Town of Brookhaven

Industrial Development Agency

Meeting Agenda

<u>Wednesday, July 15, 2026 at 12:05 PM</u>

1. Roll Call

2. Minutes

    a. May 27, 2026
    b. June 16, 2026
    c. June 17, 2026

3. CFO's Report

    a. Budget vs. Actual Report – June 30, 2026

4. Applications

    a. Watch Hill Hotel Group, LLC (Patchogue Hotel)
    b. 10 Donald's Way, LLC – Gamus, LLC – Subtenant
    c. Ronk Hub Phase 2A – FW One, LLC – Subtenant

5. Resolutions

    10 Donald's Way, LLC – Gamus, LLC – Subtenant
    Ronk Hub Phase 2A – FW One, LLC - Subtenant

6. CEO'S Report

    a. Rail Realty, LLC
    b. C and K Development, LLC / Cordwood Estates Request
    c. Holtsville Energy Storage, LLC Request

7. Executive Session

The next IDA meeting is scheduled for Wednesday, August 19, 2026.

Town of Brookhaven

Industrial Development Agency

Meeting Minutes

May 27, 2026

Members Present:	Frederick C. Braun Martin Callahan Mitchell H. Pally Ann-Marie Scheidt Frank C. Trotta John Rose Vincent "Jimmy" Bonacasa
Also Present:	Lisa M. G. Mulligan, Chief Executive Officer Lori J. LaPonte, Chief Financial Officer Amy Illardo, Director of Marketing Jocelyn Linse, Executive Assistant Annette Eaderesto, IDA Counsel Barry Carrigan, Nixon Peabody, LLP Howard Gross, Weinberg, Gross & Pergament, LLP (via Zoom) Andrew Komaromi, Harris Beach Murtha, PLLC Timothy Shea, Certilman Balin Adler & Hyman, LLP Peter Curry, Farrell Fritz, P.C. Laura Fallick, Farrell Fritz, P.C. Celia Young, Newsday Amanda Rozalli, L+M Fund Management II, LLC Andrew Presberg, Presberg Law

Chairman Braun opened the Industrial Development Agency meeting at 12:07 P.M. on Wednesday, May 27, 2026, in the Agency's Office on the Second Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

Meeting Minutes of March 25, 2026 & April 15, 2026

The motion to approve these Minutes as presented was made by Mr. Rose and seconded by Mr. Callahan. All voted in favor.

CFO's Report

Ms. LaPonte informed the Board that Flushing Bank will be merging with OceanFirst Bank, N.A. as of June 1, 2026. Monthly activity included closing on an assignment and assumption of the AE-Town Hall Solar 2 project to CVI Renewable Holdings I, LLC and a sales tax extension for Middle Country Meadows, LLC.

All payroll taxes and related withholdings have been paid timely in accordance with Federal and State guidelines. All regulatory reports have been filed in a timely fashion. All PILOT payments have been made in accordance with State guidelines within thirty days.

The motion to approve the CFO's Report was made by Mr. Callahan, seconded by Mr. Trotta, and unanimously approved.

Ronk Hub Phase 2A Subtenant – Bloom Ronkonkoma, Inc. – Application & Resolution

Bloom Ronkonkoma, Inc. is seeking to sublease a portion of the Ronk Hub Phase 2A facility to open a beauty bar and flower shop.

The motion to accept the application and approve the resolution was made by Mr. Trotta and seconded by Ms. Scheidt. All voted in favor.

Ronk Hub Phase 2A Subtenant – Island Greens Ronkonkoma, LLC – Application & Resolution

Island Greens Ronkonkoma, LLC is seeking to sublease a portion of the Ronk Hub Phase 2A facility to open a golf simulator.

The motion to accept the application and approve the resolution was made by Ms. Scheidt, seconded by Mr. Callahan, and unanimously approved.

Amneal Pharmaceuticals of New York, LLC 50 Horseblock – Resolution

A public hearing was held yesterday with no comment. All supporting documents were included in the meeting packets for this project that is converting 77,000 square feet of warehouse space to manufacturing, which will result in seventy new jobs.

The motion to approve this resolution was made by Mr. Rose and seconded by Ms. Scheidt. All voted in favor.

Amneal Pharmaceuticals, LLC 19 Nicholas – Resolution

A public hearing was held yesterday with no comment received. Amneal Pharmaceuticals, LLC rents part of this facility and requested an extension of their PILOT Agreement. This project supports the expansion of the 50 Horseblock facility.

The motion to approve the resolution was made by Mr. Pally, seconded by Mr. Trotta, and unanimously approved.

CEO's Report

KCE NY 31, LLC Request

This project has requested an extension of their final authorizing resolution acceptance until the end of this year.

The motion to approve this request was made by Mr. Pally and seconded by Ms. Scheidt. All voted in favor.

LIBDC June Dinner

The Agency sponsored LIBDC dinner will be on June 10, 2026 at Lombardi's on the Bay.

Bond Allocation

The Agency's bond allocation from Empire State Development for 2026 is now $11,162,000.

WF Industrial XII, LLC

This project submitted a letter explaining why they did not meet their job creation numbers. The Board voted to send a default letter and recapture benefits last month. It was the consensus of the Board to move forward with terminating this project.

