



CROWN  CAPITAL®

Real Estate Investment Fundamentals

Interview and Presentation

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crowncapital.com



**This presentation is not legal advice
and is for informational purposes only.**

You must engage your own legal counsel for legal advice.

Topics Covered in Today's Webinar

Real Estate Investment Fundamentals

About EB5AN

About Crown Capital

Real Estate Types and Categories

Supply and Demand in Real Estate

Real Estate Capital Stack Basics

Developer Reputation and Track Record

Developer's Access to Capital

Focus on Growing Markets

Investment Framework for EB-5 Investors

About EB5AN

EB5AN: a Leading EB-5 Investment Fund Manager

2,300+ families from 60+ countries and regions have invested through EB5AN's direct and regional center investments.



2013

Established



\$4 billion+

Assets under development



16

USCIS-approved regional centers covering 30+ states



100%

Approval history on USCIS-adjudicated projects



30+

Completed or ongoing EB-5 investment funds; multiple I-526 and I-924 exemplar approvals

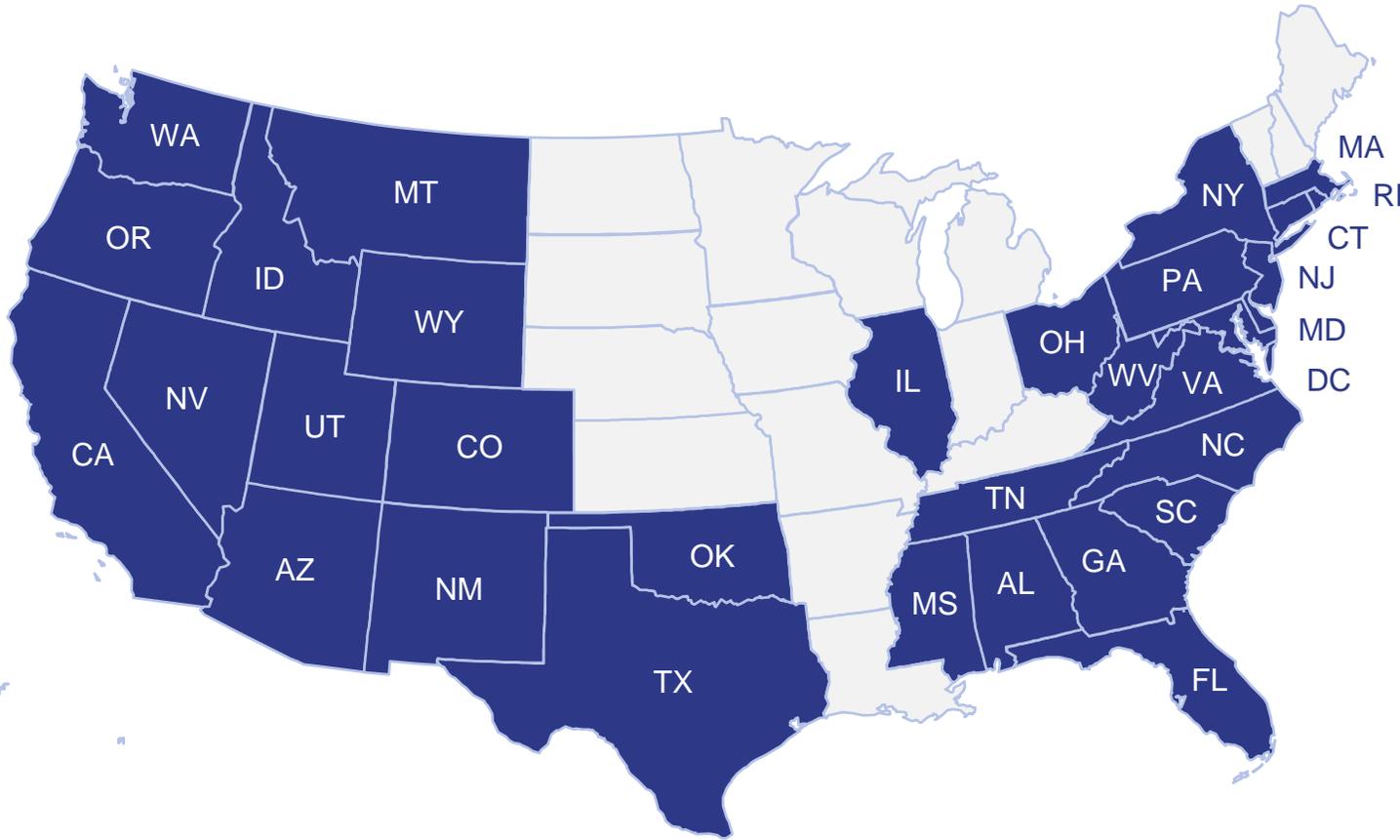
Investors from More than 60 Countries and Regions

People of many nationalities and backgrounds consistently find value in EB5AN's investment approach.

- 
- A world map with a grid overlay, where various countries are highlighted in light blue to indicate investor origins. The map is centered on the Atlantic Ocean, showing the Americas, Europe, Africa, and parts of Asia and Australia.
- Angola
 - Argentina
 - Australia
 - Austria
 - Azerbaijan
 - Bahamas
 - Bangladesh
 - Belgium
 - Brazil
 - Canada
 - Chad
 - China
 - Colombia
 - Czech Republic
 - Ecuador
 - Egypt
 - France
 - Germany
 - Ghana
 - Haiti
 - Hong Kong
 - India
 - Indonesia
 - Iran
 - Iraq
 - Ireland
 - Italy
 - Japan
 - Jordan
 - Kenya
 - Korea
 - Kuwait
 - Mexico
 - Montenegro
 - Mozambique
 - Netherlands
 - New Zealand
 - Nicaragua
 - Nigeria
 - Oman
 - Palestine
 - Peru
 - Philippines
 - Poland
 - Romania
 - Russia
 - Saudi Arabia
 - Singapore
 - South Africa
 - South Korea
 - Spain
 - Sweden
 - Taiwan
 - Thailand
 - Trinidad and Tobago
 - Turkey
 - UAE
 - Ukraine
 - United Kingdom
 - Uruguay
 - Venezuela
 - Vietnam

EB5AN Operates 10+ Regional Centers

These 10+ regional centers cover all or parts of 30+ states, the District of Columbia, and Puerto Rico.



USCIS regional center approval letters



All regional centers 100% owned and controlled by EB5AN.

EB5AN Managing Partners



Samuel B. Silverman
Managing Partner
EB5AN



Michael B. Schoenfeld
Managing Partner
EB5AN



- Yale University – B.A. in Economics with a concentration in Mandarin Chinese
- Boston Consulting Group (BCG) – business and strategy consulting
- M.B.A., Stanford Graduate School of Business
- Forbes 30 Under 30 National Winner for Social Entrepreneurship



- University of North Carolina at Chapel Hill – B.A. in Economics and B.S. in Business Administration
- Boston Consulting Group (BCG) – business and strategy consulting
- AEA Investors – leading middle-market private-equity firm
- Forbes 30 Under 30 National Winner for Social Entrepreneurship

About Crown Capital

About Crown Capital

Crown Capital's portfolio includes several thousand multi-family apartment units in California and the West with many in San Francisco Bay Area.



Operating in California and the West for more than 40 years.

