

**From:** David Mitchell <[REDACTED]>

**To:** Jeffrey Epstein <jeevacation@gmail.com>

**Subject:** This is what I was explaining

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**Exclusive Agreement** will be put in place between the Propco (an entity formed by Southern Trust LLC & Mitchell) and the Opco (the operating entity of Neuehouse).

**Preamble:** The Principals of the Opco and the Propco wish to create a relationship that will be mutually beneficial to building and expanding the Neuehouse network for its owners and members.

The understanding between both parties is to select and close on a property in a designated market, in the next 180 days. It is further understood that both parties will use its best efforts to select, structure and purchase on a select property or properties in the next 180 days.

1. The start for the Exclusive Agreement will be the entering of contract of sale, proof of funds to close and non-refundable deposit to purchase a property for the Opco within 6-months of this memorandum of understanding. It is contemplated the initial site selection of this property will be in New York, London or Los Angeles. The Opco has defined sites and will submit those sites to the Propco, upon execution of this agreement.

2. Thereafter, the agreement will be in place for 3 years from the closing of the first property or the closing of 4 additional properties for the benefit of the Opco.

3. Opco will commit to lease out each facility or the majority of each property for 10% of the gross Purchase Price (which includes all build out, tenant improvements and furniture and fixtures), plus the cost of operations of the property.

4. The Propco will advance up to \$2,000,000 for the operations of each facility in exchange for the equity in each facility. The structure contemplated for the \$2,000,000 investment is as follows:

PropCo will hold Class A Shares for providing up to \$2,000,000 in cash, receiving a preferred return of [10%] per annum and a 20% carried interest. The balance of shares, Class B Shares, is common and held by OpCo.

At the time of a pending exit-event to consolidate ownership, the existing parent, OpCo owners will receive 30% and individual property, OpCo owners 70%.

5. The understanding is that the existing NH shareholders will have an economic interest or will have the ability to purchase 20% at nominal value an economic interest in the Propco or the entity that owns the properties after the capital that has been invested in the Propco has been returned plus an annual interest rate of 10%.

In addition, the AJ (Alan and Josh) entity will have an option to purchase in whole or part up to 20% of the economic interest of the Manager of the Propco at the same price and terms as the initial funding by the Manager. This option will mature 24 months from the date of the initial capital funding.

The following exclusions will be in place in the exclusive agreement:

- Hotel Partnerships: 20,000 sf or less as "pocket "Neuehouses
- Management Agreements with third parties
- For individual facilities of 20,000 sf or less

**PLEASE NOTE NEW ADDRESS:**

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