

PLAN B
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\$6 Million



AN OVERVIEW OF

THE PROJECT

A NEW MASTER PLANNED COMMUNITY IN
DES MOINES, WASHINGTON, USA
(SEATTLE-TACOMA METROPOLITAN AREA)

OFFERING SUMMARY

Land Area: 40.46 Acres, 42,330 Square Meters

*Use: Residential, Casino, Hotel, Office, Retail, Mixed Use
With Entitlements, Development Agreements and Views*


~~\$12,700,000~~

Per Sq. Ft. \$27.87



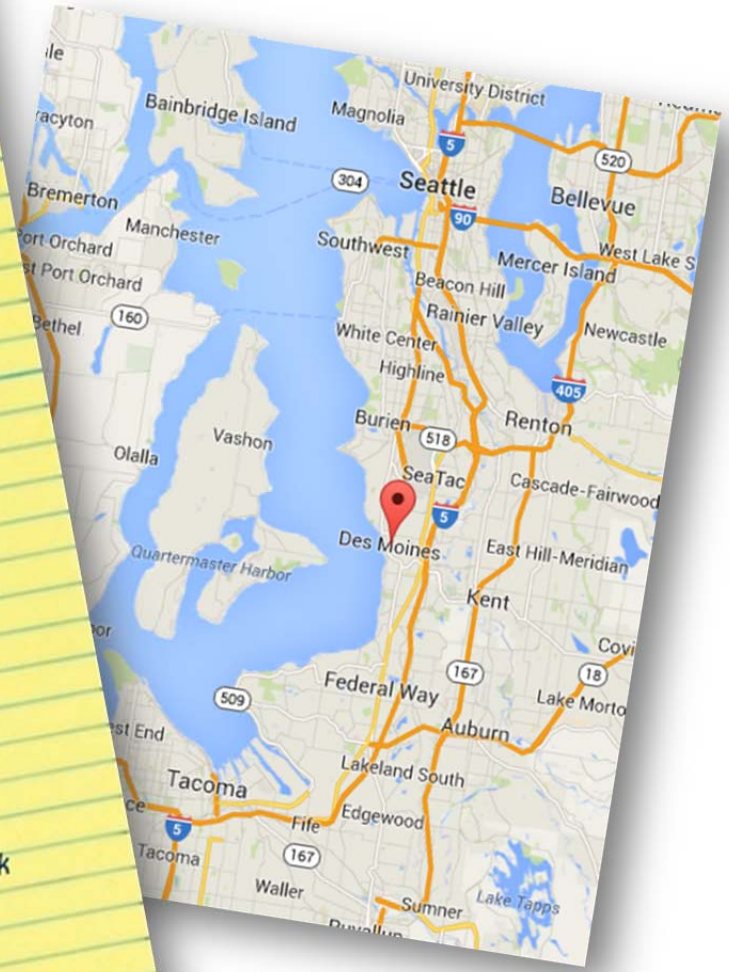
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A Master-Planned, Transit-Oriented Development in the City of Des Moines, Washington USA

DOCKET GOLD 

Project HIGHLIGHTS

- ✓ Located right in the heart of the booming **SEATTLE-TACOMA** action
- ✓ Approved for a **HOTEL & CASINO** as well as commercial & residential
- ✓ **ENTITLEMENTS** & executed Development Agreement with City already in place
- ✓ The City has already approved 8 years of real estate **TAX ABATEMENTS**
- ✓ Seattle's new **COMMUTER RAIL** line extension will open nearby in 2016
- ✓ Only **5 MINUTES** from Sea-Tac Airport plus shops, offices & services
- ✓ **CLOSE TO** a 2 million sq. ft. business park & Four Points Sheraton (under construction)



The City of Des Moines is located about mid-way between Seattle and Tacoma. It's just minutes from Sea-Tac International Airport and a new commuter rail line, plus it is close to shops, hotels, services, schools & business areas.