Owns and manages in excess of \$800 million in real estate assets.

Leaders have a combined professional experience of more than 80 years.

Crown Capital's Four Core Services:

1. Equity Investment

Acquire and develop properties as a principal, and provide equity capital to investors.

2. Real Estate Advisory Services

Represent investors in the acquisition and sale of real estate property.

3. Commercial Mortgage Banking

Provide lending services for all major real estate asset classes.

4. Property and Asset Management

Manage a large portfolio of real estate assets in California and the West.

Introducing Our Guest Panelists



Michael H. Yancey
Principal
Crown Capital



David W. Yancey
Principal
Crown Capital

Michael and David Yancey oversee Crown Capital's equity and debt acquisitions, property management, and new development projects.

- Stanford University Bachelors degree in Economics.
- Juris Doctor degree from the University of California Hastings College of the Law.
- Former attorney with the San Jose law firm Berlinger, Cohen and Biagini.
- Former Vice President of income property lending for Crocker Mortgage, a leading California mortgage lender.

- Stanford University Bachelors degree and Juris Doctor.
- Stanford undergraduate and law school alumni class chairman.
- Former attorney with the San Francisco law firm Brobeck, Phleger and Harrison.
- Licensed attorney, real estate broker, and published author on topics of real estate and finance.

Real Estate Types and Categories

Real Estate Types and Categories



Michael H. Yancey
Crown Capital



David W. Yancey
Crown Capital



Residential (Type)

- Single-Family Homes
- Townhomes
- Condominiums
- Co-Ops
- Mobile Homes

Commercial (Type)

- Multifamily
- Industrial
- Retail
- Self-Storage
- Office Building
- Manufacturing
- Hotel



4 Real Estate Categories



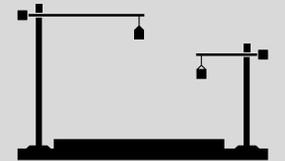
Core



Core-Plus



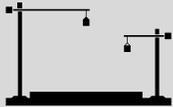
Value-Add



Opportunistic

Each residential and commercial type fall into one of the 4 primary real estate categories

4 Primary Real Estate Categories with Varying Risk Levels

	 Core	 Core-Plus	 Value-Add	 Opportunistic
Description	Core represents the lowest risk and lowest potential return. Typically stabilized, fully leased properties in prime locations with high-quality tenants.	Core-Plus properties need light improvements and lease-up, or may be located in slightly riskier markets, but generally similar to Core properties.	Value-Add strategies involve properties that need significant improvements or repositioning. Substantial renovation, repurposing, lease-up, or other significant changes.	Opportunistic strategies involve substantial development, major repurposing, or distressed properties. Significant experience required, and a high degree of risk due an extended period without cash flow.
Example	Luxury residential properties in major cities	Properties in less central locations with minor improvements needed	Properties requiring significant renovations and creative repositioning	Ground-up development
Expected Risks	<ul style="list-style-type: none"> • Low liquidity during market downturns 	<ul style="list-style-type: none"> • Operational improvements • Small renovations 	<ul style="list-style-type: none"> • Implementation • Vacancy during renovations • Increased leverage 	<ul style="list-style-type: none"> • Financing • Market changes • Construction execution • Land entitlement and permitting • Changes in costs

Most EB-5 Projects are Opportunistic Given New Job Creation Requirement”



Lower Risk

Higher Risk

Supply and Demand in Real Estate

Supply and Demand in Real Estate



Michael H. Yancey
Crown Capital



David W. Yancey
Crown Capital

Supply and Demand

How does basic supply and demand work in the real estate market? What are key drivers you see in the market today?

Impacts on Supply and Demand

What trends have you observed in real estate markets with oversupply and limited demand?

Stable Prices

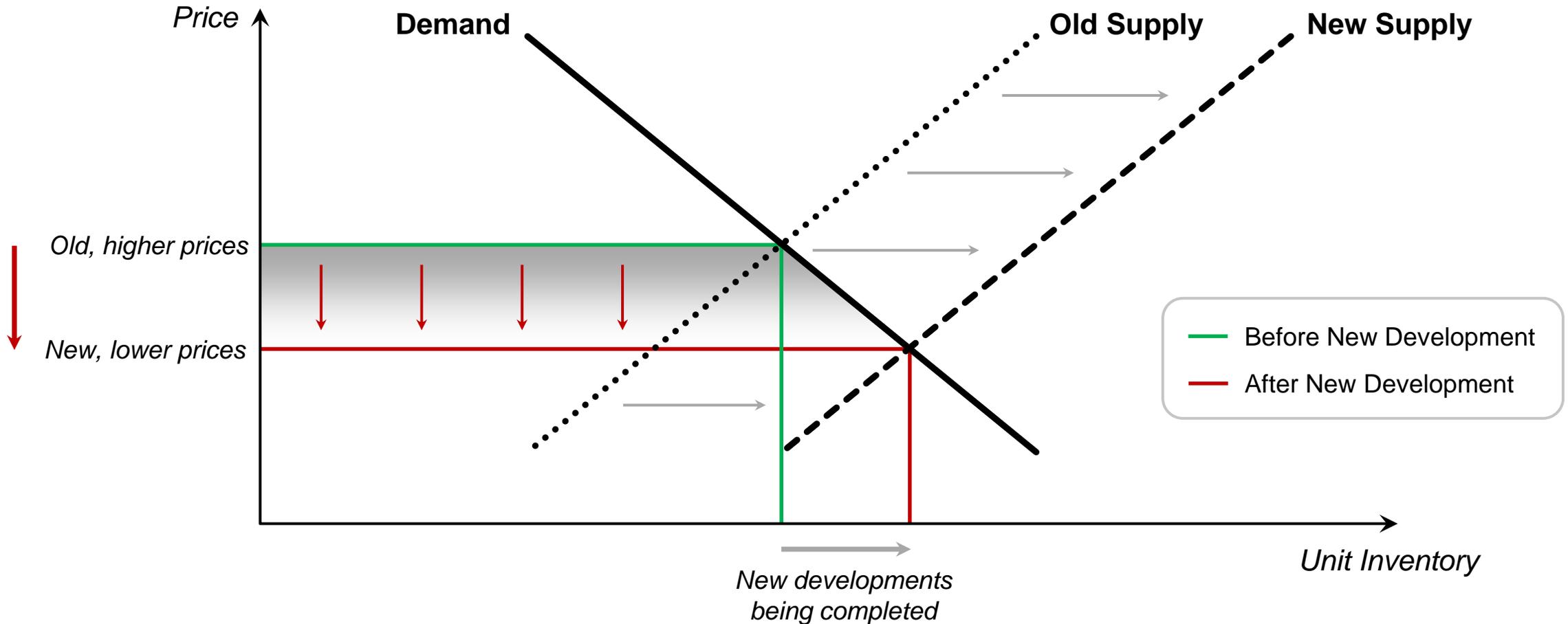
How important are stable prices for development projects?
How do falling prices impact these projects?

Shifting Curves

How would simultaneously increasing supply and decreasing demand affect the real estate market?

New Development Oversupply

Oversupply will put downward pressure on prices, lowering project revenues and profitability.



As new properties are added to the market, prices will drop without increasing demand.