WF Industrial XIII, LLC

This project has Pickleball Heaven as a subtenant that is providing 49% of their promised job creation numbers. They have sent a letter explaining that they are seeking additional subtenants. It has come to the Agency's attention that Pickleball Heaven has been having house parties with alcohol and smoke machines in violation of Town Code. The Town has sent notice to WF Industrial XIII, LLC. The job creation issue will be revisited; code violations will be reviewed at the June meeting.

Data Centers

Due to the lack of jobs created and the potential impacts to the environment and energy concerns, it is the consensus of the Board to not support data centers.

Housing

There have been three housing studies completed and two letters have been received that disagree with the studies. A robust discussion continued on market rate housing. This matter will be revisited.

L+M Fund Management II, LLC / Lake Ronkonkoma HF, LLC – Application

This existing Section 8 housing development in Ronkonkoma is the largest on Long Island. L+M Fund Management II, LLC is acquiring the 336-unit fully affordable over age 62 Brookwood on the Lake for $145 million. Renovations and upgrades to kitchens and bathrooms for all units are planned. The Housing and Urban Development (HUD) contract will be expiring in approximately a year; they have requested a thirty-year PILOT to keep the complex over 62, Section 8 and prevent the complex from going to market rent units.

There are fifteen two-story buildings with a purchase price of $129 million plus $14 million for renovations funded by private equity investments. At the end of the twenty-year HUD contract the project commits to extending the contract for another term. They have requested a 50% reduction in the current taxes and then a PILOT increasing 3% each year.

The motion to accept the application and schedule a public hearing was made by Mr. Pally, seconded by Ms. Scheidt and approved with Mr. Rose voting no.

Sosunrise, LLC – Resolution

A public hearing was held yesterday with no comment received for this 64-unit over 55 housing development. The applicant has requested a 17-year PILOT with units to set aside at 80% of the area median income.

Mr. Braun made a motion to approve the resolution. The motion was seconded by Mr. Pally and all voted in favor.

The motion to close the IDA meeting at 1:53 P.M. was made by Mr. Callahan, seconded by Ms. Scheidt, and unanimously approved.

The next IDA meeting is scheduled for Wednesday, June 17, 2026.

Town of Brookhaven

Industrial Development Agency

Meeting Minutes

June 16, 2026

Members Present: Frederick C. Braun
Martin Callahan
Mitchell H. Pally
Ann-Marie Scheidt
Frank C. Trotta
John Rose
Vincent “Jimmy” Bonacasa

Also Present: Lisa M. G. Mulligan, Chief Executive Officer
Lori J. LaPonte, Chief Financial Officer
Amy Illardo, Director of Marketing
Jocelyn Linse, Executive Assistant

Chairman Braun opened the Industrial Development Agency meeting at 9:00 A.M. on Tuesday, June 16, 2026, in the Agency’s Office on the Second Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

At 9:01 A.M., Mr. Trotta made a motion to enter executive session to discuss Fredette Building & Farmland LLC vs. Sun River Town Homes LLC, d/b/a Heatherwood Communities, d/b/a Heritage Pine Hills Country Club, Walker & Dunlop LLC, Town of Brookhaven Industrial Development Agency, the County of Suffolk, John Doe 1-300 and Jane Doe 1-300, representing all occupants and beneficiaries of the access, roadway, fencing, signage, and utilities over Lot 37. The motion was seconded by Ms. Scheidt and unanimously approved.

At 11:16 A.M., Mr. Callahan made a motion to exit executive session. The motion was seconded by Ms. Scheidt and all voted in favor. No action was taken in executive session.

At 11:16 A.M., Ms. Scheidt made a motion to close the IDA meeting. The motion was seconded by Mr. Trotta and unanimously approved.

The next IDA meeting is scheduled for June 17, 2026.

Town of Brookhaven

Industrial Development Agency

Meeting Minutes

June 17, 2026

Members Present:	Frederick C. Braun, III Martin Callahan Mitchell H. Pally Ann-Marie Scheidt John Rose
Excused Members:	Frank C. Trotta Vincent "Jimmy" Bonacasa
Also Present:	Lisa M. G. Mulligan, Chief Executive Officer Lori LaPonte, Chief Financial Officer Amy Illardo, Director of Marketing Jocelyn Linse, Executive Assistant Annette Eaderesto, IDA Counsel Barry Carrigan, Nixon Peabody, LLP Howard Gross, Weinberg, Gross & Pergament, LLP (via Zoom) Andrew Komaromi, Harris Beach Murtha, PLLC Dan Baker, Greenberg Traurig Michael Bowden, WF Industrial XII, LLC Wes Gordon, WF Industrial XII, LLC Michael Wess, Farrell Fritz, P.C. Celia Young, Newsday

Chairman Braun opened the Industrial Development Agency meeting at 12:06 P.M. on Wednesday, June 17, 2026, in the Agency's Office on the Second Floor of Brookhaven Town Hall, One Independence Hill, Farmingville, New York. A quorum was present.

CEO's Report

WF Industrial XII, LLC

Two letters were received this morning that were shared with the Board. Mr. Baker detailed efforts made by this project to identify subtenants for this facility; they are now considering turning the facility into a data center. The Agency has previously decided not to support data centers and the Town and State are considering moratoriums on them. Mr. Bowden elaborated further on efforts to get the facility functioning. Studies on data centers will be conducted by the project, as well as the Town. WF Industrial XII, LLC requested that the Agency not move forward with terminating their project.

