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CITY OF VERO BEACH
Three Corners Project Term Sheet

CLEARPATH | TRG | DMJR Development

Clearpath / The Ridge Group / DMJR Development

OWNERSHIP STRUCTURE AND EXPERIENCE PROFILE

- The Developers and Development Partners will be equal members in a consolidated entity, Big Blue VB, LLC (the "Entity") jointly owned by the Partners (Three lead entities).
- The Developers and Three (3) Lead Entities for the Project are Clearpath Services, The Ridge Group, and DMJR Development.
- The group has 75 years of combined experience in real estate including *brownfields* development.
- The entity, Big Blue VB, LLC, will hold the overall land lease with the City and will sublease designated portions of the land. Their proposal includes listed 10 LLCs with 10 subleases anticipated between the master entity (BigBlue VB LLC) and the 10 LLCs. The 10 LLCs will be housed under the Big Blue LLC.
    - Tyler Ridge has been responsible for several hundred million of investment projects.
    - Bellingham currently has a contract with Vero Beach for the marina.
    - The construction company is working on the Vero Beach Museum of Art
    - The construction company will manage the construction of each component including the restaurants and retail. While Turner Construction Company is a large national company, the Developers have not previously used Turner Construction. However, HOK has used Turner Construction in the past.

UNIQUE ASPECTS OF THE DEVELOPMENT/ITEMS OF NOTE

- The proposal includes information on the impact of the project on the downtown economy.
- Chamber Music Society
- Scope of Project includes extensive work on waterline/shoreline reclamation and canal renovation)

OTHER KEY PARTIES/ADVISORS

- The following development partners have been identified:

HOK	Lead Architect
XDEA	Architectural Advisor
Westminster Capital	Financial Partner/Advisor
Turner Construction	General Contractor/Construction Manager
Bellingham Marine	Marina Designer/Developer
Ennismore	Hotelier
Chamber Music Society	Artistic Advisor/Arts Anchor

PROJECT PHASING AND CONSTRUCTION TIMEFRAME

- The Project will consist of three (3) phases, with phase 1 divided into three sub-phases:
    - Phase 1a: Sitework and Waterway Excavation, Power Plant Interior Demolition
    - Phase 1b: Power Plant Renovation
    - Phase 1c: Hotel, Conference/Exhibit Center
    - Phase 2: Waterfront Village, Marina Docks
    - Phase 3: Hotel Cottages, Event Center
- All components in Phase 1 will begin construction at the same time.
- Phase 2 construction will begin immediately after Phase 1, with an estimated construction completion time of 12 months.
- Phase 3 will begin immediately after Phase 2, also with an estimated construction completion time of 12 months.
- The total timeframe for the proposed development is sixty (60) months or five (5) years. The expected date of completion for the Project is sixty (60) months or five (5) years from the start of Phase 1.

EARLY FINANCIAL PERFORMANCE

- By the 6th year, net income from all operations is $32.8 million before debt service, with a net cash position of $7.1 million.
- No in-ground debt service coverage the first year of operations.
- The Marina and waterfront village come online in the 5th and 6th years, and it looks as though that is the point when operations start to produce debt service coverage.
- After 5 years of construction, a net cash flow of $7.6 million of net income

COST OF PROJECT AND PROJECT COMPONENTS

- The Total Cost of the Project is anticipated to be $504,426,080.
- The project includes 93,800 sf of marina space.
- The Event Center is a 500-seat venue.
- More parking than the Master Concept Plan which had 597 spaces. This plan has 715 spaces.
- Cost per Square foot for the total project.
-
    - Hard Costs $386,394,800
    - Soft Costs $52,563,298
    - Contingency Reserves $30,911,584
    - Interest Reserves $34,556,398
- The Hard Costs (or Construction Costs) are broken down into the following components:
    - Site remediation $98,580,000
    - Utilities $20,000,000
    - Road/trail infrastructure $14,475,800
    - Site improvements/amenities $11,375,000
    - Event Center $19,920,000
    - Retail/Restaurants $17,110,000
    - Hotel/Convention/Big Blue $167,594,000

- Marina/Canal/Indian River Restor. $25,000,000
- Garages/Parking $12,340,000

SOURCES OF FUNDS

- The following financing tools are under consideration:
  - Project-specific conventional financing
  - Real Estate Fund
  - Conventional developer financing
  - Bond financing
  - Cash
  - Community Redevelopment Area/TIF Financing

CITY CONTRIBUTION

- Community Redevelopment Area/TIF Financing (amount unspecified)

LOAN-TO-VALUE RATIO

- Components of the Project will be financed with Debt/Equity ranging from 50%/50% to 75%/25%.
- Initial estimate of total Debt/Equity ratio is 70%/30%.
- At this ratio, debt is $353 million, and equity is $151 million.