The Effect of Rising Interest Rates on Project Values and Cap Rates



Michael H. Yancey
Crown Capital



David W. Yancey
Crown Capital

Capitalization Rate

- What are capitalization (or “cap”) rates?
- What do high cap rates mean for real estate investments?
- What do low cap rates mean?
- **Cap rate = net income / property value.**
- **If after operating expenses, a property generates \$50 of net income and its value is \$1,000, then it has a 5% cap rate.**
- **“Value” is tied to building quality, location, & operating complexity.**

Interest Rates

- How are cap rates affected when interest rates rise?
- **When interest rates rise, this makes owning a property less attractive to investors and thus property values fall. A drop in property values causes an increase in cap rate.**
- **\$50 net income / declined value of \$700 = 7.1% cap rate**

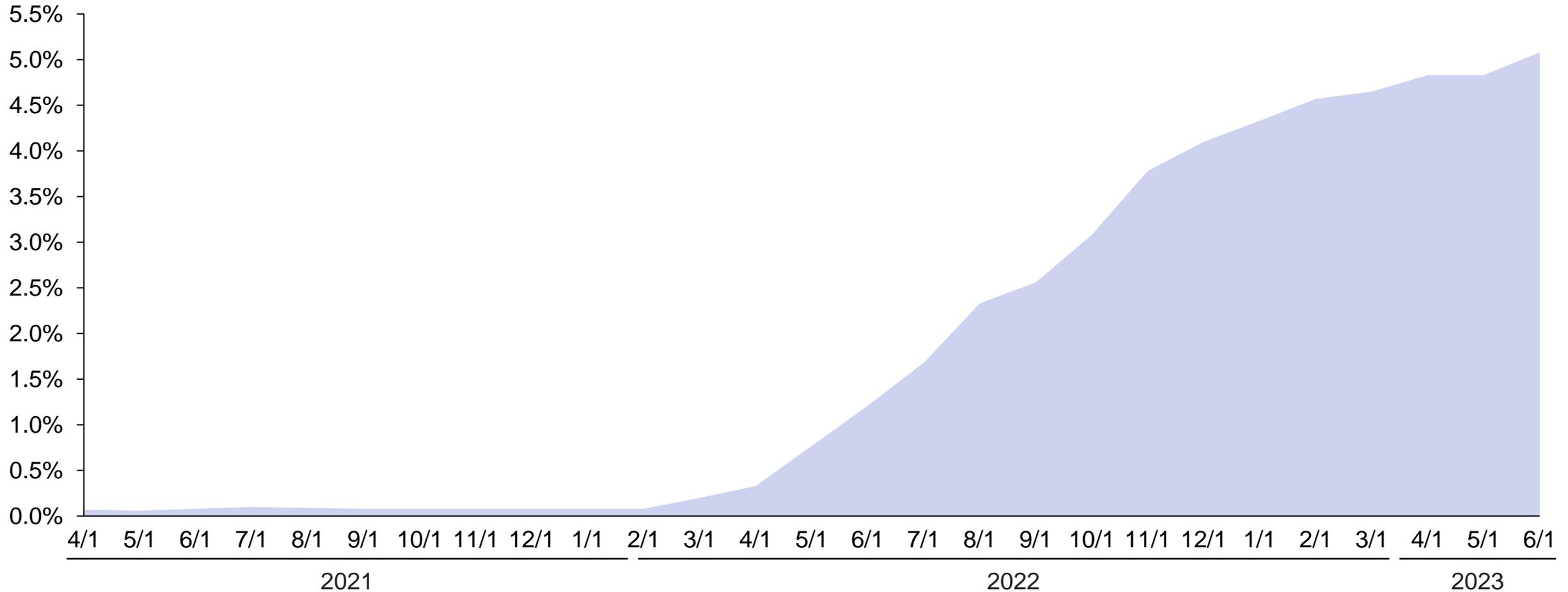
Many Development Projects Started Years Ago Likely Under Water

Decreased rents combined with increased interest rates make many development projects conceived of years ago unprofitable once completed and at high risk of foreclosure and investment capital loss.

2019 Assumptions	2023 Reality	
Estimated Development Cost: \$60.0M	Actual Development Cost: \$70.0M	Inflation Higher Construction Costs
Gross Rental Revenue: \$10.0M	Gross Rental Revenue: \$9.0M	Market Oversupply
Operating Expenses: \$4.0M	Operating Expenses: \$4.00	
Free Cash Flow Before Debt Service: \$6.0M	Free Cash Flow Before Debt Service: \$5.0M	Increased Interest Rate
Interest Only Debt Expense*: \$2.5M	Interest Only Debt Expense**: \$3.5M	
Net Income: \$3.5M	Net Income: \$1.5M	Loss of Value of \$45M or 64%
*Assumes a \$50M interest only senior loan at 5%	**Assumes a \$50M interest only senior loan at 7%	
Cap rate was estimated to be 5% > \$70M value	Cap rate is actually 6% > \$25M value	

Increased cap rates combined with increased interest expenses can results in loan default, property foreclosure, and, in most cases, a complete loss of capital for equity holders and mezzanine debt holders (i.e., EB-5 Investors in most new development projects).

Interest Rates Have Been Steadily Rising Since Early 2022



The Federal Funds Effective Rate has dramatically increased from 2021 to 2023, which directly drives the cost of debt service for real estate development projects.

Real Estate Capital Stack Basics

Real Estate Capital Stack Basics



Michael H. Yancey
Crown Capital



David W. Yancey
Crown Capital

Typical Financing

How is a typical real estate deal financed?

Capital Security

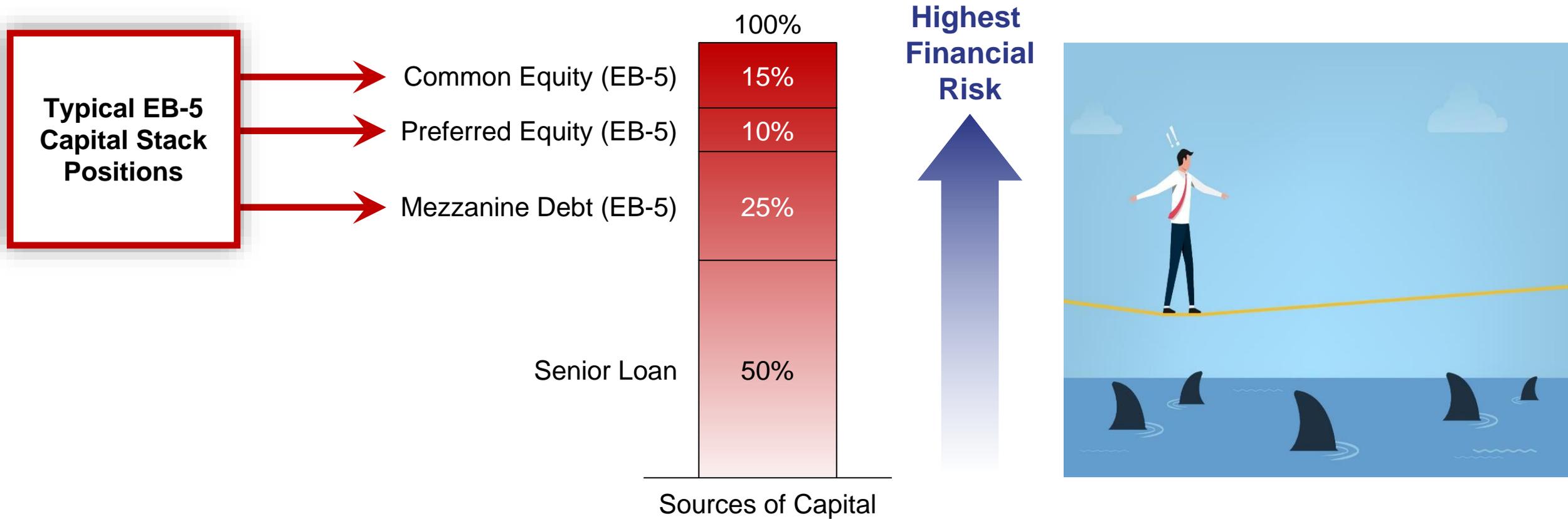
Which types of real estate financing are most at risk?

