

Brick Cove Marina
& the Marina Hotel

**1670 SAGE BOULEVARD
GREENPORT, NY**

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Executive Summary

SYX Development Co. is pleased to present to our investors the opportunity to invest

\$6,421,677

to act as a limited partner in the development of
Brick Cove Marina and the Marina Hotel
at 1670 Sage Boulevard in Greenport, Long Island.

Investment Highlights

This dealbook is to present a good opportunity for investors to acquire and redevelop a waterfront lot in Long Island currently used as a marina. The property, named Brick Cove Marina, is currently in good physical condition and in full use, with continuous steady income from boat slips and storage. With more than 12 acres of upland and underwater land, the redevelopment is to improve the current property use and to maximize future property value. It is to be designed with a boutique hotel (with amenities such as waterfront restaurant & waterfront event space), a parking lot, a boat storage, a renovated home & office space, and other ancillary facilities.

Prime Location

The project is located in a promising neighborhood on the East End of Long Island. The waterfront community not only attracts the visitors for a getaway experience like Shelter Island and the Hamptons nearby, but also becomes an ideal social and recreational spot for the family oriented residential neighborhoods around.

Robust Return

As a yield driven investment, the marina redevelopment project is underwritten with a conservative cap rate of 11% and includes multiple exit strategies for your consideration and selection. The investor yield after use of leverage could be as high as **18.5%** if the property is to be held for ten (10) stabilized year.

Professionalism

SYX Development Co. was founded and led by ShengYi Xu, a recent alumna from Columbia University with backgrounds in architectural design, urban planning and real estate development. She has gained extensive project management experiences in a New York-based real estate development firm.



Property Information

Site & Location

Named “Brick Cove Marina”, the property currently under consideration for redevelopment is located at 1670 Sage Boulevard in Greenport, NY. It is by the Peconic River on the North Fork peninsula of Long Island. The County administration is Suffolk and the Town administration is Southold. Across the river from the site is Shelter Island, a recreational and residential neighborhood flanked by North and South Fork. The site is located approximately 100 miles away from New York City, and it can be accessed by two to three hours’ highway drive from Manhattan.

The property itself comprises 8.29 acres’ upland and 4.2 acres’ underwater land, totalling 12.49 acres. The site is in a rectangular shape and demonstrates an expansive water frontage of 1800 ft on the west, south and east side. The entrance is located on the northwest corner of the site and a circular driveway is currently on site for navigation. The site enjoys amazing views especially towards the south (for shelter Island) and towards the east (for other Villages). The beach is located along the water on the south side.



Zoning & Land Use

Current Code

The current zoning for the site is Marine II (MII). Having direct access to the marine or tidal waters, the MII District could take advantage of its waterfront area and provide water-dependent and water-related uses. They are usually located on major waterways, open bay fronts around Long Island, just like the Brick Cove Marina.

Permitted Uses

Primary uses allowed include one single family residence, marinas for recreational boats, boat docks/slips/piers/wharves for passenger charter boats, boat clubs with activities, boatyards for services, research and operations, yacht brokers for sale, original town structure, and retail sale/rental.

Special Permissions

Certain programs are allowed to be built but need to be specially permitted by the Board. These programs include indoor restaurant, ferry terminals, transient hotels/motels (with minimal area not less than 3 acres and maximum guest units at 1/4000 sqft), bed & breakfast uses, fish processing plants & markets, and nautical museums.

Accessory Uses

Affiliated programs to the primary use are also permitted including owner's home offices, storage houses, private garages and off street parking. The current off street parking requirement for the marina is one (1) space per boat slip, mooring, dock space or similar unit of capacity, plus one (1) space per employee.



Key Numbers

30%
Max Lot Coverage

35 ft
Max Building Height

2
Max Building Stories

1:4000
Max Unit : Lot Area Ratio

Current Ownership

Located in a well protected cove off of Southold Bay, the full-service full-time-staffed Brick Cove Marina is currently owned and actively managed by the Leverich Family. There are floating docks with 138 in-water boat slips currently on the west side. The occupancy rate is 98% currently.

There is a single-family residence and an office house connecting to a workshop//storage in the center of the site (“home & office space”). Additionally, recreational facilities include 3 tennis courts and a swimming pool (with bath facilities). There are also small cottages scattered around the north part of the property.

Neighborhood Analysis

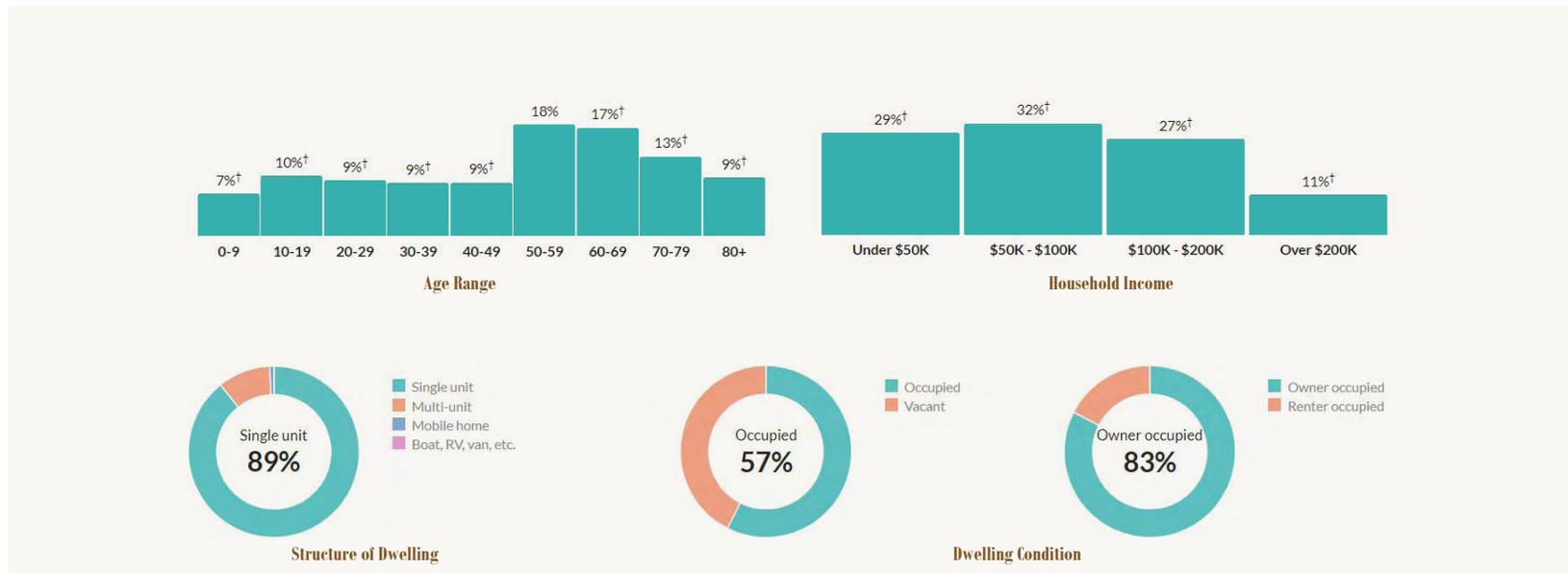
Overview

The property is located at Census Tract 1702.02's Block Group 1. The immediate community around is Greenport West and the major town is Southold (Note: Town of Southold includes Village of Southold, Greenport and Greenport West). East of the Town of Riverhead, Southold occupies a majority of North Fork land, enjoying a great location on the tip of Long Island.