HOTEL NUMBER OF KEYS, ADR, AND PROJECTED OCCUPANCY

- The Hotel will have 133 Standard Rooms.
- The Hotel is expected to generate $23,673,468 annually.
- The Occupancy Rate is assumed to be 85%.
- Chain is targeted to be 21C.
  - The ADR based on this projection is $574.
- There will also be eleven (11) Hotel Cottages that will generate $4,699,200 annually. The Occupancy Rate is assumed to be 85%.
  - The ADR based on this projection is $1,378.

GROUND LEASE METHODOLOGY

- The proposal includes a narrative that discussed how the ground lease methodology would work, despite the lack of a starting point.
- They suggested TIF financing to help finance site improvements and roads, etc.
- The Entity and the City will agree to a Fair Market Value (FMV) of the Project Site.
- The FMV will be used to establish an agreeable base rent rate.
- The Ground Lease will consider the following:
  - Different rent rates depending on status of building completion.
  - Different rent rates depending on revenue generating capabilities of the improvements/amenities.
  - After stabilization, percentage escalation based on revenues.
  - "Safety valve" feature for the developer based on a minimum return to the developer/investors.

- Initial lease term of up to 99 years, or 59 years with two 20-year extensions.

GROUND LEASE VALUATION/REVENUE ESTIMATES

- There is no indication of a starting point for the City, other than the points above,

DUE DILIGENCE PERIOD

- Proposing a 120-day due diligence period.

LENDER DISCLOSURES

- The Capital Partner for the Project is Westminster Capital in Chicago, IL.
- The initial debt/equity ratio of 70/30 suggests they are looking at $151 million of equity.

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Edgewater Group

Edgewater Group

OWNERSHIP STRUCTURE AND EXPERIENCE PROFILE

- Edgewater Group LLC was founded as a Sole Owner Limited Liability Corporation with sole owner/principal Ronald Schults. Officers of Edgewater include (1) Ron Schults, sole owner, and President; (2) Erik Schults, Vice President; and (3) Jason Keller (Executive Officer).
- The Developer will be Edgewater Group LLC (the "Entity").
- The Entity will lead the design and development of the Project.
- Edgewater Group's experience in other municipal projects is often on the waterfront. Marinas and Harbors are their specialty with a lot of work in the Midwest. However, Edgewater founded the Florida/Caribbean division in 2018.
- Edgewater Group has $661 million of projects completed or currently underway.

UNIQUE ASPECTS OF THE PROPOSAL/OTHER ITEMS OF NOTE

- Much larger marina enterprise than the other proposals at 262 slips.
- Edgewater specializes in "waterfront" developments.

OTHER KEY PARTNERS/ADVISORS

- The Entity will enlist four key strategic advisors:

Firm	Role
Marcus & Millichap	Hotel/Hospitality (they will look for hotel operators and financial investment)
IHG Hotels & Resort Group	Hotel/Hospitality (letter of interest)
So Clutch Group	Restaurants/Retail (Concrete Cowboy Kitchen and Cocktails proposed facility)
Shelli Associates	Financing (Capital raise)

- Additionally, the following firms will be enlisted:

Firm	Role
Keith Engineering	Master Planning (*Pomp, Pompano Beach)
Schulke, Bittle and Stoddard	Civil Engineering and Land Surveying

PROJECT PHASING AND CONSTRUCTION TIMETABLE

- The Project will consist of one (1) phase:
    - Big Blue Redevelopment. 76,000 SF of space
    - 154 Key Waterfront Hotel
    - Public Waterfront Pavilion & Event Lawn
    - Waterfront Restaurants
    - Waterfront Retail Market
    - Public Waterfront Promenade
    - World Class Marina
    - Parking and infrastructure for above
    - Utilities and Back of House for above
- Future phases may include branded residential hotel units and/or automated dry-stack marina south of the bridge.