Project Failure

When a real estate project fails, how are different levels of the capital stack impacted?

Diagnosing Project Failure

Different tranches of real estate development capital investment have varying levels of risk.



If a project fails and cannot cover debt payments, then the first EB-5 investors to lose funds will be common equity, followed by preferred equity, and then mezzanine debt.

Developer Reputation and Track Record

Developer Reputation and Track Record



Michael H. Yancey
Crown Capital



David W. Yancey
Crown Capital

Key Indicators

What are some of the key indicators of a reputable developer?

Why Experienced Developers

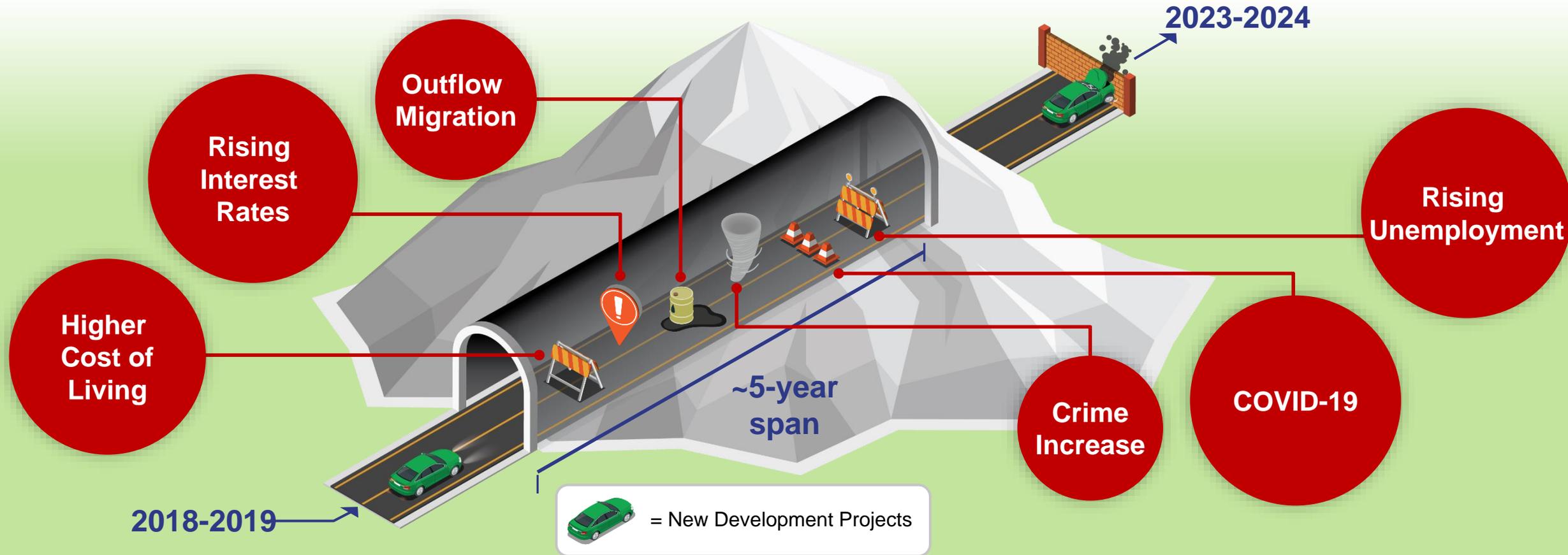
Why is it necessary to work with a developer with significant experience and a long track record of success?

Example

What's an example of a deal gone wrong because of the developer's inexperience?

Long, Fixed Development Timelines Increase Risk

Experienced real estate developers understand the risks and prepare accordingly.



Experienced developers understand the roadblocks that arise during projects with a long development timelines and are prepared for the obstacles.

Developer's Access to Capital

Developer's Access to Capital



Michael H. Yancey
Crown Capital



David W. Yancey
Crown Capital

Sufficient Capital

How do you judge if a developer will have access to sufficient capital to complete construction?

Financing Risk Indicators

What typically indicates that the developer will have trouble financing a project?

Example

Can you provide an example of how a developer has saved its project by using its access to additional capital?

Focus on Growing Markets

Focus on Growing Markets



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Crown Capital



David W. Yancey
Crown Capital

Outflow Migration

How does outflow migration impact an area's real estate market?

Key Indicators

What are the key indicators for future price growth in a specific market?