GENERAL AND SPECIFIC MARKET CONDITIONS

At last, the U.S. economy has stopped its death spiral and is showing signs of a rebound. The auto, housing and retail sales sectors are all picking up steam.

In the real estate sector, experts say they're already seeing evidence of recovery in Seattle and the Puget Sound area of Washington State.

This is America's 15th largest metropolitan area. It is famous for its concentration of aerospace, high tech and medical jobs and excellent quality of life.

Experts predict steady growth for this area. Over 100,000 new residents are projected to come into Washington State per year, with most of them coming to the Puget Sound area. They're attracted by the availability of well-paying jobs, a famous quality of life, and the fact that the state levies no personal income tax.

The area also has two of the busiest ports in the country doing 24/7 import/export business with China and the Far East.

Hainan Airlines of China has its first USA location at Sea-Tac International Airport.

- Flight time to Beijing is only about 11 hours.

WHY DES MOINES, WASHINGTON AND WHY THIS LOCATION?

The Developer of this Project has successfully conducted real estate investments and built developments throughout the Puget Sound Area of Washington State since 1990. In Des Moines, the Developer hopes to successfully meet pent-up demand for both close-in housing and commercial development and thereby achieve significant profit.

Among investment professionals, Des Moines has always been known as a "sleeper" marine city, known mostly for its large retirement communities plus its beautiful coast and shoreline setting anchored by a 1,000 slip public marina.



This master planned community Project already has entitlements and approvals in place. It has been approved for both residential and commercial development, including the construction of a major hotel and even a casino.

The area desperately needs transit-oriented master planned communities to deal with the challenges of population growth and traffic grid lock. Currently, workers in the Puget Sound region face one of the 5 longest commutes in the United States. Many have to drive over an hour each way to and from work.

Politically, the City has a new pro-growth majority sitting on its City Council. Council members realize that one of the quickest ways to bring new revenue, jobs and prosperity to the area is to transform the blighted area along Pacific Highway into an upscale and vibrant development. The Council's conviction in this regard was so strong that it actually created a whole new zoning for this area. That change enabled the Developer to sidestep many costly and time consuming SEPA requirements and fast-track The Project.

LOCATION, LOCATION, LOCATION

The Project is the right development coming at exactly the right time. And it's definitely in the right place—not only is The Project central to the area, but it is also served by some of the best mass transit systems in the entire Pacific Northwest.

For starters, The Project will be located just 5 minutes south of the bustling Seattle-Tacoma International Airport (Sea-Tac). It's one of America's busiest airports, served over 34 million passengers in 2013 and home to Alaska Airlines.

Locally, Bus Rapid Transit (BRT) is already running, stopping every 15 minutes with new hi-tech buses in front of the development.

Plus Des Moines will be the first stop for the new expansion of Sound Transit, the highly-popular commuter light rail system that carries thousands of workers, students and shoppers to Puget Sound destinations every day.

Sound Transit is expanding south towards Tacoma and its stop near The Project is already under construction. This extension will coincide with the opening of light rail from downtown Seattle to Capitol Hill and the University of Washington in 2016, acting as a catalyst for private development in communities south of the Airport, and improving access to the regional transit system all around.

For many workers and travelers, the extension of light rail service will provide a reliable transit alternative to driving on the congested Interstate 5 freeway and SR 99 and SR 518 highways.



The Project will be the first stop on the expansion of the Sound Transit commuter light rail system, making it easy for workers, shoppers and tourists to easily travel almost anywhere.

OTHER MAJOR PROJECTS NEARBY

Within a short distance from The Project, the Port of Seattle and the City of Des Moines are co-owners of a 96-acre land parcel. This is the Des Moines Creek Business Park development.



Located centrally on Washington's famous Puget Sound, the master planned community Project will enjoy spectacular ocean and mountain views, plus be close to schools, work, shopping and world class entertainment.