Census Tract	1702.02, Block Group 1
Village	Greenport West
Town	Southold
County	Suffolk
Metro	Long Island

Data Extraction

The most recent statistics from American Census Survey ACS 2018's 5-year census data gives us a first glance of the residential conditions in the neighborhood. Understanding these raw data help us with the following neighborhood analysis.



Social Demographics

It can be concluded from the desktop research and field visit that the subject area is a very traditional American suburban neighborhood. However, there are certainly a few opportunities in this area.

There are not as many residents around, compared to the rest of the County and the Island, probably due to its island-tip location and transportation-access restrictions. Within this 53.8 square miles' Southold neighborhood, the total population is only 22147 (that is, a density of 412 people per square mile) and only 9333 households with 2/3 persons per household. Being in a low-density area, everything is spread out and, therefore, private cars (and occasionally Long Island Rail Road) are apparently the best and only way for people to efficiently travel around. 10 to 20 minutes' drive should be the best travel distance for meeting daily needs.

The majority are the mid-aged and the elderly living in Dutch-colonial single houses with their families. Being a less dense neighborhood, Southold's median age is 53.8 with over half (57%) of the population over 50 years old. The median household income is \$80,715, 25% higher than New York average. It can be implied that most of them are local residents enjoying a slow-paced lifestyle with decent income earnings and savings. Although this is a not a quite diverse neighborhood in terms of population and events, it is still worth noticing that the area, different from other Suffolk residential towns, is an ideal recreational getaway destination. More and more people start to choose this neighborhood as their summer houses' location, just like the South Fork/the Hamptons. Other visitors constantly visit here by lodging at family-style hotels/inns.

As a result, the redevelopment can take advantage of both the "getaway attraction" vibes and the traditional "family-oriented" vibes, and become a resident-friendly and visitor-friendly site. To incorporate programs and activities, residents' community needs and visitor attractions are equally important.

Natural & Built Environment

Natural elements, like rivers, bays, ponds and streams, contribute a huge part to this suburban community. The area is also surrounded by large coverage of green spaces, country parks, preserve and conservatories.

Transit access is available including nearby Long Island Rail Road (LIRR) Southold and Greenport stations as well as ferry from/to Shelter Island, though driving is the most common way of navigating the area.

There are a variety of built amenities in the surrounding area, making this area an accessible and quite appealing residential neighborhood. Within a ten minutes' drive around Greenport, there are various types of casual and fine-dining restaurants, farms and vineyards, fish markets and grocery stores. Golf courses, museums and beaches are typical recreational destinations. Facilities such as boat repairs, home improvement stores, hospitals, churches are also present to suit residents' daily needs. An extra five minutes' ferry to Shelter Island opens up to more recreational options for both residents and visitors.



**Waterfront Restaurant
on Main Road**



**Golf Course
Country Club**



**Vineyard
Farm**



**Bayside Beach
with Trails**

Market Analysis

Overview

Long Island is part of the greater New York City metropolitan area, and the region's overall economy has greatly benefited from this connection. Suffolk County, including the East End, has been developing at a somewhat slower pace than the inner towns but it also sees an economic growth in the last few decades. Generally speaking, Long Island residents enjoy a high quality of life, but the region's economic growth does faces a few challenges: tax burden is getting heavier for taxpayers and housing/residential costs are getting higher as well. There are active real estate and infrastructure and transportation projects meant to improve the economics and the quality of life on the Island.

MSA Market	Greater New York Area
Metro Market	Long Island
County Market	Suffolk
Local Market	East End (North/South Fork, Shelter Island)

Note: Development of this proposal started in the beginning of 2020 and did not include the unexpected drastic economic impact of the Noval CoronaVirus (COVID-19) on the local regions, cities and people.

Residential Sector

Residential use, particularly single family units, is one of the largest programs on Long Island, second only to the use of green space (agricultural and/or recreational open space). Therefore, for the development for our subject site, it is crucial to understand the residential conditions in the local market so as to understand the lifestyle and demand in such suburban markets.

Metro Market

The residential sector in the metro area can be divided into two parts: sales and rentals.

The sales market has been balanced with vacancy rate being constant and lower than 1.5%, while the rental market is slightly tight, with vacancy in rental units went down last year by 1.4%. Current trend may continue with better economic conditions (more labor forces and non-farm job opportunities, and lower unemployment rate). In addition, Long Island's population loss due to out migration these years is getting neutral compared to previous years, which is also one big factor that balances the housing market.

Local Market

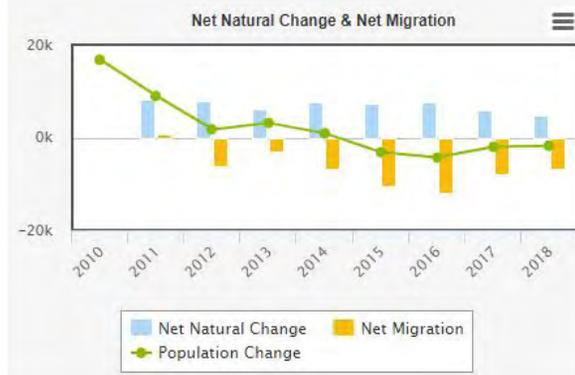
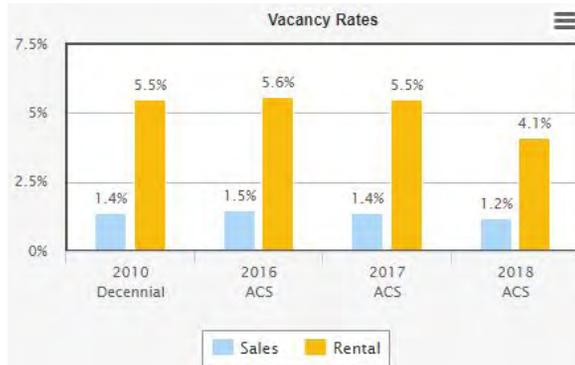
Residential properties have largely maintained their values and the market continues to be in balance. The media attention given to the area by the NYTimes and others is driving huge demand for the home purchases. Particularly the eastern North Fork are becoming increasingly favorable to second-home buyers who are attracted by the wineries, micro-breweries, farm stands, and waterfronts. Greenport, where our subject site is located, is one of the hot spots. Overall speaking, the inventory is limited.