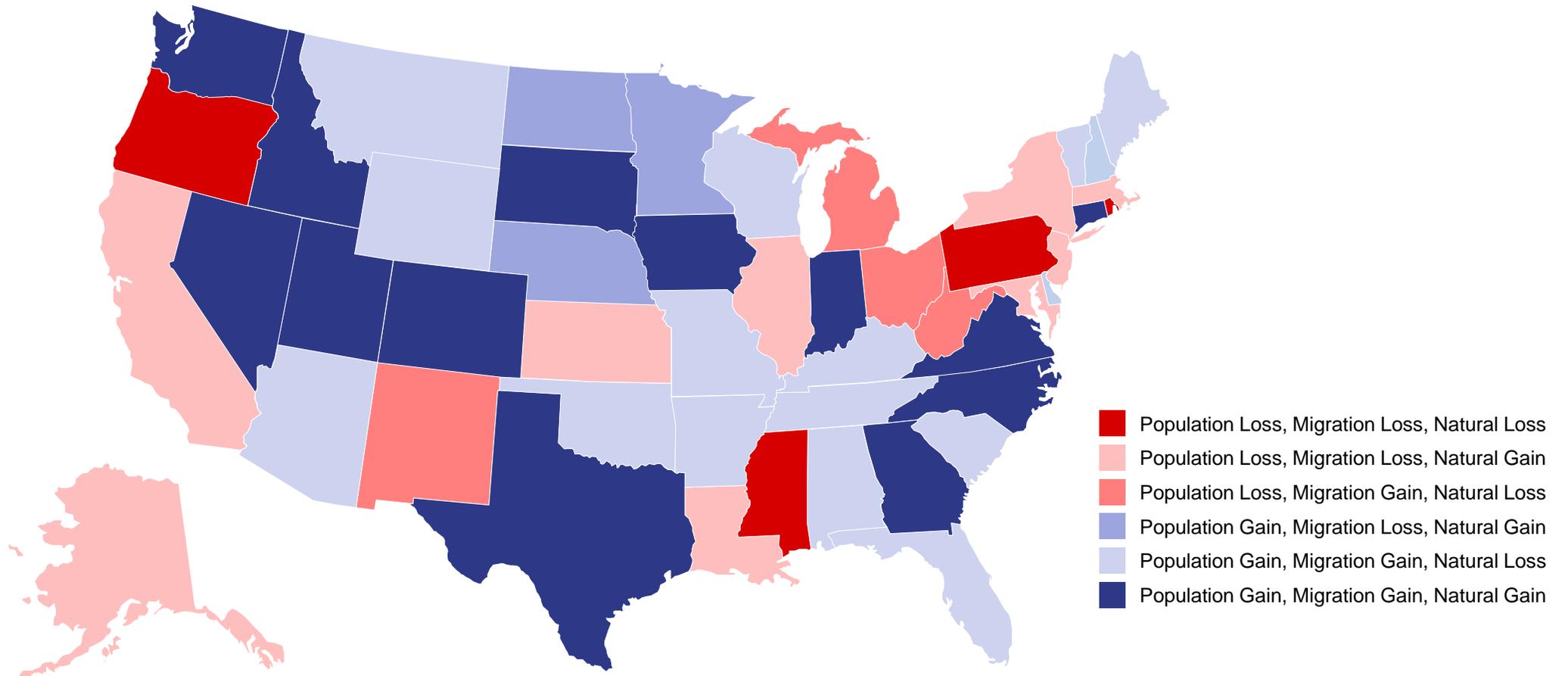
Ideal Locations for Investment

In your mind, what are the best states for new residential development?

Population Loss Decreases Demand

Population growth is key for increasing prices.

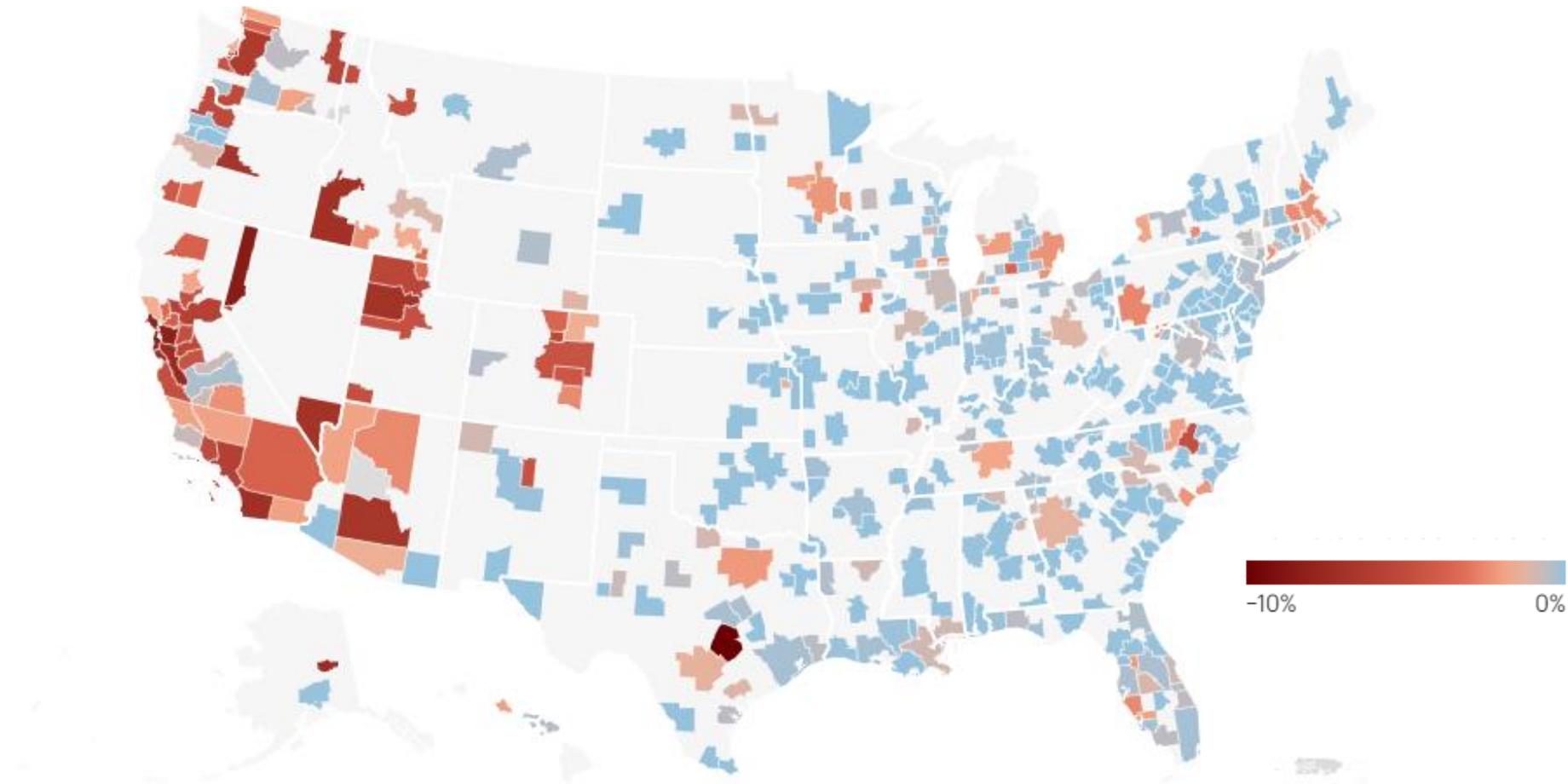
Population Change, Natural Change, and Net Migration by State through July 2022



Source: U.S. Census Population Estimates. Analysis: K.M. Johnson, Carsey School, University of New Hampshire

Select Markets are Experiencing Housing Price Corrections

Migration outflow is one of the many factors driving some of the largest housing value price corrections (drops) in certain markets.



Source: <https://fortune.com/2022/11/15/housing-market-map-home-price-correction-2022/>

South Atlantic Division Ranks #1 in YOY Housing Price Growth

Census Division House Price Index 2022Q4

Census Division	Rank	1-Quarter	1-Year	5-Years
United States		0.34	8.41	58.44
South Atlantic Division	1	0.8	12.37	69.69
East South Central Division	2	0.71	10.48	63.72
West South Central Division	3	0.66	9.35	54.01
Middle Atlantic Division	4	0.8	8.42	51.29
East North Central Division	5	0.81	8.16	53.5
New England Division	6	0.55	7.94	56.18
West North Central Division	7	0.56	7.85	50.21
Mountain Division	8	-0.84	6.14	72.78
Pacific Division	9	-1.24	2.94	53.01

The South Atlantic Division is benefitting most from domestic migration. Florida, Georgia, and South Carolina are seeing substantial population and housing price growth.

Source: Federal Housing Finance Agency 2023

Investment Framework for EB-5 Investors

New Development Investment Framework for EB-5 Investors

How would the experts analyze an EB-5 real estate development investment?



Michael H. Yancey
Crown Capital



David W. Yancey
Crown Capital

Target Regions

If you had to invest a significant amount of capital today in a new development project (as an EB-5 investor), what regions of the country would you focus on, and why?

Key Questions

What are some key investment characteristics (e.g., in-place financing, development team, independence, incentives, etc.) that you would look for when evaluating a project as a passive debt or equity investor?

New Development Investment Framework for EB-5 Investors

Key indicators that your investment is safe.