The project is proposing all three buildings would be data centers and create fifty full-time equivalent employees as well as construction jobs. The equipment would need to be retrofitted every three to five years; the project would not seek additional benefits from the Agency for this.

L+M Fund Management II, LLC / Lake Ronkonkoma HF, LLC – Resolution

A public hearing was held with no comment received. All documents were included in the meeting packets. The twenty-year PILOT would run concurrently with the Housing and Urban Development contract; if the contract is extended the PILOT would extend for an additional ten years. The cost to acquire this development is approximately $129 million and renovations are anticipated to cost approximately $14 million.

The motion to approve this resolution was made by Mr. Pally and seconded by Mr. Braun. All voted in favor.

CEO's Report (revisited)

Job Creation Numbers

Letters were sent to projects that did not meet their promised job growth. Bellport Residences, LLC, September Morning, LLC, and Nassau Provisions Kosher Foods all submitted reasonable explanations that were accepted by the Board. WHTB Glass, LLC continues not to meet their promised job creation; this project will be invited to the January or February meeting. Four L Realty miscalculated their job creation in their application; the possibility of prorating their benefits was discussed. Ms. Mulligan and Mr. Gross will review this. WF Industrial XIII, LLC will be revisited at the end of the year; the Town violations from events being held at Pickleball Heaven have been sorted out.

<u>WF Industrial XII, LLC</u>

The Board agreed to review the pending studies before making a decision.

The motion to close the IDA meeting at 1:08 P.M. was made by Mr. Pally and seconded by Ms. Scheidt. All voted in favor.

The next IDA meeting is scheduled for Wednesday, July 15, 2026.

MARKET STUDY WITH FINANCIAL PROJECTIONS

Proposed Tapestry Collection Hotel by Hilton Patchogue

138 West Avenue
Patchogue, Suffolk County, NY 11772

Prepared For:

West Ave Partners, LLC and The Watch Hill Hotel Group LLC

Mr. Yair Yaish
West Ave Partners, LLC and The Watch Hill Hotel Group LLC
yairyaish2023@gmail.com

LWHA® Job No.: 26-NY-138

LWHA®
LW HOSPITALITY ADVISORS
200 West 41st Street, Suite 602
New York, NY 10036
(212) 300-6684
www.lwhospitalityadvisors.com

June 18, 2026

Mr. Yair Yaish
West Ave Partners, LLC and The Watch Hill Hotel Group LLC
yairyaish2023@gmail.com

Re: Market Study with Financial Projections of the Proposed Tapestry Collection Hotel by Hilton Patchogue
138 West Avenue
Patchogue, Suffolk County, NY 11772

LWHA® Job No.: 26-NY-138

Dear Mr. Yaish,

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our market study with financial projections of the above-captioned property in the summary report dated June 18, 2026.

On June 1st, 2023, AVGI engaged LW Hospitality Advisors® (LWHA®) to conduct a market study for a proposed hotel at the site of the permanently closed Bowl Long Island LLC at 138 West Avenue, Patchogue, NY 11772. On June 6th, 2023, LWHA® conducted a campus visit and met with representatives of AVGI and other key stakeholders (the Mayor of Patchogue, Hilton representative, and other town officials) to study the physical area and potential for demolishing the existing 29,500 square foot bowling facility and developing a franchised hotel in its place. AVGI was currently under contract to purchase the property for $4,000,000 and engaged LWHA® as part of its due diligence. Preliminary architectural options for the site were shared with LWHA during due diligence. While dated renderings featured multi-family or retail options, these were not considered in our analysis, per discussions with AVGI. The analysis reviewed two branded hotel scenarios/service-levels for internal decision making purposes.

On February 24, 2026, after closing on the subject site, AVGI re-engaged LW Hospitality Advisors® (LWHA®) to update the market study for internal decision making purposes and industrial development authority review for the aforementioned property to reflect an updated architectural layout, while noting the multi-family component would now operate as Tapestry-branded one-bedroom and two-bedroom suites, that two additional rooftop suites would be added, and that a franchise agreement for the Tapestry by Hilton brand was underway, reflecting similar terms to the previously planned Tempo brand with which the project was initiated. The retail and one-bedroom/two-bedroom/rooftop suite portions of the property were added to the scope for the purpose of this engagement. A second site visit was conducted on March 17, 2026. On April 22, 2026, AVGI notified LW Hospitality Advisors® on the transfer of AVGI's equity stake in the project to Yair Yaish, and an updated engagement for the same assignment was signed reflecting West Ave Partners, LLC and The Watch Hill Hotel Group LLC as client and intended users. This report reflects the most current assignment to the most current client and intended user.

The subject site consists of a vacant 2.19-acre site located along West Avenue and Division Street in Patchogue, New York. The site offers views of the Patchogue River, and it is immediately adjacent to the Fire Island Ferry, a major mode of transportation to the Watch Hill area and Fire Island National Seashore. Additionally, the site is one-walking-block to the Patchogue Long Island Railroad Station (LIRR) which has eastbound service to Montauk and westbound service to Penn Station in New York City.

