

January, 2019

To all who receive our weekly information releases:

You are receiving this letter because a senior Partner and General Counsel of Guterman Partners has advised its distribution because of a relatively new federal law that you may not be fully familiar with.

This federal law automatically grants very serious and unusual tax benefits (100% of Capital Gains 100% tax free after 10 year holding period) to all owners of Opportunity Zone property, who hold that property in a qualified Opportunity Fund.

While we cannot assure that our acquisition will be successfully completed, our acquisition plan includes Guterman Real Estate Partners-47, LLC acquiring the property in such single asset qualified Opportunity Fund, therefore we must send this letter as a follow-up to my White Paper 5, to specifically advise you to speak to your tax attorney or financial advisor to learn the Federal Tax laws concerning such Opportunity Zone holdings.

To my knowledge, you have already received my latest White Paper known as White Paper 5: "WELCOME TO THE ARRIVAL OF THE CONDOMINIUM IMPLOSION."

In the White Paper, I cite three examples to explain the specifics of exactly what is happening in the Condominium development and conversion market and "why and how" the money has been and will continue to be made.

One of the properties known as the Ocean Casino Resort ("Property"), is located in the South Inlet Area of Atlantic City. This area has been formally designated as an OPPORTUNITY ZONE, thereby granting all Owners the accompanying federal and state tax benefits.

We anticipate taking title to this property in a qualified, single asset Opportunity Fund, which will be 100% owned by Guterman Real Estate Partners-47, LLC (Fund-47, LLC). Please note that all properties acquired by Fund-47, LLC, will be acquired and held in single asset entities with no cross collateralization.

The original cost to develop the property was \$2.2Bn and it was purchased out of bankruptcy in 2015.

The contract price being negotiated for the Property is approximately \$325MM, including and subject to a refinance-able mortgage in the amount of \$125MM. The reimbursement of a recent pay-down to the lender of \$50MM is required at closing and is part of the acquisition cost.

The Property is six-years old and contains several structures totaling 6,200,000 square feet, with 1,399 existing rooms including 134 suites, all currently in service. Additionally, there is a currently operating 132,000 square foot gaming and casino area, a fully operating spa with 32 treatment rooms, 19 operating restaurants and bars, 75,000 square feet of retail space, 160,000 square feet of flexible convention space

with 20 meeting rooms, six pools including a 42,000 gallon salt water indoor/outdoor pool, a 140,000 square foot private pool deck with 13 cabanas and a parking structure holding approximately 7,000 cars.

AND.... five hundred additional uncompleted rooms and suites on twelve floors, which have all of the structural work and elevators finished and require the interior installation of hallways and rooms including non-structural walls, doors, furnishings, carpeting and appliances.

A review of the floor plates of the top 12 unfinished floors which hold the five hundred to be finished rooms, indicate that the rooms and suites can be converted into approximately 165 to 180 condominium suites/apartments each containing approximately 1,000 square feet, with minimal structural additions.

We are currently negotiating a pure net lease with a purchase after the tenth year, with a major casino resort operator and expect the lease and purchase agreement to be signed contemporaneously with our closing of the Property. In addition, we are negotiating the sale of an existing, fully operating power plant located on the Property and expect that the final sale of the plant will conclude at the time of the closing of our purchase of the Property. We comfortably expect the price for the power plant to exceed \$100MM net to us, which we will use toward the purchase price of the hotel, casino and resort. We will either buy the property subject to the existing mortgage balance of \$175MM or refinance the mortgage for what we believe may be a higher amount.

I have written this letter because I have been advised that everyone who received my White Paper 5, must have an equal opportunity to review the very important tax ramifications inherent in an Opportunity Zone, with their tax attorneys or financial advisors.

Sincerely,

Gerry Guterman

**GERALD GUTERMAN**  
SENIOR PRINCIPAL PARTNER

**GUTERMAN PARTNERS, LLC**  
D. 917 678 0339  
E. [gg@gutermanpartners.com](mailto:gg@gutermanpartners.com)  
W. [www.gutermanpartners.com](http://www.gutermanpartners.com)  
I. [www.thefund-47.com](http://www.thefund-47.com)