Sponsor is an experienced developer with long track record



Developer has a good reputation in their industry



Developer's cost of capital is relatively low and can access additional financing if needed



EB-5 investment is not subordinated to high-cost debt



Property is in an area with increasing population and demand



Location has historically low-price volatility



Project has a short development timeline or liquidity milestones during the development



EB5AN KOLTER

Project Developer: Kolter



The Kolter Group: a Real Estate Development Firm with 70+ Active Projects and 500+ Employees in Five Business Units

KOLTER

KOLTER URBAN



Residential high-rise condominium development and urban infill

KOLTER HOSPITALITY



Hotel development and investment

KOLTER HOMES



Master-planned community development and homebuilding

KOLTER LAND



Lot development and lot banking for third-party builders

KOLTER MULTIFAMILY



Development of institutional quality rental communities

The Kolter Group: a Financially Strong Developer with an Experienced, Strategic, and Award-Winning Management Team



Reputationally and financially strong

- **Never not repaid a single loan; 100% project success rate since 1997**
- Equity partners include leading investment funds and Forbes-listed family offices



Award winning

- Top 25 largest privately-held home builders in the U.S.
- Hyatt's Hotel Developer Award and Strategic Partner of the Year Award



Strategically focused

- Focused on satisfying the housing needs created by aging U.S. population and sunbelt migration

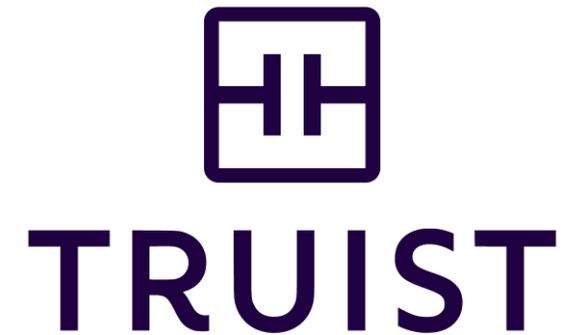


Experienced, business-cycle tested, cohesive management team

- 200+ years of cumulative real estate experience
- More than \$24 billion of expected value of residential, commercial, and hospitality transactions
- Average tenure of leadership is 14+ years at the firm and 25+ years in real estate

Kolter Has Received Loans from Many of the Largest and Most Conservative Lenders in the United States

Kolter's reputation and performance have provided for strong, long-standing relationships with leading financial institutions in the United States. Kolter has secured loans from 5 of the 10 largest banks in the United States, and as of year-end 2022, had over \$1.5 billion of loan commitments from lenders, including Wells Fargo, PNC and Regions Bank. Kolter has repaid billions of dollars in borrowed funds, and has never failed to repay a loan.



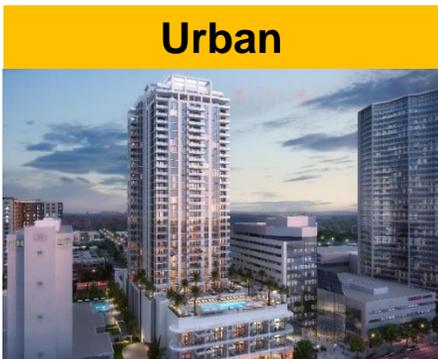
Kolter Development Experience: 180+ Projects Across Five States