Upon completion of construction on April 1, 2028, the site is anticipated to be improved with a five-story, 122-room full-service Tapestry by Hilton hotel that is anticipated to feature amenities and facilities that include the hotel-operated Lobby Bar, fitness center, printing/business center, behind-the-desk registration area sundry shop, hotel-operated rooftop spa and outdoor wading pool & whirlpool, 8,160 square foot leased rooftop restaurant and bar, and 7,443 square feet of meeting space across three rooms from the ground through fourth stories plus an additional 1,184 square feet of outdoor meeting space assumed to be usable for half of the year. The parking offered is expected to include a total of 119 surface onsite parking spaces. Additionally, the property will feature two grade-level retail spaces (1,630 square feet and 1,378 square feet respectively) with exterior access along Division Street. The property is anticipated to be owned by either West Ave Partners, LLC or The Watch Hill Hotel Group LLC and operated by a professional third-party hotel manager. Of note, we anticipate the project is likely to attract a significant number of visitors from outside Long Island.

This report is for the use and benefit of West Ave Partners, LLC and The Watch Hill Hotel Group LLC. The intended use of this report is for internal decision making purposes. The Client agrees that there are no other Intended Users or Intended Use of our work.

This analysis assumes that the hotel will remain open and operational throughout the projection period. The analysis contained in this report is based upon assumptions and estimates that are subject to uncertainty and variation. These estimates are often based on data obtained in interviews with third parties, and such data are not always completely reliable. In addition, we make assumptions as to the future behavior of consumers and the general economy, which are highly uncertain. However, it is inevitable that some assumptions will not materialize, and unanticipated events may occur that will cause actual operating results to differ from the financial analyses contained in this report and these differences may be material. Therefore, while our analysis was conscientiously prepared based on our experience and the data available, we make no warranty that the conclusions presented will, in fact, be achieved. Additionally, we have not been engaged to evaluate the effectiveness of management, and we are not responsible for future marketing efforts and other management actions upon which actual results may depend.

We did not ascertain the legal, engineering, and regulatory requirements applicable to the property, including zoning and other state and local government regulations, permits and licenses. No effort has been made to determine the possible impact on the property of present or future federal, state or local legislation, including any environmental or ecological matters or interpretations thereof. With respect to the market demand analysis, our work did not include analysis of the potential impact of any significant rise or decline in local or general economic conditions.

We believe, based on the assumptions employed in our cash flow, as well as our selection of investment parameters for the subject, that the value conclusion represents a market price achievable within 6 to 12 months exposure prior to the date of value.

We take no responsibility for any events, conditions, or circumstances affecting the market or property that exists subsequent to the last day of our fieldwork, March 17, 2026.

This analysis considers current information that would be available to market participants upon a hypothetical sale of the subject property. We acknowledge that financial markets are extremely fluid and are changing rapidly in response to various geopolitical situations. While we recognize this present uncertainty and instability, the specific outcomes of these events are very difficult to forecast and have not been explicitly considered; however, we do not foresee any substantial long-term macro impact on lodging real estate.

The opinions in this report are qualified by certain assumptions, limiting conditions, certifications, and definitions.

Assumptions

These assumptions, if found to be false could alter the resulting opinions or conclusions.

This study assumes that the subject property will operate as a Tapestry by Hilton hotel featuring 122 keys upon completion of construction as of April 1, 2028. This study assumes that the information provided during the study/review process is accurate and correct. Based on the information provided by the developer, this study assumes the development plans, floor plans, and specifications of the proposed hotel have been approved by local officials and will be realized. In addition, we have assumed that the hotel and all of its components will be built to the design standards and level of fit and finish conveyed to us. Furthermore, if the hotel is not adequately marketed during its pre-opening or if the scope of the development is altered in any way that is contrary to what we have assumed, we reserve the right to amend the projections herein.

This study assumes that the subject property will operate as a Tapestry by Hilton hotel or as a similarly affiliated asset throughout the projection period.

This study assumes that the subject property could be sold unencumbered of a management agreement. For the purposes of this analysis, we have utilized a market-based management fee of 3.00% of total revenue.

Although the subject will be newly built, we assume it will need renovations throughout its life cycle. We have utilized 4.0% of total revenue for reserves for replacement based on the ratio of reserves typical in-industry. However, given the property will be newly constructed, we allowed for a ramp up in reserves of 2.0% of total revenue in year one and 3.0% of total revenue in year two.

This study assumes that the leased retail operation will operate throughout the projection period at market rates outlined later in this report.

This study assumes that the leased food & beverage rooftop operation will operate throughout the projection period at market rates outlined later in this report.

The site on which the proposed property is projected to be built would be owned fee-simple by West Ave Partners, LLC and The Watch Hill Hotel Group LLC and would be held free-and-clear of deed restrictions, zoning ordinances, and other covenants which might prevent construction according to the provided plans.

We have been informed that the property may become subject to a Payment in Lieu of Taxes agreement through the local Industrial Development Authority, however a schedule for such agreement has not been proposed. Per discussions with the client, the real property tax abatement would reduce liability at the county/town level, though not at the village level. Given the schedule for abatement has not been furnished, this study includes projections for full taxes.