EXPECTED DATE OF COMPLETION

- The total timeframe for the proposed development is three (3) years.
- Great Hall, Food and Beverage, and Waterfront Pavilion would all be completed by 2nd Q 2026.
- If the Project begins in July 2024, the expected date of completion is by July 2027.
- The hotel and marina would be the last items completed. The timetable is presuming that utilities and sitework do not end until the hotel and marina are completed.
- Note on the project schedule indicates that branded residential is anticipated from 2027 to 2028.
- The project schedule assumes a lease is executed by June 30, 2024.

COST OF PROJECT AND PROJECT COMPONENTS

- The Total Cost of the Project is anticipated to be $ 154,279,188.

Phase I - Costs	**Total**
Hotel	$71,474,970
Big Blue - Great Hall	11,045,000
F&B Components	17,625,000
Waterfront Pavilion and Lawn	3,425,000
Marina	16,697,020
Retail	1,440,000
Public Infrastructure	6,859,000
Design	12,856,599
Contingencies	12,856,599
Total Uses	$154,279,188

SOURCES OF FUNDS

- The proposed breakdown of Sources of Funds are as follows:

Equity	$44,758,555

Debt	67,137,833
Grants	16,500,000
TIF Financing	25,882,800
Total Sources	$154,279,188

LOAN-TO-VALUE RATIO/NOMINAL DEBT AND EQUITY

- Components of the Project will be financed with 60% Debt / 40% Equity.
- $67 million of debt and $45 million of equity.
- Debt will be structured over twenty (20) years and assumes an interest rate of 9.0%.
- Debt payment is amortizing starting at $3.3 million in year 1.
- Interest is an additional $5.6 million in year 1.

CITY CONTRIBUTION

- TIF Financing of $26 million is structured over twenty (20) years and assumes an interest rate of 4.0%.
- The Ad Valorem Tax Rate will be 58% until the loan is paid off.
- The Entity estimates that $16.5 million grants should be achievable from a variety of programs including state and local.
- This estimate is also based on the Entity's prior experience in securing grant funding for other projects. The developer lists programs associated with their grant estimates.

- DUE DILIGENCE PERIOD

- With signing a lease in June 30, 2024 and the statement "as is where is" the proposal seems to assume no due diligence period.

HOTEL, RESTAURANT, MARINA, EVENT CENTER

- The Hotel will have 154 Rooms, spa, rooftop restaurant, adult rooftop pool and bar, and a resort style pool, and branded residential/hotel condos,
- a riverfront promenade with three venues, a community amphitheater
- 262 slip marina---132 will be seasonal slips and 130 will be transient slips and an automated dry dock storage/stack building.
- The ADR for the hotel is $162, and the average Occupancy Rate is 80.0%.
- The Hotel will also have ballrooms, an event lawn, and meeting rooms for rent with the following gross annual revenue projections:
  - Ballroom $268,000
  - Event Lawn $199,395
  - Meeting Rooms $46,081
- Redevelopment of 76,000 SF of Big Blue for recreation and other uses (bowling, bocci, pickleball, golf simulators, arcade, civic meeting, and exhibit space, etc.
- Visually (page 107), the marina is half the size of the development.
- Revenues include $15.1 million in branded residential sales in year 4, and residential/rental income starting in year 5 at $2.5 million per year.

GROUND LEASE METHODOLOGY

- The Entity proposes a ground lease with the City based on a 99-year term.
- The entity provided a sample ground lease, based on an LLC to be created.
    - Improvements, alterations, additions, or other changes to the Property (unclear whether this is the leasehold improvement or the ground) without the approval of landlord.
    - Allows for an automatic renewal for the same term length unless the City cancels. Property reverts to the City upon termination.
    - Tenant accepts the property as is.
- The Entity assumes a Land Value of $8,000,000 @$471,000 per acre.
- The Entity proposes a cap rate of 4.0% with annual escalations of 1.5% per year, with a rent and tax abatement during the first three (3) years of the Project.
- Starting in Year 16, the Entity proposes an additional rent to the City of 1% of Gross Revenue from the Hotel and from the leases of the Big Blue Great Hall, Marina slips, Retail, and F&B Components.

GROUND LEASE VALUATION/ESTIMATED REVENUE

- The Entity assumes a Land Value of $8,000,000. With a cap rate of 4%, initial year ground rent would be $320,000, with no rent due for the first three years of the project.
- Total rent from the 1% gross revenue is $136,819,670. The term and assumptions would be useful in calculating the net present value.

LENDER DISCLOSURES

- The Entity will work closely with Marcus & Millichap and Shelli & Associates.