Homes



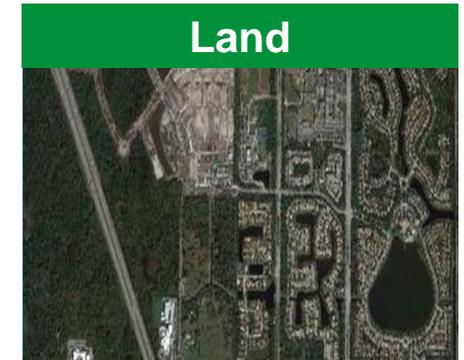
Hotels



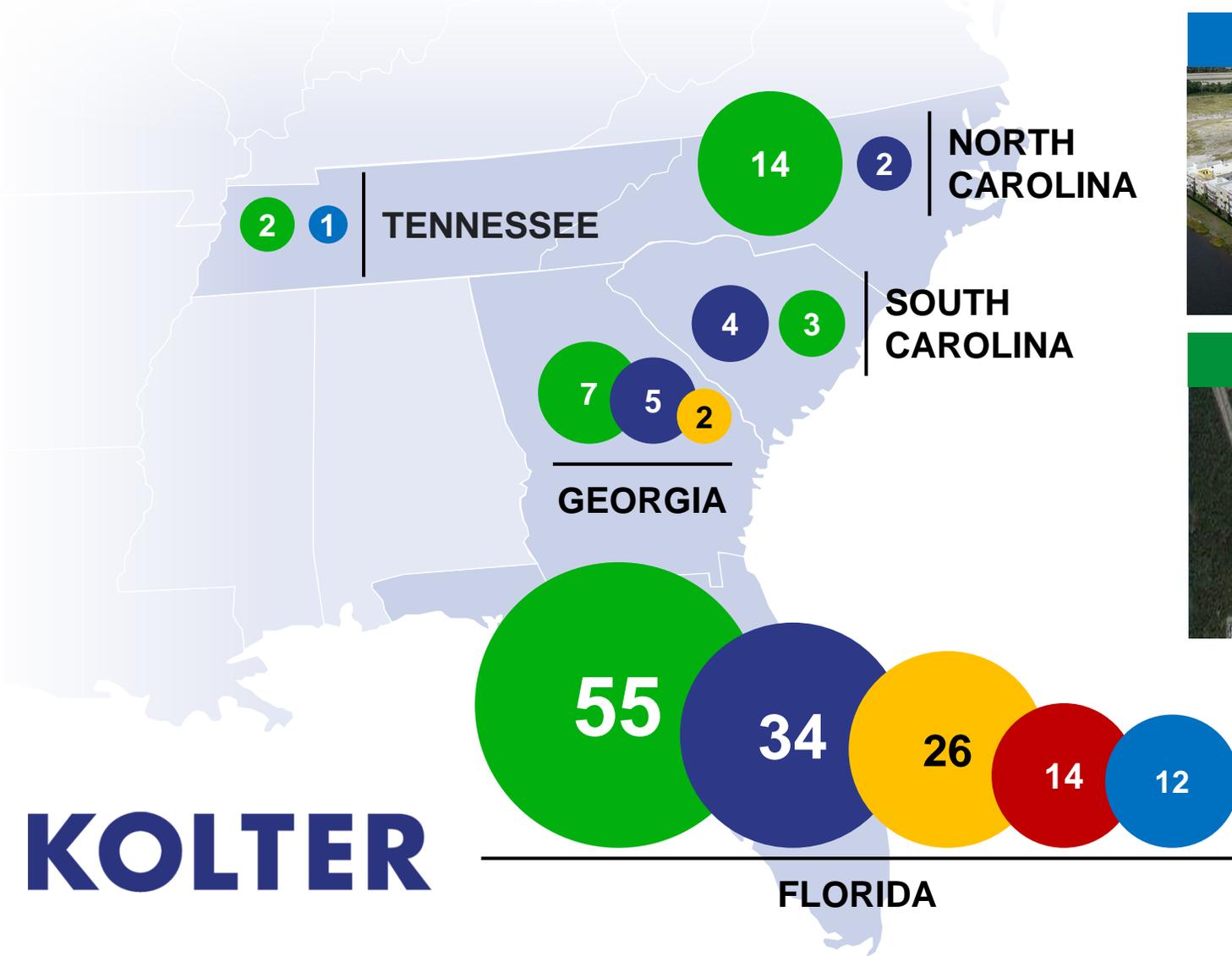
Urban



Multifamily



Land



KOLTER

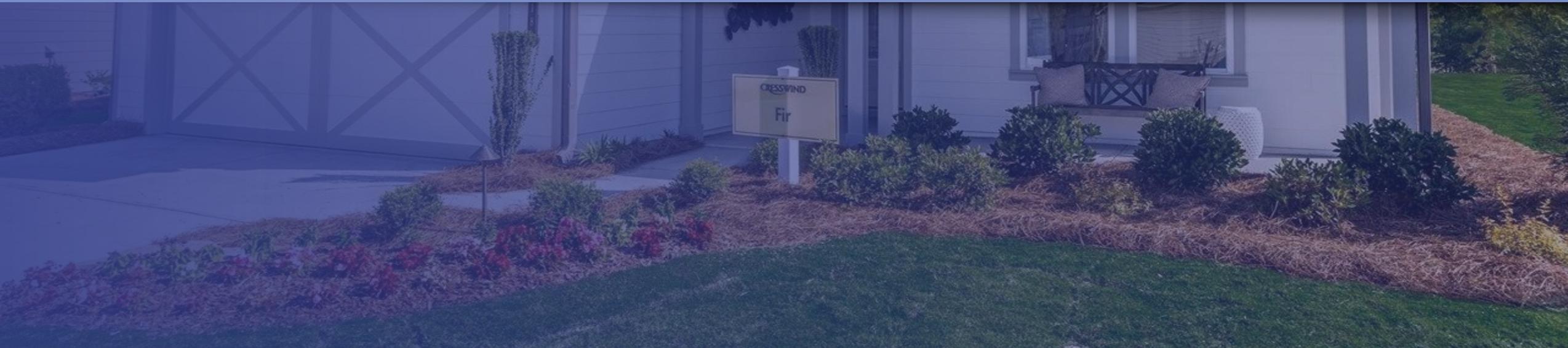
- Homes
- Hotels
- Urban
- Multifamily
- Land

Note: As of May 1, 2023



KOLTER

Twin Lakes Georgia (Loan) • \$800,000 Rural TEA EB-5 Investment



Twin Lakes Georgia (Loan) Follows 14 Prior Kolter EB5AN Projects

All Kolter EB5AN projects are successful with all required EB-5 jobs created and 100% of EB-5 funds repaid or in good standing.

Loan



Twin Lakes Georgia

Preferred Equity



Twin Lakes Georgia
I-526E and I-956F Pending

Common Equity



Twin Lakes Georgia
I-526 Pending

Loan



Saltaire St. Petersburg
I-526E and I-956F Pending

Common Equity



Saltaire St. Petersburg
I-526 and I-924 Approved

Loan



Marriott Delray
I-526 Pending

Phase II Loan



Hyatt Fort Lauderdale
I-526 Pending

Phase I Loan



Hyatt Fort Lauderdale
I-526 and I-924 Approved

Loan



Artistry Sarasota
I-924 Approved

Loan



ONE St. Petersburg
I-526 and I-924 Approved

Loan



The Mark Sarasota
I-526 and I-924 Approved

Loan



VUE Sarasota
I-526 and I-924 Approved

Loan



Westin Sarasota
I-526 and I-924 Approved

Loan



Hyatt Place Boca Raton
I-526, I-924 & I-829 Approved

Loan



Water Club
I-526, I-924 & I-829 Approved

Twin Lakes Georgia: Single-Family Home Community with Amenities

This rural TEA project qualifies for an \$800,000 investment with priority processing and a 20% visa set aside.

KolterHomes.com



520+ Homes Already Sold
370+ Homes Built & Delivered to Buyers

Single-Family Home Community with Amenities

Kolter has
20,000+
homes
developed
and in-process

EB-5 Capital
\$80M, ~12%
of total cost

Total project cost
\$662.3M

**Construction
already
underway**

Rural TEA
provides priority
processing and
visa set asides to
avoid backlog

Construction
loan with
**Third Coast
Bank**

Total EB-5
job creation
6,934 jobs

10+ jobs
already created
for each
\$800K investor

1,800+ jobs
already created as
of March 2023

Twin Lakes Georgia Is One of 13 Cresswind Communities

Cresswind is a national award-winning lifestyle program and residential community brand.

Cresswind is a national, award-winning lifestyle program very popular among retirees for its focus on fitness, relationships, education, and entertainment.

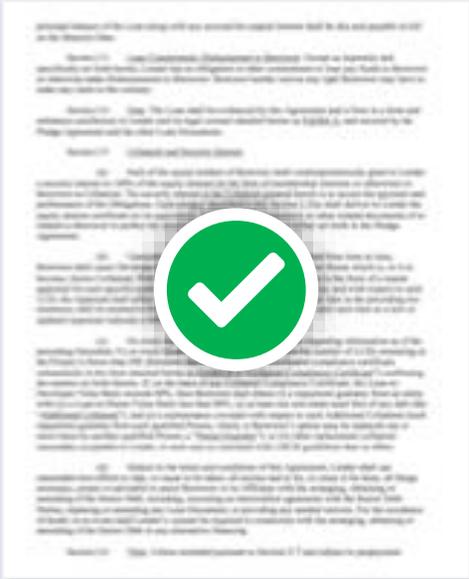
Residents of Cresswind communities enjoy access to dedicated lifestyle directors who support residents and help them achieve goals and live their lives to the fullest.



Kolter Parent Company KL Holdco LLC is Providing 3 Guaranties

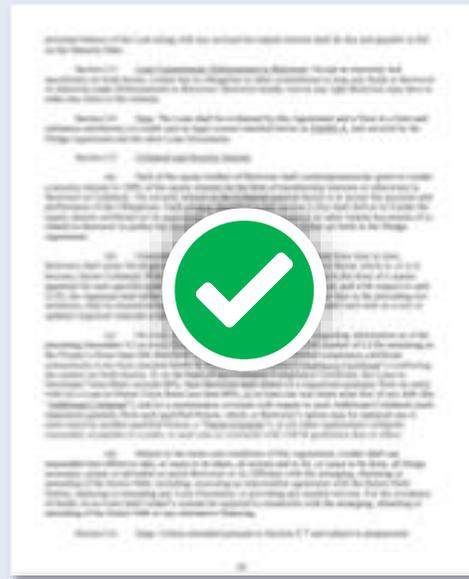
Multiple guaranties from a company with a large, diversified balance sheet offers investors unparalleled security

EB-5 loan repayment guaranty



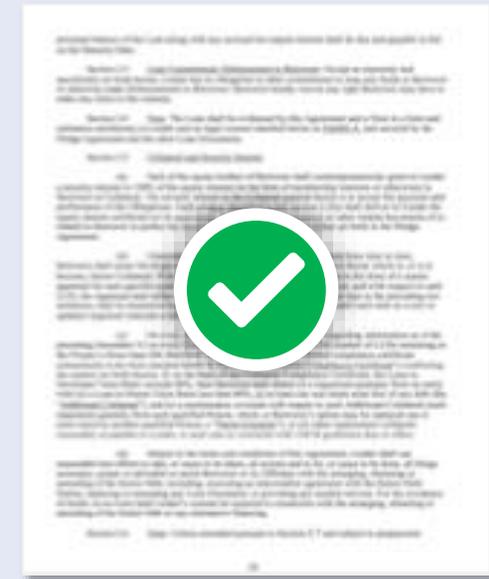
Increases the safety and likelihood of the timely repayment of EB-5 funds