For condos, listing inventory declined but the number of sales surged. For single family houses, listing inventory is stabilized, and the number of sales and the median sales price both rose annually. Particularly for the luxury market with \$2 million+ price, the inventory fell to a record low in the past three years, but the number of sales and median sales price have been also increasing. To sum up, the increasing number of sales and median sales price in all kinds of home type shows good signs of this neighborhood market's greater demand over supply.

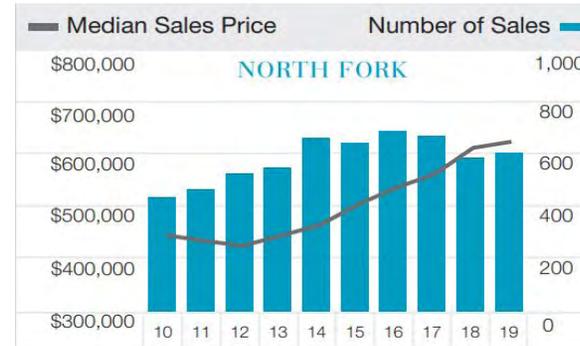
For long-term rental properties, supply is also low. There continues to be a shortage of year round rentals due to such low inventory and low construction rate. In addition, it is apparent that visitors favor getaway-type of short-term rentals - particularly those waterfront seasonal rentals that are in large demand. There are not a lot of quality lodgings on the North Fork and therefore full-service family-style rentals become a popular alternative (like Airbnb).



Metro Market



Local Market



Year	Average Sales Price	Median Sales Price	Number of Sales
2019	\$667,353	\$450,771	443
2018	\$624,362	\$440,000	472
2017	\$631,981	\$430,000	533
2016	\$601,847	\$450,000	556
2015	\$690,863	\$470,000	669
2014	\$683,414	\$510,000	651
2013	\$721,095	\$543,000	697
2012	\$773,599	\$569,000	677
2011	\$831,415	\$620,000	593
2010	\$769,925	\$632,000	612

Hospitality Sector

Overall speaking, hotel service is one of the important businesses around Long Island. Being close to the Hamptons, North Fork is not only an aggregation of summer houses, but also one favorite getaway destination for visitors. Thus, the local market on the East End of Long Island quite differs from the Long Island as a whole or the inner neighborhood.

Metro Market

Overall, hotel supply in Long Island outpaces demand and continues to grow at around 10%, with new construction and new planning actively underway. While supply rate is growing at a slower pace, occupancy is slowly declining throughout the years.

In the past five years, the number of hotel businesses has slightly increased to above 200 in 2019. So has the number of hotel rooms - it has changed from 15528 in 2015 to 16234 in 2019. As of 2019, there are around 1000 hotel rooms under active construction or planning.

In terms of hotel class, around 44% are independent hotels not affiliated with well-known brands. Upscale and Upper Midscale hotels take up the largest proportion of all, and their independent brands are developing faster (in terms of the number of room keys). These boutique hotels particularly attract the visitors for experiencing a unique short term lifestyle along the coast.

Local Market

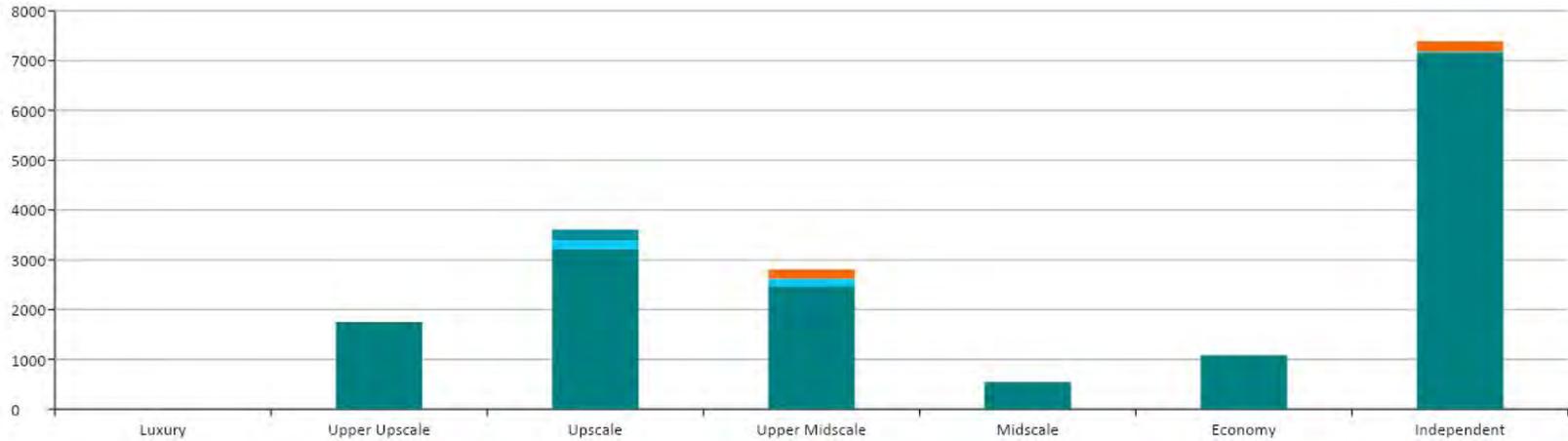
East End's hotels typically go for over \$250 per night (some rooms can be as high as \$1000+), and the occupancy rate can reach more than 80% with few vacant rooms. Seasonality is one major issue on the east end where North/South Fork are located. During the summer season and especially on the weekends, it is no surprise to see higher demand and slimmer supply. Just as Long Island Convention & Visitors Bureau suggests, lodging in the East End could be very limited.

However, East End's hospitality industry is keeping up with the current Socio economic changes. Some hospitality properties have added a few rooms in recent years, while others have re-entered the hotel and lodging market after extensive renovations and refurbishment.

In addition, a rise in Airbnb rentals has been one way to help meet demand. In the last year, many towns in the area have passed laws to regulate such third-party lodging services, and the influx of people also benefits the hospitality businesses and the ancillary services like f&b (restaurants).

Metro Market Pipeline

Current Room Supply and Pipeline



of Hotels (1st table) and Keys (2nd table)

	Historic Supply					
	Oct-14	Oct-15	Oct-16	Oct-17	Oct-18	Oct-19
Luxury						
Upper Upscale	6	6	6	5	5	5
Upscale	17	17	21	23	25	24
Upper Midscale	19	20	20	20	20	20
Midscale	5	5	5	5	5	5
Economy	13	14	14	14	14	14
Independent	138	135	133	133	133	134
Total	198	197	199	200	202	202

	Pipeline Projects			
	In Constr.	Final Planning	Planning	Unconfirmed
Luxury				
Upper Upscale				
Upscale	1	2		
Upper Midscale	1			2
Midscale				
Economy			1	2
Independent				
Total	2	3	4	-

	Historic Supply					
	Oct-14	Oct-15	Oct-16	Oct-17	Oct-18	Oct-19
Luxury						
Upper Upscale	2,025	2,025	1,990	1,747	1,749	1,749
Upscale	2,285	2,285	2,752	3,126	3,382	3,220
Upper Midscale	2,376	2,436	2,436	2,474	2,474	2,474
Midscale	545	545	545	545	545	545
Economy	1,010	1,090	1,085	1,085	1,085	1,085
Independent	7,287	7,090	6,882	6,901	7,031	7,161
Total	15,528	15,471	15,690	15,878	16,266	16,234

	Pipeline Projects			
	In Constr.	Final Planning	Planning	Unconfirmed
Luxury				
Upper Upscale				
Upscale	163	226		
Upper Midscale	146			185
Midscale				
Economy			24	200
Independent				
Total	309	250	385	-

Commercial Sector

Although commercial properties (suburban offices and retails) have fair demand in the metro, the location and surrounding programs/uses do not match well with our development intention in Brick Cove Marine; nor does the marine-type zoning rule allow the incorporation. However, understanding commercial development is helpful in understanding the economic conditions in the area.