BASE YEAR GROSS REVENUE

- The developer indicates that the total ad valorem tax over the 20-year period is $44.9 million.
- Hotel base year gross revenue = $10.3 million
- Great Hall base year gross revenue = $1.8 million
- F&B = $3.2 million
- Waterfront Pavilion = $0.534
- Marina - $2.5 million
- Retail = $0.09 million
- Total Gross Revenue = $18.45 million

BASE YEAR NET INCOME

$378K after payment of debt service and capital expenditures

EARLY FINANCIAL PERFORMANCE

- Investor income ramps up to $25.2 million in the first four years with an $18.6 million payment in year 4, and over half the income returned during that period.

- Almost 2 times multiple for investor returns during the initial 10-year period. for private equity returns after the payment of debt service.
- The cash flows represent $67 million of debt despite Note 1.

TOTAL PROJECT SQUARE FOOT AND COST PER SQUARE FOOT

Big Blue – 76,000 SF

Hotel – 140,000

Event Lawn – 23,500 SF

Meeting rooms and business center – 23,500 SF

Waterfront Pavilion - 23,500 SF

Waterfront Event Lawn – 23,500 SF

Waterfront Restaurants – 24,300 SF

Waterfront Retail -7,200 SF in 8 outlets of 900 SF each

Slips – 262 – 10,135 linear feet

HURDLE RATE OF RETURN

- None specified since the investors may not be identified until the two placement agents are engaged to sign an operator and seek financial investment.

CITY OF VERO BEACH
Three Corners Project Term Sheet

SuDa / CREC Capital / Madison Marquette

OWNERSHIP STRUCTURE AND EXPERIENCE PROFILE

- The Lead Entities for the Project will include the following three (3) firms:
  - SuDa
  - CREC Capital, 30+ year real estate and hospitality company, $5 billion in investment activity. Ritz Carlton, Key Biscayne, The Perry Hotel in Key West.
  - Madison Marquette. Integrated Real estate manager, developer, and investment provider with $4 billion of national activity.
- Affiliates from each Lead Entity will be General Partners in the Three Corners Development Company (the "Entity").
- P3 Real Estate LLC could be the ownership entity.
- There are nine (9) principals listed for the project,
- The SuDa group combined has completed $10 billion of projects (Suda, CAREAC and Madison Marquette).

UNIQUE ASPECTS OF THE DEVELOPMENT/ITEMS OF NOTE

- Sustainability funding is a possibility. ESG investors could be interested.
- Culinary focus
- Largest hotel room plan

OTHER KEY PARTNERS/ADVISORS

- The Entity will supplement the core team with experts in different fields. Prospective Collaborations include:
  - DPZ Co-Design;
  - Culinary: OxBow Public Market: A Madison Marquette Company;
  - Social Space Group;
  - Lambert Advisory;
  - Zakary Pellacio (Culinary)

PROJECT PHASING AND OVERVIEW

- **Project Components**

  1. Marina
  2. Waterfront Restaurants
  3. Meeting Hall
  4. Market Row Retail
  5. Central Park
  6. Lifestyle Boutique Hotel
  7. The Big Blue (food market, meeting rooms, and a conference center)

- **Project phasing**
  The Entity will consider an Integrated Launch vs. Phased Opening.
  - Months 0-9: Agreement Negotiation
  - Months 10-21: Planning and Permitting
  - Months 22-45: Construction Period for the Hotel and Marketplace
- The Proposal does not specify a timeframe for the Marina or other components of the Project.

EXPECTED DATE OF COMPLETION

- The completion time for the Hotel and Marketplace components of the Project is forty-five (45) months. The estimated completion time for the Marina and other Project components is TBD.

COST OF PROJECT AND PROJECT COMPONENTS

- The Total Cost of the Project is anticipated to be $144.3 million. There are no costs assumed for infrastructure, or site preparation.

Project	Cost Per	Total Cost ($ millions)
Retail	$450 / SF	$8.7
Restaurant	$700 / SF	$25.5
Hospitality	$400K / Key	$80.0
Civic	$350 / SF	$8.0
Recreation	$150 / SF	$2.1
Marina	$200K / Slip	$20.0
	Total	$144.3

- The Hotel will have 200 Rooms at an initial ADR of $325 and annual ADR growth rate of 3.0%. Occupancy Rate is anticipated to be 65%.
- Price Point is the Upscale Market for Hotels—Cambria, Residence Inn
- Food and Beverage offerings are expected to generate $3,800,000 annually with 3% annual growth.
- Parking facilities are expected to generate $500,000 annually with 3% annual growth.