I-526E approval refund guaranty



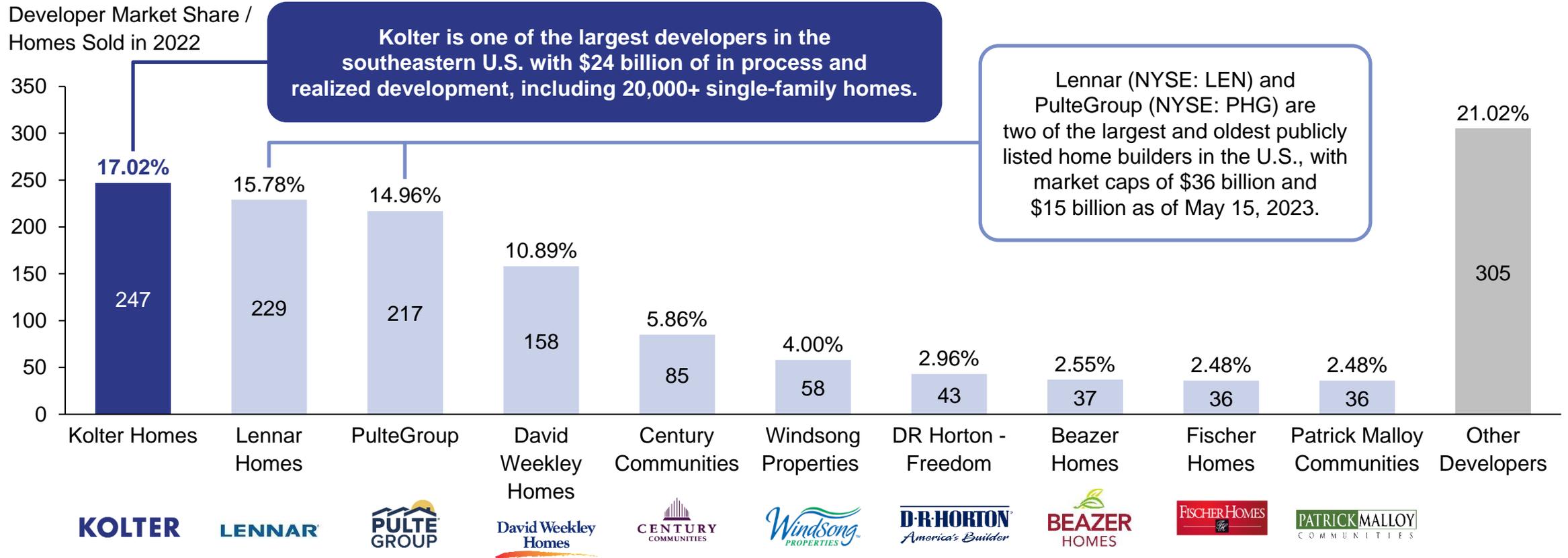
Accelerated repayment of EB-5 funds if the I-526E petition is not approved

Job creation guaranty



Reduces the risk of obtaining the permanent green card

Kolter is the no. 1 developer in the active adult single-family home market for the Atlanta metro area with 17% market share in 2022



The active adult single-family home segment is a well established and profitable market with buyer demand validated with strong current sales by Kolter and several of the other large single-family home developers.

Source: Metrostudy Atlanta Residential Survey (4Q22)

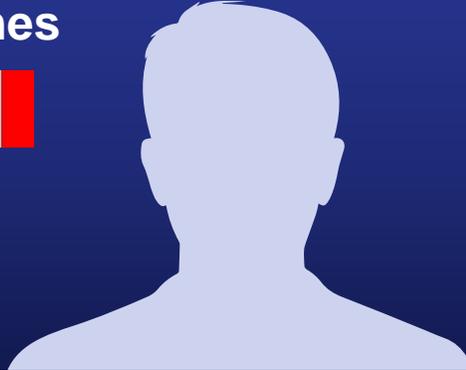
Hear Other EB-5 Investors Explain Why They Selected the Twin Lakes Georgia Rural EB-5 Project after Evaluating All Available EB-5 Projects

Siddarth



“I wholeheartedly recommend EB5AN. In my interactions with Sam and his team, there has been a very high level of professionalism. I've been able to get responses quickly and get a sense of the direction in which a lot of these projects are going. I feel that working with or dealing with people who have a certain pedigree, who have a certain level of professional experience, provides a high level of comfort.”

James



“There’s something about residential development projects that really appealed to me, and that I understand as having been involved in them myself: there is an inherent flexibility the developer has to respond to slowdowns in the economy or upturns in the economy....Kolter is experienced, knowledgeable, and has a long track record.”

Ken



“To my mind, the single most important factor that matters in a real estate development like this is the track record of the developer. If they have a successful track record of doing this in the past and not once, but multiple times, that gives me great comfort [...] Kolter Homes has a long track record in the Southeast of developing residential real estate like the Twin Lakes project.”

Rahul



“I have three letters, and they are S-A-M. It's you, Sam, because whenever I spoke with you, your professionalism, the way you communicate—you've never forced us to sign on any project without helping us as much as you can and letting us complete our due diligence. And just the overall vibes. That's something that you cannot explain, but whenever I spoke with you, I always felt confident that Twin Lakes was my project and EB5AN was the company that I wanted to invest through.”

Read the full EB-5 investor interview transcriptions and watch the videos at www.EB5VisaInvestments.com/testimonial

Hear Other EB-5 Investors Explain Why They Selected the Twin Lakes Georgia Rural EB-5 Project after Evaluating All Available EB-5 Projects



“Twin Lakes had all the required jobs for all the EB-5 investors. [The required jobs] in the Twin Lakes project had already been created. So, if your source of funds is clean, there should be absolutely no reason why you do not end up getting a Green Card and, depending on where you’re coming from, continue to live in the US or move to the US.



“I would definitely recommend EB5AN, and specifically, things that were really great working with you guys include the detailed docs and agreements and your ability to be really quick in responses to my questions. Also, the educator videos on the channel as someone who was looking at EB-5 investment and trying to learn a lot more in the early stages.”



“Twin Lakes is also most attractive to me among the other projects because it's very close to Atlanta, roughly about an hour away from the Atlanta airport itself. I've also visited Twin Lakes, Georgia and it's a lovely place for any senior citizen to live. I imagine myself living there 55+. I told myself, if I'm comfortable living here, then anybody should be able to, right?”



“The most important aspect [in EB5AN’s Twin Lakes project] is they have already created the jobs. [...] That was the most important. That is where you start from. We had already considered this because it means that the Green Card is almost assured, because they've already created the employment required for that.”

Read the full EB-5 investor interview transcriptions and watch the videos at www.EB5VisaInvestments.com/testimonial



Thank you for attending.
Please call or write to us if
you have any questions.



+1 (561) 386-5356

eb5investments.com

CROWN  CAPITAL®

crowncapital.com