Office Sector

Easy physical accessibility for companies and residents is one major criteria for the office industry in Long Island. In addition, suburban small offices have visual appearances and are close to the neighborhood circulation. As private cars and Long Island Rail Road are the typical transportation methods, prime inventories are along major roadways and transit hubs instead of secluded waterfront corners.

There are currently 13 office buildings under active construction with a total of 518,825 sf and over 90% has been pre-leased. Since 2014, office vacancies have decreased by 3% and the vacancy rate is around 7%. Although rent has been growing under lower vacancy, acceleration of such growth is declining - last year's growth rate is even under 1%. As a result, the slow-down in rent growth impacted selling prices. Pricing has remained flat and the average price per sf is currently \$191. However, transaction volumes have been growing, resulting in a total of \$600mm+ in 2018 and \$800mm+ in 2019 - the highest since 2007. Average sales cap rate is 7.3%.

Retail Sector

Long Island's retail sector has a strong demand but limited supply. It benefits largely from the geography that connects with the surrounding metros. Combined with the quite limited transportation options out of the region, demand for local shopping is strong, pushing vacancies to near record lows at 4.7% and the average price per sf is \$273.

Low vacancies have also boosted retail stores' construction activity. Currently there are 19 properties under construction with 453,978 sf in total. 73% of the project areas have pre-leased to strong anchor tenants already. Most large-scale retail projects have been in the Nassau County but most of the future projects are in Suffolk County. Sales activity also increased over the last few years, resulting in a better cap rate at 7% compared to the metro area.

Lacking Use

To conclude, the residential market has a particular lack in the short term rentals while the commercial market is not ideal due to our location and functions. There is also a gap in the hotel industry particularly in the East End local area - a gap between “high-end luxury hotels in the Hamptons and Shelter Island”, and “bed and breakfast inns along the roads”.

Therefore, our proposal has taken advantage of the need for short term lodging.

To further develop our proposal, we realize that the emerging North Fork area not only becomes increasingly attractive and well-known for those who wish to have a getaway experience, but has also been a cozy community with all sorts of family activities and events.

Understanding these two groups help us develop a boutique hotel that caters to these needs.

Design Proposal

Concept Overview

Primary Uses

Based on the previous analysis of the residential, hospitality, office and retail markets, a new hotel would create the best value, together with other affiliated income-producing uses. In the North Fork area, it is suggested our property be a 2-story boutique hotel (“the Marina Hotel”) with 50 rooms. The total buildable hotel area is 53667 sf, occupying the lot area of 26834 sf. Other amenities within the hotel include waterfront f&b, event space rentals.

Accessory Uses

A 15000-sf outdoor “parking space” is designed on site for all users on site: for boat/yacht customers, hotel guests, administrative employees, and other related personnel. There will be 134 parking spaces available on site. Daily rates will be applied.

Regular marina activities such as “boat storage” has been and will continue to be another steady source of income. Occupancy rate will continue to be almost full. A 55000-sf lot in the north part of the site will be used for approximately 134 boats/yachts.

(Note: Zoning code requires one (1) off-street parking space per boat storage space.)

Existing “home and office” of 11500 sf will be renovated (both exterior and interior) only and will be kept at its existing location, though they are not focused on income-producing.

As a result of the above space planning, the maximum upload lot coverage of 30% will be achieved. Such planning promises the highest and best use in our location.

Design Criteria

Based on the highest-and-best-use calculation, a few criteria need to be met to maximize the value for our hotel.

Waterfront access/view is one major requirement as the site was originally used as a marina. Taking advantage of the beach/waterfront would be beneficial when redeveloping the on-site programs and uses.

Hotel class is also important. There are a variety of hotels on site (from 2-star inns to 4-star boutiques), but a limitation in the number of each type. Therefore, due to the limited availability in North Fork, the selection area should extend. Upper-Upscale hotels are the best option in order to fill the gap between luxury hotels on Shelter Island and midscale inns in North and South Fork.

Having a boutique hotel is a better design option than being affiliated with those well-known brands like IHG, Hilton and Marriott. Amenities with local lifestyle are our focus to attract both visitors and residents. Hotel keys (aka number of rooms) therefore should be around 25-50, which is much less than the big-brands.

Requested from Smith Travel Research (STR), the result has been narrowed down to those that report monthly and have sufficient operating data in the past few years. These data are useful for understanding current advantages and shortcomings, and future financial analysis.

Precedent Study

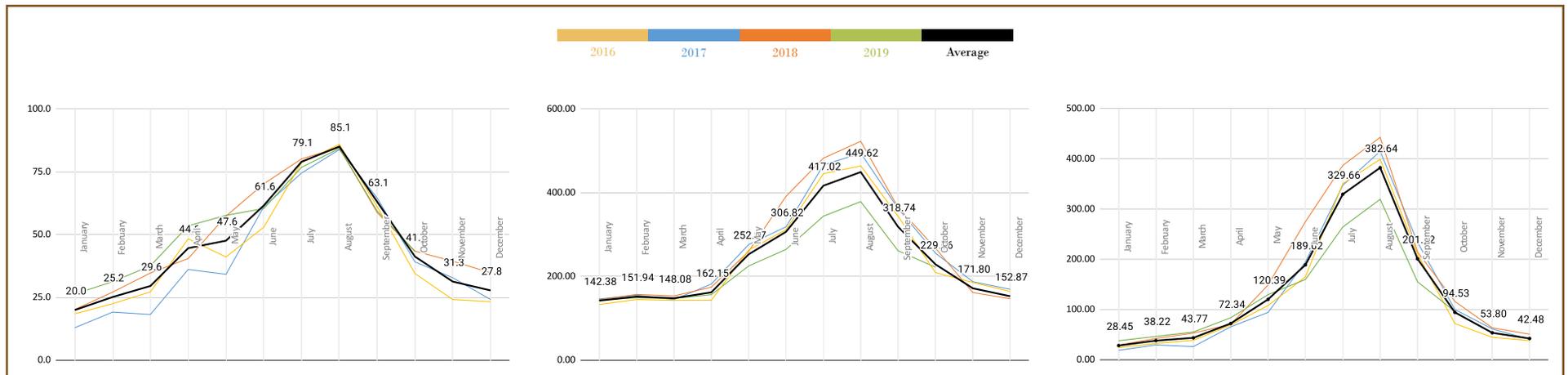


Sound View Greenport 55 keys Greenport, NY	Baron's Cove 67 keys Sag Harbor, NY	Windward Shores 45 keys Amagansett, NY	Born Free Suites by the Sea 24 keys Montauk, NY
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**Occupancy Rate (%)
by Month and Year**