Residents will be living in a view and transit-oriented community that is just minutes from two major freeways, Sea-Tac Airport, the well-regarded Highline Community College, and a beautiful marina. In addition, they'll be steps from downtown Des Moines, and within a half-hour of Seattle, Bellevue and Tacoma.

It is located south of Sea-Tac Airport, bounded by South 208th Street on the north, 24th Avenue South on the east, South 216th Street on the south, and on the west by a portion of Des Moines Creek Park.

The Port of Seattle has chosen Panattoni Development Company, one of the largest commercial real estate development companies in the world, to develop the Des Moines Creek Business Park project on 87 acres south of Seattle-Tacoma International Airport with a combination of airport-related commercial and light industrial uses.

The project, which could cost up to \$125 million and create 1,000 jobs, is the single most important economic development in the city's 55-year history.

The development will include up to 2 million square feet of manufacturing, distribution and office buildings for companies that want to be near the airport.

The project is expected to be built in phases over seven years, with construction beginning as soon as the summer of 2014.

FOUR POINTS SHERATON COMES TO THE NEIGHBORHOOD

Near The Project, construction has recently started on a \$45 million hotel south of Seattle-Tacoma International Airport. Fifty Asian investors led by a billionaire commercial real estate Developer from Shanghai are behind the approximately 230-room Four Points Sheraton Hotel (formerly the Artemis Hotel) at the southeast corner of South 224th Street and Pacific Highway South in Des Moines.

Des Moines officials have re-zoned this area, which is known as Pacific Ridge. They hope to use the Four Points as a way to kick off redevelopment of the neighborhood, which already has seen a smattering of new construction including a Walgreens and two dental offices. Des Moines would like to see mid- to high-rise residential and mixed-use developments, new-car dealerships and potentially big-box retail stores in the area.



The American EB-5 visa was created by the Immigration Act of 1990 and provides a method of obtaining a green card for foreign nationals who invest money in the United States.



When the Sheraton Four Points Hotel opens in the spring of 2015, it is anticipated that up to 40 percent of guests will be travelers from Asia. The 4-star hotel may even include a casino-style card room.

The developers spent nearly \$2.1 million buying about 1.5 acres where the Four Points is being built. It was a low price, only \$33 a square foot. (By contrast, the Omni Group of Vancouver, British Columbia is paying \$286 a foot square to buy The Seattle Times property in Seattle's South Lake Union.)

To finance this project, Developer applied and received approval to establish an "EB-5 Regional Center." This EB-5 Regional Center Designation, which covers the greater Des Moines area, opens the door for foreign investors to create hundreds of jobs and fuel the local economy with other new projects as well.

INVESTMENT & DEVELOPMENT PLAN

Over the past five years, sometimes through the use of affiliates or other investors, the Developer has assembled approximately 10.5 contiguous acres in the Pacific Ridge zone of Des Moines, and has managed to get it zoned, approved and entitled as the next major area of growth for the City of Des Moines.



Entitlements, tax relief and zoning agreements are already in place, making for a true “fast track” development. The City has specifically approved an upscale hotel and gambling card room for The Project.

The City approved a 15 year Development Agreement with the Developer, granting a number of new ordinances and concessions, including permits for much higher density construction and height limits (up to 200 ft.). In addition, the Developer has been granted discounted processing and building permit fees, plus other concessions.

These changes and concessions have already been made and should stay in place regardless of any changes in the local political landscape. The deal, as they say, has been done.

- The Project is approved for in excess of 1,600 residential units, plus retail and office space or a hotel.
- Without question, it is one of the largest view and transit-oriented developments ever in the Puget Sound Area.

The City further approved the adoption of a Multi Family Tax Credit for The Project, giving the residential components of our development up to 8 years of real estate tax abatements from the time of completion of each building.

The Developer is currently working with the City for the adoption of a Planned Unit Development (PUD) to divide the site into eight parcels or more, with the main goal being a dramatic reduction of parking requirements to account for the Sound Transit and Bus Rapid Transit that will be coming on line near The Project.