If any of the aforementioned assumptions prove untrue, it may have an impact on our concluded opinion(s) of value. We reserve the right to amend our conclusions herein upon receipt of any additional information.

*   *   *

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

LW Hospitality Advisors®

Table of Contents

Photographs/Renderings/Elevations of the Subject Property

Northeast Corner of Lot as Viewed from Northeast Corner of Division Street/West Avenue

View West along Division Street, Frontage

View South along West Avenue, Frontage and Adjacent Use (Mixed Use, Retail)

Subject Site, Adjacent Use Southwest (Ferry Terminal)

Subject Site, Adjacent Use North (Storage, Industrial)

View North along West Avenue, Adjacent Use Northeast (LIRR)

View East along Division Street, Adjacent Uses (LIRR and Multifamily)


TEMPO
by Hilton

South Elevation
3/32" = 1'-0"
1
A-301

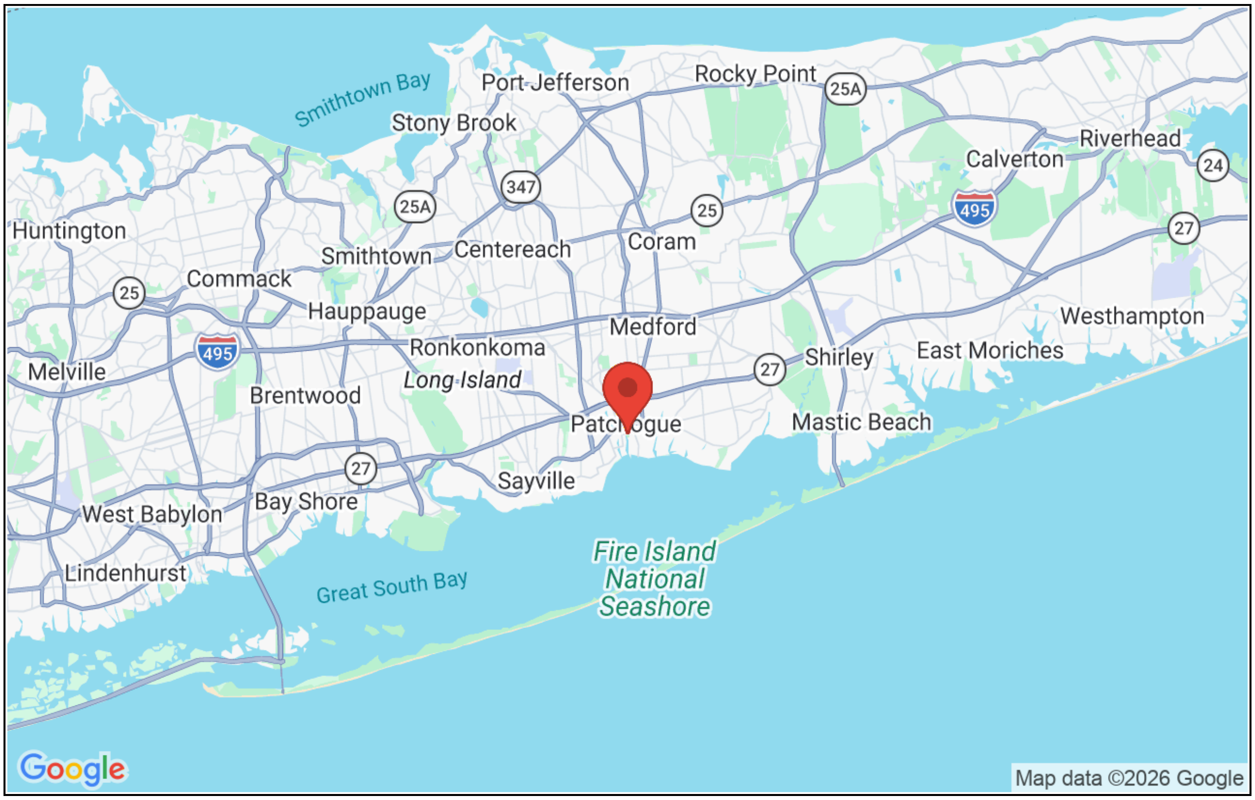
West Elevation
3/32" = 1'-0"
2
A-301

East Elevation
3/32" = 1'-0"
1
A-300

North Elevation
3/32" = 1'-0"
2
A-300


TEMPO
TEMPO

Location Maps



Executive Summary

General Information	
Property Name	Proposed Tapestry Collection Hotel by Hilton Patchogue
Address	138 West Avenue
City	Patchogue
County	Suffolk County
State	New York
Zip Code	11772
Property Type	Full-Service Upper Upscale Hotel
Legal Identification	13-9-1.1
Inspected By	Michael Cline, MAI (in-person inspection; March 17, 2026)
Site & Improvements	
Subject Site Area	2.19 Acres; 95,565 Sq. Ft.
Zoning District	Industrial (E)
Flood Plain	Zone AE, FEMA Flood Panel No. 36103C0694H, September 25, 2009
Anticipated Opening Date	April 1, 2028
Number of Hotel Keys	122
Number of Buildings	1
Gross Building Area (GBA)	116,905± Square Feet
Corridor Type	Interior
Anticipated Property Condition	Excellent
Meeting Space	7,443 Sq. Ft.
Food & Beverage Outlet(s)	One operated outlet, and one leased food & beverage outlet
Parking Spaces	119 Spaces
Retail Spaces	Two retail spaces; 3,008± square feet combined
Franchise and Management Agreements	
Franchisor	Hilton Franchise Holding LLC
Expiration Date (Fully Extended)	25 Years from Opening Date
Management Company	Assumed Third-Party Professionally Managed
Management Encumbrance	No

