542

¹⁷ See p. 174 and 181 of “Appraisal of Real Property, Proposed NYC Ritz-Carlton” (January 17, 2017) prepared by Cushman & Wakefield, Inc. C&W File ID: 16-12002-902938 **(Cushman & Wakefield expressly disclaims any liability to any party other than the General Partner of the Partnership with respect to the C&W Appraisal).**