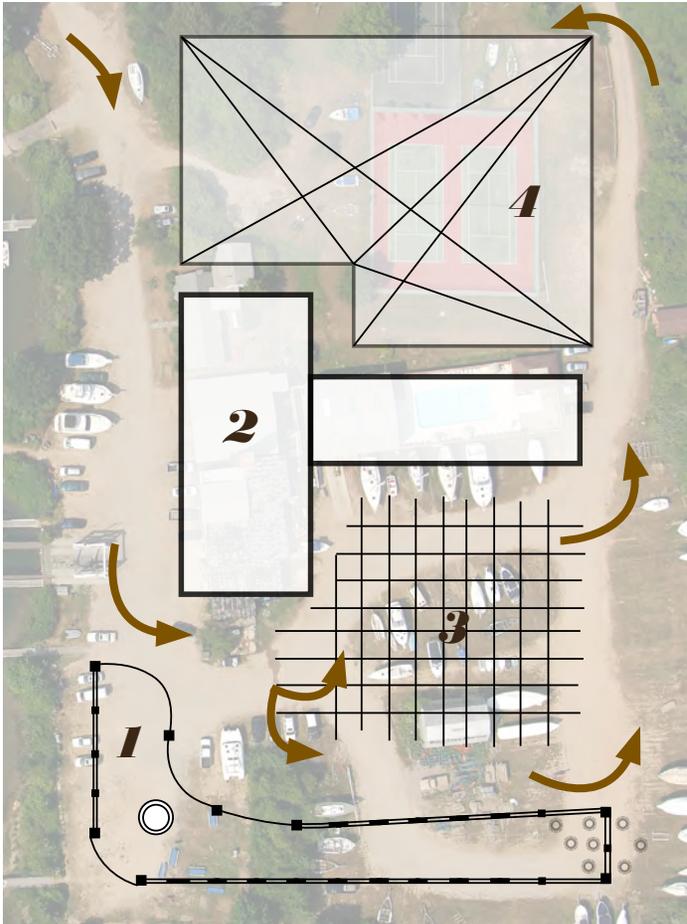
**ADR (USD)
by Month and Year**

**RevPAR (USD)
by Month and Year**



Site Layout

Entrance/Exit



Here shows the before & after site plan (overlay). Previously (the bottom layer) the site was not efficiently used with programs and facilities randomly scattered around. After our re-design and planning (new graphs with annotations), each side and corner of the site is reconfigured to maximize the functionality. The major project of a boutique hotel will be situated in the core (south and east) waterfront area. Previous structures are minimally interrupted (Existing construction becomes renovated “Home and Office”, tennis courts will turn into boat storage land). Circulation is not largely modified.

1. The Marina Hotel - Ground Up Development
2. Home and Office - Existing Renovation Only
3. Car Parking Lot - Minor Demolition and Facilities Setup
4. Boat Storage Lot - Minor Demolition and Facilities Setup

→ Circulation

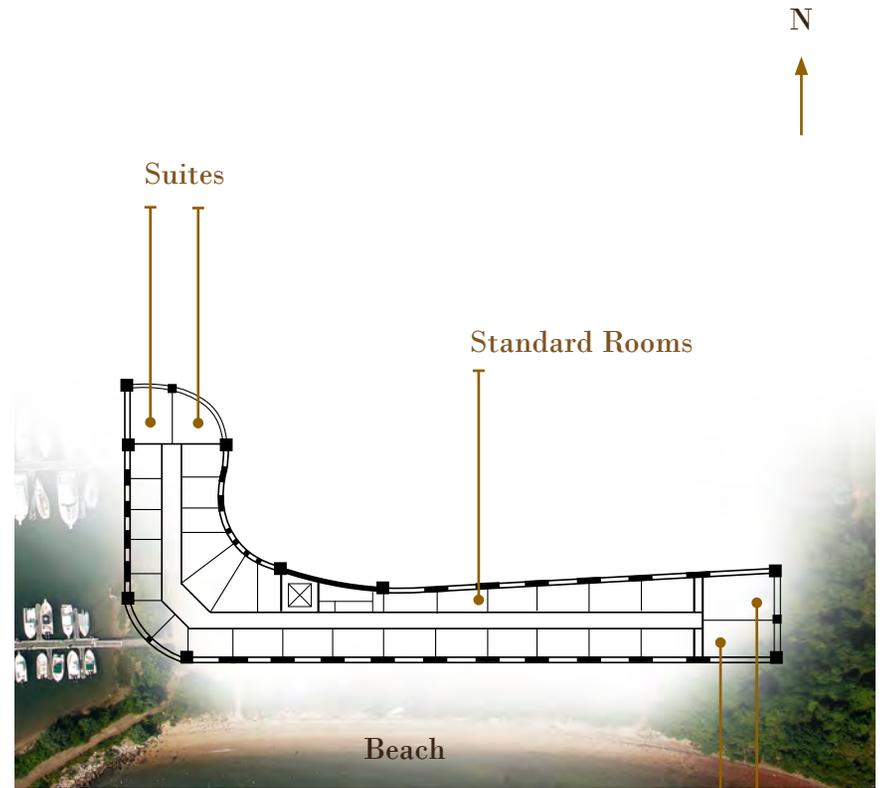
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Floor Plans & Stacking Diagram



Ground/1st Floor Plan



2nd Floor Plan



Standard Rooms

Stacking Vertical Diagram

2nd Floor	30 Hotel Rooms + 4 Suites = 25890 sf	14 ft height
	Common Space = 944 sf	
1st Floor	16 Hotel Rooms = 11600 sf	14 ft height
	Lobby + Common Space = 5234 sf	
	Amenities: F&B = 6000 sf, Event Room = 4000 sf	

Programming: Standard Rooms

46 Rooms

725 square feet

1 side of view

The Marina Hotel's standard rooms are based on traditional hotel configuration but slightly larger featuring either two double beds or one king-size bed. They are equipped with larger-than-normal walk-in bathrooms and simple kitchenette to fulfill the needs of pleasant vacation stays. More than half of the 46 standard room windows face the west and south waterfront with views of the beach, boats and nearby neighborhoods across the water. Direct sunlight from south and west penetrates into the cozy and warm-decorated room. There are 16 rooms on the ground floor and 30 rooms on the upper floor.