Operating Statistics		
	Occupancy	**ADR**
Projected Completed Year (Year 1)	61.00%	$261.15
Projected Stabilized Year (Year 3)	69.00%	$291.63
	Net Operating Income	
Year One - Adjusted	$2,276,204	
Stabilized Year	$3,616,783	
Stabilized Year Deflated to Year One	*$3,409,165*	

Note, the implied cap rates are derived from the discounted cash flow conclusions

Salient Facts

Intended User	West Ave Partners, LLC and The Watch Hill Hotel Group LLC
Intended Use	The intended use of this report is for internal decision making purposes.
Scope of Work	In preparing this market study with financial projections, LWHA®:

- discussed with representatives of the Client its plans if any for the Subject Hotel including the operating strategy and any planned improvements, etc.;

- completed a site visit of the subject property in order to better understand the location and surrounding neighborhood;

- analyzed key documents relative to the Subject Hotel's anticipated performance including, but not limited to, Smith Travel Research reports, comparable operating statements, and marketing plans;

- assembled and analyzed key economic and demographic data pertaining to the immediate market area and the regional market area to estimate the future growth potential of lodging demand;

- interviewed representatives of local and state economic agencies and other related organizations such as the Convention and Visitors Bureau, Chamber of Commerce and Economic Development Agency to determine patterns of growth, stability or decline in the proposed Hotel's market area. These interviews addressed major economic development projects in the market that may impact lodging demand including office, retail, residential, recreational, transportation, and other facilities;

- identified and interviewed potential demand generators pertaining to the local hotel market, in an effort to understand their needs and desires concerning the hotel market; specifically what types of hotel products are currently being used and what are the strengths and weaknesses of those products;

- assessed the subject's surrounding market to identify major known external factors that may positively or negatively affect the future lodging demand for the Subject Hotel;

- researched select existing competitive hotels to evaluate the present quality level, mix and scope of facilities, and physical condition. Interviewed representatives of key competitive hotels regarding market trends and their individual hotel operations, including demand segmentation, historical performance, market positioning and any proposed improvements and/or renovations;

- investigated, to the extent such information is available, any planned competitive hotel additions or expansions in the immediate and surrounding areas to determine each development's progress, anticipated size, type, class, chain affiliation, facilities and timing, plus an assessment of each project's likelihood of completion;

- analyzed the historical and current lodging demand for the competitive set and estimated future changes in market demand based on factors studied in the market analysis;

- analyzed the planned subject hotel brand, overall quality level, guest room inventory, optimal guest room size and layout, amount of meeting space, mix of ancillary amenities/facilities (food, beverage, recreational, in-room technology);

- prepared occupancy estimates for the competitive lodging market through stabilization;

- based upon the subject facilities, estimated occupancy and average daily rate for the initial five full years of operation. The average daily rate beyond the stabilized year was increased at the estimated rate of inflation for the balance of the five-year period;

- developed detailed annual revenue and expense estimates corresponding to the volume of business and scope and quality of operations indicated by the estimates of future occupancy and average daily rate using operating data from comparable lodging facilities, and industry statistics;

- prepared a financial analysis for the Hotel for the initial five full years of operation. All revenues and expenses beyond the stabilized operating year were increased at the rate of inflation for the balance of the five-year period. Schedules are presented in inflated dollars and will conform to the Uniform System of Accounts for Hotels;

- prepared a written Summary Hotel Market Study report that summarizes our fieldwork, analysis and conclusions of Occupancy, Average Rate, and Financial Projections.

Current Ownership	West Ave Partners, LLC
Acquisition History	As far as we are aware, there have been no sales of the subject property within the past three years other than acquisition by West Ave Partners LLC (recorded October 18, 2024 Liber #D00013268).
Date of Inspection	March 17, 2026
Inspection Performed By:	Michael Cline, MAI