Needless to say, the Developer has had—and continues to maintain—an extremely positive relationship with the City and strong political support.

DEVELOPMENT STRATEGIES

Upon funding of US\$20,000,000 to \$25,000,000 additional capital by the new investor, Developer will:

1. Issue tenant removal notices to existing trailer park tenants (current law requires 12 month notice) and pay for their relocation expenses;
2. Proceed with construction working drawings for two mixed use income properties on Parcels 7 and 8 along Pacific Highway;
3. Exercise the Developer's option to acquire the last corner parcel and retire current bank and private debts in full and keep balance as cash reserves for lender's requirements;
4. Obtain HUD financing to build the first two buildings, while planning for the next two income properties on Parcels 7 and 8 on Pacific Highway;
5. After completion of the first two buildings on Parcels 7 and 8, additional income projects on parcels 6, 5 and 4 will follow.
6. The development of the first buildings will have a positive and dramatic impact on the whole zone, especially the rest of the development, paving the way for the 200 foot high rise condominiums that will be built in Phase 2 of our development.
7. Phase 2 condominiums will be built on parcels 1, 2 and 3 when demand for them has been demonstrated.



Experts say that the Seattle Tacoma area will be one of the first to bounce back from The Great Recession. Consumer surveys typically list the Puget Sound area as one of best places to live in all of the United States.

EXIT STRATEGIES OF OUR INVESTMENT

1. Income properties can be leased and held for investments, especially with valuable tax credits for the residential components. They can also be sold as Class A income properties to retirement funds, pension trusts, REITs etc a block.
2. Such Class A units can be converted to condominiums for sale in the future.
3. By starting construction of the first two buildings, immediate value is created for other properties in the zone, especially the other parcels which are more highly entitled than any other sites in the area. Because it is a PUD, we can actually sell off the rest of the land parcels, joint venture them with other partners or build them out directly.
4. While the conservative MAI appraised value for the land is \$18,620,000, land cost basis per unit is very low, considering this is an in-filled location close to the major airport, with entitlements and views (1,600 plus residential units and commercial office and retail space or hotel). In the worst case, the owner can sell the entire development to another party.
5. Unit sales to overseas investors, possibly from China, under this scenario:
 - A Chinese investor could acquire both residential condominium and retail suite with a plan to work on immigration visas that would enable the investor's wife and children to come to Washington State.
 - Living in one of the condos, the children would attend school while the wife would run a retail business in the retail space below. The father would fly back and forth between Seattle and China as needed. (Remember that it's only an 11-hour flight from Beijing to Sea-Tac International Airport).
 - The potential of this market segment from China is huge.
6. Immigration visas to EB-5 investors: After receiving EB-5 Regional Center designation, overseas investors can participate in the development of any of the sites to qualify for immigration visas by investing a minimum of only \$500,000 per family under application. The investment appetite from EB-5 investors appears to be extremely strong and the U.S. government is enthusiastic about expediting the approval.

PROFIT POTENTIAL

Developer's raw land cost is only a few thousand dollars per unit for this well located site, and the appraised value is only around \$10,000 per unit, after assigning some minimal value to the commercial space. The Developer has seen cost in the \$25,000 per unit range that are deemed satisfactory to most builders, leaving plenty of money on the table for them. That would enable The Project to achieve much higher profits as a result.

Notice that the Developer has **NOT** placed any land value on the commercial part of the development. There obviously would be some. So depending on how our buyer(s) and their appraiser(s) see them, the Developer may be able to get some more proceeds from them.

INQUIRY

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Accredited investors interested in making such investments are asked to do their due diligence which offer should be evaluated by your tax, financial, and legal advisors. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs. All potential buyers must take appropriate measures to verify all the information.

For detail information on this project, you are also invited to view our project website:

<http://rjcproperty.yolasite.com>