Programming: Full Service Suites

4 Suites

1035 square feet

2+ sides of view

The Marina Hotel's 4 suites occupy the best spots of the whole hotel! Located all on the upper floor, they are designed and placed at the four corners with at least two sides of exposures. That is, a combination of the two of the hotel's best-selling bayfront views, northern inner community views, southern beachfront views, eastern wood views. Floor-to-ceiling windows are designed in the Marina Hotel to allow customers to maximum enjoy the stay. In addition, prioritized full services will be provided to all those in suites. With award-winning interior design, the Marina Hotel is truly home away from home.



Programming: Amenities



The Marina Hotel will invite award-winning architects to design the exterior and interior spaces so as to create one of the best Long Island lodging experiences. Warm and natural colors are the main theme; the sustainable use of materials like wood, grass and canvas enhance hotel's aesthetics. Lobby with cross ventilation (north and south) will be used as a common space for people to gather and chat, while formal event room with movable furniture can hold meetings or weddings with three sides of exposure. The restaurant has a full exposure on the west side where people can enjoy waterfront with yachts, flags and green landscape.

Other Programs On Site

Minor demolition of dated structure allows vacant space on site to be used as car parking and boat storing lot. Current design of plain ground features only one level with 143 spots reserved for boats and 143 for cars. However, rigid structure as shown in the photos could also be considered in the future for better weather proofing, easy maintenance, re space saving, or nicer display (if needed). Last but not least, renovation of the “home office”, though it is not for guest lodging, will also take place simply for improving the exterior and interior appearances; functions and configurations will not be modified.



Marketing Strategy

The marketing strategy of the project centers around “the four Ws”

WHO
WHAT
WHEN
WHERE

Financial Analysis

Construction: Budget

Land Acquisition

Hard Costs

Soft Costs

Reserves

Totals

	Factor	PSF	Total
Land Acquisition Price		\$ 20	\$ 10,881,288
Ground Up Construction (Hotel)		\$ 300	\$ 16,100,400
Open Lot (Car Parking+Boat Storing)		\$ 50	\$ 3,500,000
Other Renovation (Existing Home & Office)		\$ 100	\$ 1,150,000
Subtotal Hard Costs			\$ 20,750,400
Hard Cost Contingency	5% of Subtotal		\$ 1,037,520
Development Fees	2% of Subtotal		\$ 415,008
Total Hard Costs			\$ 22,202,928
Municiple/Permit Admin Fee	1.3%		\$ 288,638
Tax Admin Fee	1.0%		\$ 222,029
Closing Fee	2.0%		\$ 444,059
Legal Fee	2.0%		\$ 444,059
Banks Admin Fee	0.5%		\$ 111,015
Financing Cost	2.5%		\$ 555,073
Design Fee	4.0%		\$ 888,117
Brokerage Fee	3.0%		\$ 666,088
Marketing Fee	2.0%		\$ 444,059
Subtotal Soft Costs			\$ 4,063,136
Soft Cost Contingency	10% of Subtotal		\$ 406,314
Total Soft Costs	20% of Hard Costs		\$ 4,469,449

Total Interest Reserve (Year 1+2)	\$	3,948,903
Total Operating Reserve (Year 3)	\$	36,627
Total Reserves	\$	3,985,530
Total Construction Loan w/ Reserves	\$	34,403,999
Total Development Budget w/ Reserves	\$	41,539,195

Construction: Sources and Uses

Sources		Uses	
Debt			
Construction Loan	\$30,418,469	Land Acquisition	\$10,881,288
Equity			
General Partner (10%)	\$713,520	Construction Hard Costs	\$22,202,928
Limited Partner (90%)	\$6,421,677	Construction Soft Costs	\$4,469,449
Total Source	\$37,553,665	Total Use	\$37,553,665

Note: The total use are development costs before reserves. The additional \$3,985,530 will be reserved for interest purposes, making the total development costs to be \$41,539,195.

Operating Assumptions

Hotel Incomes

	Pre-Stabilization	Stabilization
Revenue Growth	Decrease from 10% to 2.5%	Fluctuate between 2.5% and 0
Occupancy	Increase from 48%	65%
ADR	Increase from \$270	Fluctuate based on growth rate

Other Incomes

Boat Storing	
\$350	Per Month
143	Available Spots
=Current Rate (98%)	Occupancy

Car Parking	
\$45	Per Day
143	Available Spots
=Hotel Operation	Occupancy

Hotel Expenses

Expense Growth 2%

DEPARTMENTAL EXPENSES

Room Rentals	20%
F&B	25%
Facilities Rentals	10%
Car Parking	2% <i>of Each Item Revenue</i>
Boat Storage	2%
Other Miscellaneous	1%

OPERATIONAL EXPENSES

Administrative & General	10%
Sales & Marketing	5%
Maintenance & Repairs	3% <i>of Total Revenue</i>
Utilities	2%
IT & Tech	1%

FIXED EXPENSES

Management Fees	3%
Property Tax	3% <i>of Total Revenue</i>
Insurance	1%

CAPITAL RESERVES 2% of NOI

Refinancing Assumptions

Amortization

8.0%

Annual Interest Rate

25

Years of Amortization

70%

Loan to Value Ratio (LTV)

1.20

Debt Service Coverage Ratio (DSCR)

9%

Debt Yield (DY)

\$34,038,995

Max Permanent Loan

(\$3,152,622)

Annual Debt Service

(\$ 262,718)

Monthly Debt Service

Exit Strategy: Sale upon Stabilization

This scenario is to sell upon stabilization at the end of year 5: (one year pre-development, two year construction plus two year pre-stabilization period).

Conservative assumptions are made to reduce the unexpected risks in the future, which may relates to the downward of the economic cycle and/or the seasonality of the hotel industry in Long Island.

5

Total Years of Property Holding

11%

Exit Cap Rate

12%

Discount Rate

1%

Cost of Sale

Exit Strategy: Sale upon Stabilization

Exit upon stabilization with five (5) years' total property holding is a fair (if not best) strategy, especially if the investor's goal needs to be achieved in a relatively short term. Although no permanent loan is used for future development, the quick sale of the property still results in a fair return in a short period of time.

12.1% Project Level Levered IRR

11.8% LP Levered IRR

12.1%	9.5%	10.0%	10.5%	11.0%	11.5%	12.0%	12.5%
5	26.6%	21.9%	17.1%	12.1%	6.9%	1.4%	-4.6%
6	21.7%	19.2%	16.8%	14.4%	12.2%	10.1%	8.0%
7	18.8%	17.2%	15.6%	14.2%	12.8%	11.4%	10.2%
8	17.4%	16.2%	15.1%	14.0%	13.0%	12.1%	11.2%
9	16.5%	15.6%	14.7%	14.0%	13.2%	12.5%	11.8%
10	15.9%	15.2%	14.5%	13.9%	13.3%	12.8%	12.2%

\$6,421,677 LP Contribution

\$10,022,028 LP Distribution

\$3,600,351 LP Profit

Exit Strategy: Refinancing & Hold

10

Total Years of Stabilization
(2025-2034)

15

Total Years of Property Holding
(2020-2034)

11%

Exit Cap Rate

12%

Discount Rate

1%

Cost of Sale

A better scenario for this case is to hold the property upon stabilization, and then to refinance the permanent loan and to keep it for the future few years. (Ten years is suggested, see next page for details.)