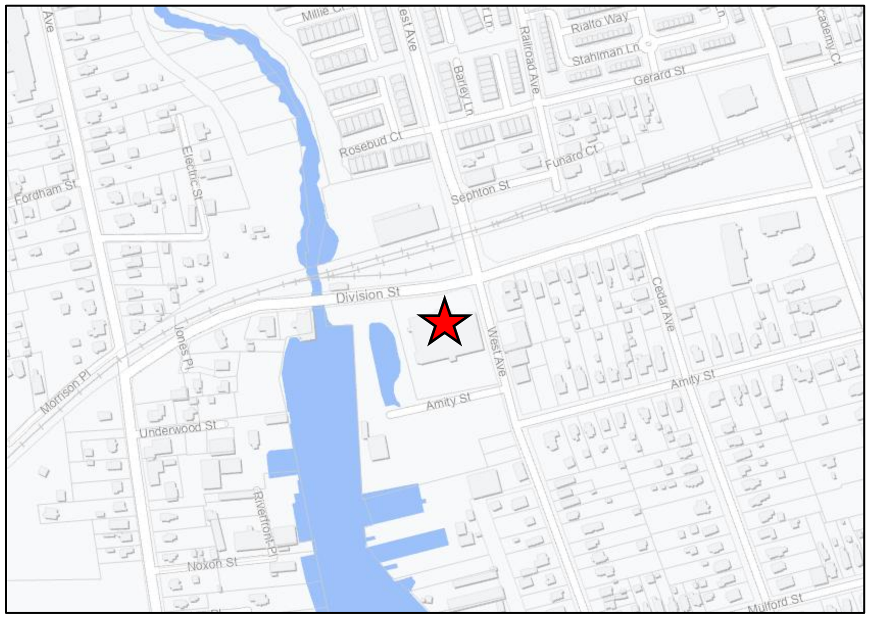
Anticipated Date of Completion	April 1, 2028
Operational Assumptions	For the purposes of this report, this analysis assumes that the subject property will be operated by competent and experienced management familiar with the operation of hotels in the United States, and more specifically, the greater Patchogue, New York market. As previously noted, we have assumed that the hotel could be sold unencumbered of a management agreement. For the purposes of this analysis, this report assumes that a competent third-party management company would operate the property for the duration of the projection period as a Tapestry Collection by Hilton or similar hotel.

Site Description

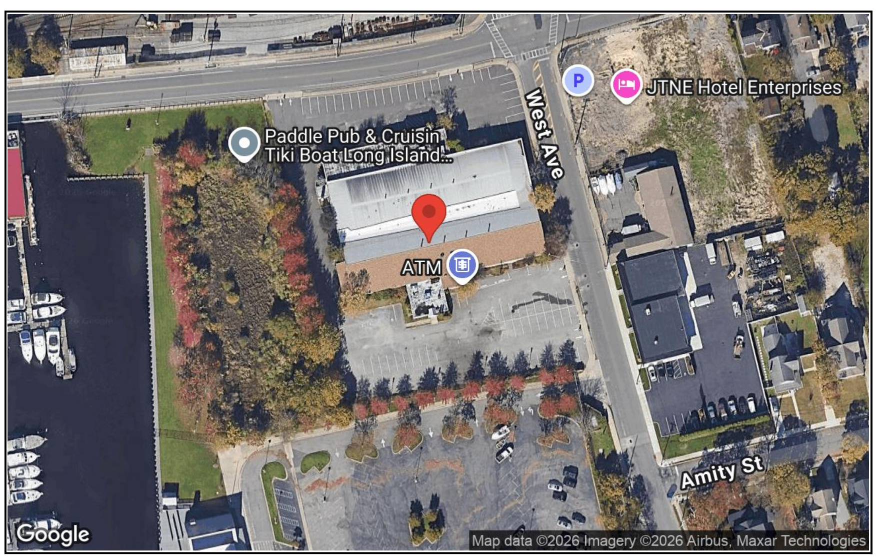
Legal Identification The subject property is identified by Suffolk County as Parcel ID: 13-9-1.1. An excerpt from the title search and property survey with legal description is available in the addenda of this report.