SOURCES OF FUNDS

- The Project will be financed with 55% Debt/45% Equity.
- The structure of the debt assumes an interest rate of 9.0%
- A list of potential lenders will not be shared until they are awarded the project.
- The group has experience with other financing mechanisms; such as PACE, historic tax credits, opportunity zone credits, new market credits, and tax increment financing.

EARLY FINANCIAL PERFORMANCE

- Interest rate on debt service is 9%, expected to be refinanced at an interest rate of 5.0% after the construction period ends and stabilization period begins.
- The debt will be interest-only for the initial construction period of two years.

- Year 3 is base year, after completion.
- Plan net operating income in Year One (1) of $21.9 million
- Hotel revenue ($19.7 million per year vs $22 million per year). Daily average hotel revenue, based on 200 rooms, is $65,000. At an ADR of $325 and average occupancy of 65%, that produces average annual income of $19.7 million.
- Retail assumptions – ($5.8 million vs $966K). Retail potential rentals of $1.0 million per year in sublease revenue
- Big Blue revenue of $16M is roughly $800 a square foot times 20,000 square feet.
- Marina adds up to $62,000 per slip rental. Total $6.2 million annual revenue and estimated costs of $5 million. Annual profit of $1.2 million or approximately 20% return on the marina slips.
- Restaurant. 36,4390 sf with $100 per SF- $3.6 million of rental income and revenue share for them. It will cost them $25.5 million to build the space. They are anticipating $100 per square foot rent and revenue share.
- Miscellaneous revenue of $10 million per year.

CITY CONTRIBUTION

- There is no mention of any city support.

HURDLE RETURNS

- There are no pre-set or estimated hurdle rates of return specified in the proposal.

LOAN-TO-VALUE RATIO

- The Project will be financed with 55% Debt/45% Equity.

GROUND LEASE METHODOLOGY

- City will receive base ground lease and revenue share to be determined during negotiations.

GROUND LEASE VALUATION/REVENUE ESTIMATES

- None specified.

LENDER DISCLOSURES

- Not specified, although CREC capital is considerable.

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Three Corners Project Term Sheet

Vista Blue Venture Partners

OWNERSHIP STRUCTURE AND EXPERIENCE PROFILE

- The Entity and Developer is Vista Blue Venture Partners (The Entity) which includes three parties:

Firm	Role
Donald J. Urgo and Associates	General Partner Resort development will be led by Don Urgo. Urgo has 40 years of experience in the development of 49 properties.
Collins Development Company	Limited Partner Waterfront development company, Town of Jupiter. Project Manager for Urgo. With over 1 million SF.
Lessing's Hospitality Group	Limited Partner

- . Other limited partners are primarily investors/advisors.
    - Pan-Am Equities/Manocherian Family (Fraydun Manocherian)
    - Steve Bell
    - Good City Design
- Donald Urgo and Jeffrey Collins are the primary individuals responsible for the City's contract.
- 50 years in the hotel industry and 200 years in food and beverage.

UNIQUE ASPECTS OF THE PROPOSAL/OTHER ITEMS OF NOTE

- Unique theme: Key West and West Indies
- Good City Design – converting Big Blue to a recreation, entertainment center. If designated as master developer, they will proceed with BB design.

OTHER KEY PARTNERS/ADVISORS

- Steve Bell—investment and management
- Fraydun Manocherian Family—investor and management. Projects working with Urgo have included Palm Beach Marriott, Whiteface Lodge in Lake Placid. Headquartered in NYC with 50 years of experience.
- Banker – Stifel
- General Contractor: Kast Construction

- Architect – Leo Daly
- Land Planner, Civil Engineer, Demolition Consultant, Power Plant Structural Engineers, Ballers Group, Norris Realty, Construction Consultant from Vero Beach.

PROJECT PHASING AND OVERVIEW

- Waterfront Village, Public Green Space and Resort and Spa.
- Vista Blue (VB) is the redevelopment of the North 17.4 acre site with a four star resort, waterfront retail and restaurants, public green space, walking trails, and marina.
- The Project will consist of one (1) phase with four (4) steps:
    - Step 1 – Lease Negotiations
    - Step 2 – Due Diligence and Further Master Planning
    - Step 3 – Entitlements
    - Step 4 – Design/Permitting/Construction
- Phasing. Single phase development with 4 steps.
- Lease negotiations are expected to take 6 months and terms and conditions negotiated with the initial 60 days.