Conservative assumptions are made to reduce the unexpected risks in the future, which may relate to the downward of the economic cycle and/or the seasonality of the hotel industry in Long Island.

\$48,627,136

Valuation at Stabilization

Exit Strategy: Refinancing & Hold

Exit after 10 year stabilization period / 15 year total holding period, overall speaking, is currently the best scenario as it not only reflects the real estate cycle, but also minimizes the uncertain risks during that period. It promises a much better return both on project level and LP level, especially with the proper use of leverage from the permanent loan.

19.6% Project Level Levered IRR

18.5% LP Levered IRR

19.6%	9.5%	10.0%	10.5%	11.0%	11.5%	12.0%	12.5%
10	24.9%	23.3%	21.9%	20.5%	19.3%	18.1%	17.0%
11	24.2%	22.9%	21.7%	20.6%	19.5%	18.5%	17.6%
12	23.5%	22.4%	21.4%	20.5%	19.6%	18.7%	18.0%
13	22.7%	21.8%	20.9%	20.1%	19.4%	18.7%	18.0%
14	21.9%	21.1%	20.4%	19.7%	19.1%	18.5%	18.0%
15	21.5%	20.8%	20.2%	19.6%	19.1%	18.6%	18.2%



\$6,421,677 LP Contribution

\$40,430,460 LP Distribution

\$34,008,783 LP Profit

Joint Venture Partnership

SYX Development Co. is pleased to invite our potential buyers for the equity investment of

\$6,421,677

equivalent to **90%** of our total equity.

Joint Venture Partnership

Distribution of Return will be based on the following tiers:

	Hurdle Rate	LP Total	GP Total (Base+Promote)	GP Promote
1st Tier	up to 10%	90%	10%	0%
2nd Tier	up to 15%	72%	28%	20%
Tier Above	above 15%	63%	37%	30%

Sponsor Information

SYX Development was established and is led by ShengYi Xu, a recent alumna of Columbia University in the City of New York. ShengYi has extensive studies in architectural design, urban planning and real estate from both Sydney, Australia and New York, USA. Her professional work experience includes serving as a project manager at a New York-based real estate development firm, overseeing the ongoing construction and development of a large mixed-use project in Queens, NY.

*B. Design in Architecture
the University of Sydney, Australia*

*M.S. Urban Planning
Columbia University in the City of New York, USA*

*M.S. Real Estate Development
Columbia University in the City of New York, USA*

A handwritten signature in blue ink, appearing to be 'SYX', with a long horizontal flourish extending to the right.

Appendix

Operating Cash Flow

Year # Year Condition			4	5	6	7	8	9	10	11	12	13	14	15	16
			2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
			Pre-Stabilized	Pre-Stabilized	Stabilized										
Total Rooms Available			50	50	50	50	50	50	50	50	50	50	50	50	50
Average Daily Rate (ADR)	\$		270.00	297.00	317.79	333.68	342.02	350.57	359.34	368.32	375.69	381.32	383.23	383.23	388.98
Occupancy Rate			48%	55%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
RevPAR	\$		129.60	163.35	206.56	216.89	222.31	227.87	233.57	239.41	244.20	247.86	249.10	249.10	252.83
Revenue Growth Rate			10%	7%	5%	2.5%	2.5%	2.5%	2.5%	2.0%	1.5%	0.5%	0.0%	1.5%	2.5%
Dep.+ Op. Expense Growth Rate			2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

	<i>of</i>	<i>of</i>														
	<i>revenue</i>	<i>subtotal</i>														
REVENUES																
Hotel Room Rental Revenues	50.9%	\$	2,365,200	2,981,138	3,769,784	3,958,273	4,057,230	4,158,661	4,262,627	4,369,193	4,456,577	4,523,425	4,546,042	4,546,042	4,614,233	
F&B	10.2%	\$	473,040	596,228	753,957	791,655	811,446	831,732	852,525	873,839	891,315	904,685	909,208	909,208	922,847	
Facilities Rentals	1.3%	\$	59,130	74,528	94,245	98,957	101,431	103,967	106,566	109,230	111,414	113,086	113,651	113,651	115,356	
Car Parking	24.2%	\$	1,126,286	1,419,589	1,795,135	1,884,892	1,932,014	1,980,315	2,029,822	2,080,568	2,122,179	2,154,012	2,164,782	2,164,782	2,197,254	
Boat Storage	12.9%	\$	600,000	660,000	706,200	741,510	760,048	779,049	798,525	818,488	834,858	847,381	851,618	851,618	864,392	
Other Miscellaneous	0.5%	\$	23,652	29,811	37,698	39,583	40,572	41,587	42,626	43,692	44,566	45,234	45,460	45,460	46,142	
Total Revenue	100.0%	\$	4,647,308	5,761,294	7,157,018	7,514,869	7,702,741	7,895,309	8,092,692	8,295,009	8,460,910	8,587,823	8,630,762	8,630,762	8,760,224	
DEPARTMENTAL EXPENSES																
Room Rentals	20%	74.9%	\$	473,040	482,501	492,151	501,994	512,034	522,274	532,720	543,374	554,242	565,327	576,633	588,166	599,929
F&B	25%	18.7%	\$	118,260	120,625	123,038	125,498	128,008	130,569	133,180	135,844	138,560	141,332	144,158	147,041	149,982
Facilities Rentals	10%	0.9%	\$	5,913	6,031	6,152	6,275	6,400	6,528	6,659	6,792	6,928	7,067	7,208	7,352	7,499
Car Parking	2%	3.6%	\$	22,526	22,976	23,436	23,904	24,383	24,870	25,368	25,875	26,392	26,920	27,459	28,008	28,568
Boat Storage	2%	1.9%	\$	12,000	12,240	12,485	12,734	12,989	13,249	13,514	13,784	14,060	14,341	14,628	14,920	15,219
Other Miscellaneous	1%	0.0%	\$	237	241	246	251	256	261	266	272	277	283	288	294	300
Total Departmental Expenses	100%	\$	631,975	644,615	657,507	670,657	684,070	697,752	711,707	725,941	740,460	755,269	770,374	785,782	801,497	
EFFECTIVE GROSS INCOME	86%	\$	4,015,332	5,116,679	6,499,511	6,844,212	7,018,671	7,197,558	7,380,985	7,569,069	7,720,450	7,832,554	7,860,388	7,844,981	7,958,726	
OPERATIONAL EXPENSES																
Administrative & General	10%	47.6%	\$	464,731	474,025	483,506	493,176	503,040	513,100	523,362	533,830	544,506	555,396	566,504	577,834	589,391
Sales & Marketing	5%	23.8%	\$	232,365	237,013	241,753	246,588	251,520	256,550	261,681	266,915	272,253	277,698	283,252	288,917	294,695
Maintenance & Repairs	3%	14.3%	\$	139,419	142,208	145,052	147,953	150,912	153,930	157,009	160,149	163,352	166,619	169,951	173,350	176,817
Utilities	2%	9.5%	\$	92,946	94,805	96,701	98,635	100,608	102,620	104,672	106,766	108,901	111,079	113,301	115,567	117,878
IT & Tech	1%	4.8%	\$	46,473	47,403	48,351	49,318	50,304	51,310	52,336	53,383	54,451	55,540	56,650	57,783	58,939
Total Operational Expenses	100.0%	\$	975,935	995,453	1,015,362	1,035,670	1,056,383	1,077,511	1,099,061	1,121,042	1,143,463	1,166,332	1,189,659	1,213,452	1,237,721	
FIXED EXPENSES																
Management Fees	3%	42.9%	\$	139,419	172,839	214,711	225,446	231,082	236,859	242,781	248,850	253,827	257,635	258,923	258,923	262,807
Property Tax	3%	42.9%	\$	139,419	172,839	214,711	225,446	231,082	236,859	242,781	248,850	253,827	257,635	258,923	258,923	262,807
Insurance	1%	14.3%	\$	46,473	57,613	71,570	75,149	77,027	78,953	80,927	82,950	84,609	85,878	86,308	86,308	87,602
Total Fixed Expenses	100.0%	\$	325,312	403,291	500,991	526,041	539,192	552,672	566,488	580,651	592,264	601,148	604,153	604,153	613,216	
NET OPERATING INCOME		\$	2,714,086	3,717,935	4,983,158	5,282,502	5,423,096	5,567,375	5,715,436	5,867,376	5,984,723	6,065,075	6,066,576	6,027,375	6,107,790	
Capital Reserves	2%	\$	54,282	74,359	99,663	105,650	108,462	111,348	114,309	117,348	119,694	121,301	121,332	120,548	122,156	
NET CASH FLOW WITH RESERVES		\$	2,659,805	3,643,577	4,883,494	5,176,852	5,314,634	5,456,028	5,601,127	5,750,028	5,865,029	5,943,773	5,945,244	5,906,828	5,985,634	

DCF - Sale Upon Stabilization

Period Assumption			Exit Strategy	
	Year #	Year		
Pre-Development Period	1st	2020	Exit at the end of Year	5
Development/Construction Period	2nd-3rd	2021-2022	Exit Cap Rate	11.0%
Pre-Stabilization Period	4th-5th	2023-2024	Sales Cost	1.0%
Stabilized Period	6th-	2025-	Discount Rate	12.0%

NOTE: exit cap being very conservative in the area due to the seasonality of hospitality in Long Island and economic situation in Long Island

Pro Forma	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Pre-Dev	Construction	Construction	Pre-Stabilized	Pre-Stabilized	Stabilized										
Total Revenue				\$ 4,647,308	\$ 5,761,294	\$ 7,157,018	\$ 7,514,869	\$ 7,702,741	\$ 7,895,309	\$ 8,092,692	\$ 8,295,009	\$ 8,460,910	\$ 8,587,823	\$ 8,630,762	\$ 8,630,762	\$ 8,760,224
Total Departmental Expenses				\$ 631,975	\$ 644,615	\$ 657,507	\$ 670,657	\$ 684,070	\$ 697,752	\$ 711,707	\$ 725,941	\$ 740,460	\$ 755,269	\$ 770,374	\$ 785,782	\$ 801,497
EFFECTIVE GROSS INCOME				\$ 4,015,332	\$ 5,116,679	\$ 6,499,511	\$ 6,844,212	\$ 7,018,671	\$ 7,197,558	\$ 7,380,985	\$ 7,569,069	\$ 7,720,450	\$ 7,832,554	\$ 7,860,388	\$ 7,844,981	\$ 7,958,726
Total Operational Expenses				\$ 975,935	\$ 995,453	\$ 1,015,362	\$ 1,035,670	\$ 1,056,383	\$ 1,077,511	\$ 1,099,061	\$ 1,121,042	\$ 1,143,463	\$ 1,166,332	\$ 1,189,659	\$ 1,213,452	\$ 1,237,721
Total Fixed Expenses				\$ 325,312	\$ 403,291	\$ 500,991	\$ 526,041	\$ 539,192	\$ 552,672	\$ 566,488	\$ 580,651	\$ 592,264	\$ 601,148	\$ 604,153	\$ 604,153	\$ 613,216
NET OPERATING INCOME				\$ 2,714,086	\$ 3,717,935	\$ 4,983,158	\$ 5,282,502	\$ 5,423,096	\$ 5,567,375	\$ 5,715,436	\$ 5,867,376	\$ 5,984,723	\$ 6,065,075	\$ 6,066,576	\$ 6,027,375	\$ 6,107,790
Capital Reserves				\$ 54,282	\$ 74,359	\$ 99,663	\$ 105,650	\$ 108,462	\$ 111,348	\$ 114,309	\$ 117,348	\$ 119,694	\$ 121,301	\$ 121,332	\$ 120,548	\$ 122,156
NET CASH FLOW WITH RESERVES				\$ 2,659,805	\$ 3,643,577	\$ 4,883,494	\$ 5,176,852	\$ 5,314,634	\$ 5,456,028	\$ 5,601,127	\$ 5,750,028	\$ 5,865,029	\$ 5,943,773	\$ 5,945,244	\$ 5,906,828	\$ 5,985,634

Acquisition Cost	\$ (10,881,288)
Development - Hard Cost	\$ -
Development - Soft Cost	\$ (2,234,725)

Sales Price	\$ -	\$ -	\$ -	\$ -	\$ 45,301,432	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Costs	\$ -	\$ -	\$ -	\$ -	\$ (453,014)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SALES PROCEEDS	\$ -	\$ -	\$ -	\$ -	\$ 44,848,418	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Unlevered BTCF	\$ (13,116,013)	\$ (15,556,482)	\$ (8,881,171)	\$ 2,659,805	\$ 48,491,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		-119%	-68%	20%	370%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Unleveraged

IRR	10.5%
EM	1.36

NOTE: conservative IRR due to high exit cap

Profit	\$ 13,598,134
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Note: No Permanent Loan here

Loan Draw	\$ 5,980,816	\$ 15,556,482	\$ 8,881,171	\$ -	\$ -
NOI Available to Cover Operating Interest				\$ (2,714,086)	\$ (2,752,320)
Loan Balance Repayment				\$ (34,403,999)	

Levered BTCF	\$ (7,135,196)	\$ -	\$ -	\$ (54,282)	\$ 11,335,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		0%	0%	-1%	159%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Leveraged

Note: This negative amount = year 4 cap reserve (Net CF- NOI). Since all NOI goes to Construction Loan Interest Payment

IRR	12.1%
EM	1.58

Profit	\$ 4,146,198
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ShengYi would like to thank everyone at Columbia GSAPP's MSRED Program, from professors and directors to fellow students of Class of 2020, for their kind support and encouragement through out the academic year.

Thank you!

All Photo Credits and Research References can be found in the previous Memorandum I.