EXPECTED DATE OF COMPLETION

- The expected date of completion is in 2028.

COST OF PROJECT AND PROJECT COMPONENTS

- Waterfront Village 2.72 acres – 118,310 SF – 3 restaurants, 50+ slip marina, waterfront retail with 5 shops and 3,231 SF.
- Total square feet of 252,000 with 50 marina slips and a hard construction cost of $87 million not including contingencies and soft costs.
- However, retail is scattered throughout the project, and about 20,000 SF with some retail in the great Hall (Big Blue)
- Hotel – 337,943 SF. Four-star hotel, 24 two-bedroom units. Ground level retail under the condo units.
- 252,000 square feet and $172 million = $682.54 per SF
- The Total Cost of the Project is anticipated to be $172 million.
    - $38 million Soft Costs
    - $22 million Marina Costs
    - $112 million Hard Costs

HOTEL RESTAURANT AND MARINA, EVENT CENTER

- The Hotel will have 225 rooms. The initial ADR is $285, rising to $380 in year five. The Occupancy Rate is 50.5%, rising to 70.0% in year five.
- Prestige international hotel. Hotel cottages and hotel residential units with retail. Spa,
- Restaurants – three new restaurant venues overlooking the lagoon and new public marina. A public pavilion will be operated by Lessings.
- 50 slips in the marina.
- Big Blue becomes a recreational center, sports, exhibition, recreation facility on a club membership model and open to hotel guests.
- Partial ownership of the hotel condos.

- Leasing out all the marina restaurants and retail space to other operators.
- Their primary interest is operating the hotel. Hotel would be operational shortly after the waterfront is activated in 2028.
- Activated green space with Pavilion is on the Green. An outdoor pavilion—open to the public.
- Beach Pavilion. Open to the public.
- Parking. 318 parking spaces with 40 additional spaces for 358 total. Could bump up to 500 spaces in total.

SOURCES OF FUNDS

- The Project will be financed with up to 50% Equity.
- Up to $86 million of equity and presumably $86 million of debt

DUE DILIGENCE PERIOD

- Step 2 (due diligence) is concurrent with step 1.
- Due diligence period of 6 months

CITY CONTRIBUTION

- The Entity will pursue permit and impact fee abatement, as well as TIF financing options.
- The proposal assumes the ground will be delivered free of environmental circumstances.
- Also suggested the roads could be an issue, the delivery of utilities, and the improvement to the sea wall as well as public parking requirements.

GROUND LEASE METHODOLOGY

- Suggest the ground value is calculated by the gross revenue of bottom-line profit.
- City's requirement that the developer bear all infrastructure and ongoing maintenance costs suggests a lower value for the land. The City's low level of density and height restrictions also suggests a lower value of land.
- Will evaluate all the site expenses and arrive at a market value of the land for development purposes.
- Any city investment would raise the value of the property. If awarded, they will work the city on land terms. While they show more information that they are thinking about how to arrive at market value, they still didn't go out on a limb to suggest any starting point in value.

GROUND LEASE VALUATION

- "The Land Value calculation is complex due to the mixed-use nature of the Project site. Ordinarily, an acceptable land value is calculated based on anticipated gross revenue of bottom-line profit. "
- The site consists of land designated for a hotel, restaurant, and retail, as well as roads, landscape, and public park(s). Height and space limitations in the City's Master Plan also hinder the Entity's ability to come up with an acceptable Land Value for their Proposal.

- 1/3 of the site is the hotel and spa, 1/3 is designated as public green space, and the waterfront village is the remaining 1/3.
- The developer assumes the ground will be delivered free of environmental circumstances.

LENDER DISCLOSURES

- The Entity maintains the following lender relationships associated with various hotel projects:
  - GE Commercial Finance
  - Bank of Montreal
  - Royal Bank of Canada
  - GE Canada
  - Business Development Bank of Canada
  - M&T Bank
  - GMAC
  - CIBC
  - Lehman Brothers
  - Sumitomo Bank
  - Alliance Bernstein
  - References: Marriott, Hilton, Woodbine Development Companies, Bank of Georgetown

HURDLE RATE OF RETURN-

- 18 to 23% hurdle rate.