Physical Address 138 West Avenue, Patchogue, Suffolk County, NY 11772

Tax Map



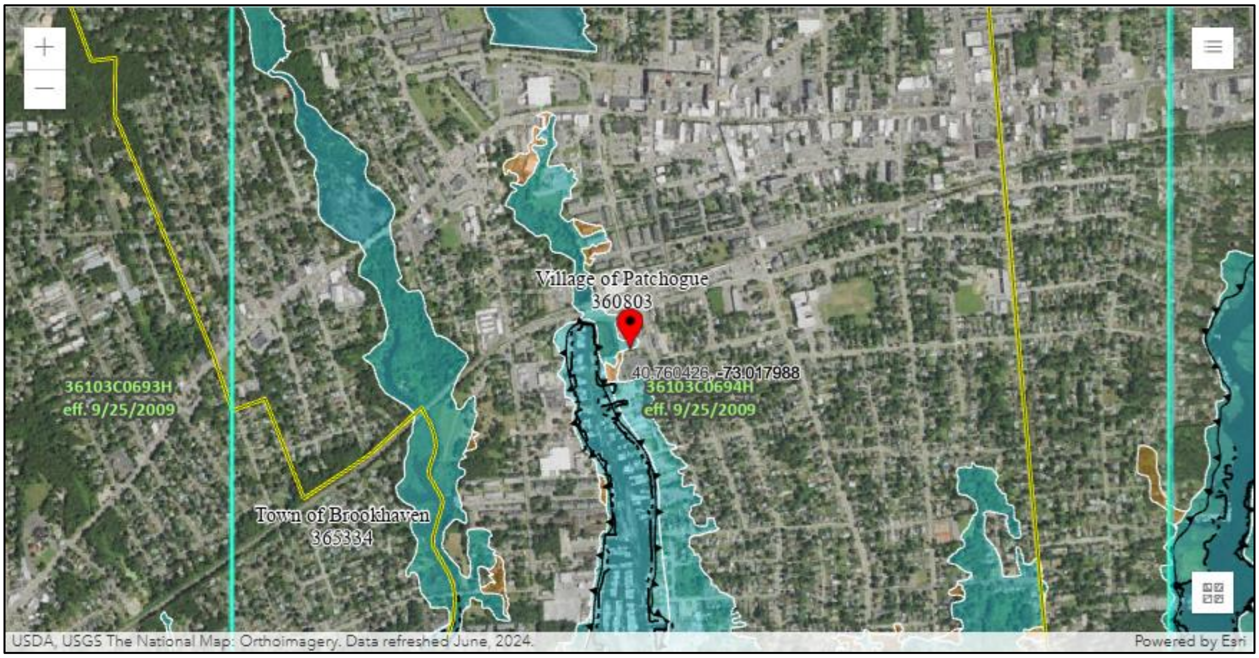
Aerial Map



(Please note Google Maps still shows the now-demolished bowling alley improvements)

Area 2.19 acre(s); 95,565 square feet

Frontage	The site offers approximately 365 feet of street frontage along West Avenue and 300 feet along Division Street.
Configuration	The site is generally rectangular in shape.
Topography	The site is generally level.
Utilities	Typical municipal utilities, including electricity, telephone, gas, water and sewer, etc.
Site Improvements	The site is currently vacant with asphalt paving. Upon completion of construction on April 1, 2028, the site is anticipated to be improved with a five-story, 122-room full-service Tapestry by Hilton hotel that is anticipated to feature amenities and facilities that include the hotel-operated Lobby Bar, fitness center, printing/business center, behind-the-desk registration area sundry shop, hotel-operated rooftop spa and outdoor wading pool & whirlpool, 8,160 square foot leased rooftop restaurant and bar, and 7,443 square feet of meeting space across three rooms from the ground through fourth stories plus an additional 1,184 square feet of outdoor meeting space assumed to be usable for half of the year. The parking offered is expected to include a total of 119 surface onsite parking spaces. Additionally, the property will feature two grade-level retail spaces (1,630 square feet and 1,378 square feet respectively) with exterior access along Division Street.
Adjacent Uses	North: Division Street, railroad tracks, then a storage business. South: Parking, Watch Hill Ferry Terminal and associated parking, marina, and residences. East: West Avenue, various commercial and residential uses. West: US. Department of Interior National Parks Service (surplus land for the Fire Island National Seashore Ferry), Patchogue River, then commercial and multifamily uses.
Access & Visibility	The subject property is considered to have excellent accessibility and excellent visibility from the surrounding area. The property is accessible by multiple modes of transport including on foot (sidewalks), bicycle, vehicle, train (LIRR), and ferry/boat.
Easements	No adverse easements have been noted.
Flood Zone	The subject is situated in Zone AE, according to Federal Emergency Management Agency Map Number 36103C0694H, effective September 25, 2009. Zone AE is an area subject to a one percent or greater annual chance of flooding in any given year. Base flood elevations are shown as derived from detailed hydraulic analyses. A screenshot from the FEMA Flood Map Service Center is shown below:



Seismic Zone The subject property is not located within an identified Earthquake Fault Zone.

Hazardous Materials Determining the presence of asbestos or hazardous materials at the subject is beyond the scope of this market study with financial projections. The estimate of value derived herein is predicated on the subject being free of hazardous/toxic materials which may have an adverse impact on value. See Qualifying and Limiting Conditions in Addendum.

Excess Land There does not appear to be any marketable excess land onsite.

Comments The subject's size and shape are typical for most similar developments in the area. The subject is positioned between two major modes of transport, the Long Island Railroad (LIRR) Patchogue Station and the Watch Hill Ferry to Fire Island National Seashore.

Area Economic Analysis

Economy

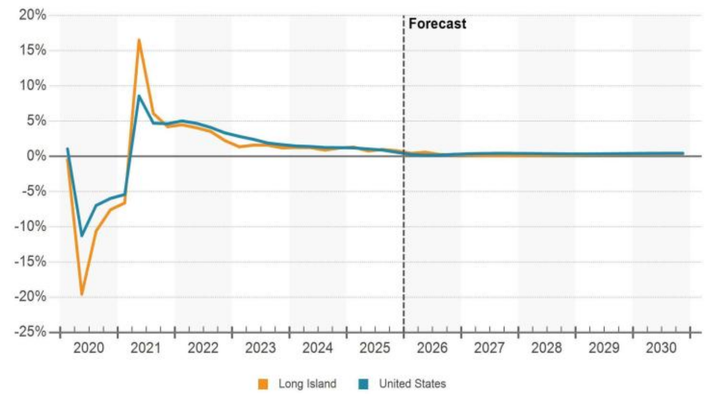
Long Island Hospitality

LONG ISLAND EMPLOYMENT BY INDUSTRY IN THOUSANDS

	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
Industry	**Jobs**	**LQ**	**Market**	**US**	**Market**	**US**	**Market**	**US**
Manufacturing	67	0.6	-1.77%	-0.26%	-0.52%	0.31%	-0.25%	0.20%
Trade, Transportation, and Utilities	244	1.0	-0.54%	-0.18%	-0.83%	0.74%	-0.24%	0.22%
Retail Trade	142	1.1	-0.11%	0.18%	-0.96%	-0.07%	-0.19%	0.14%
Financial Activities	67	0.9	0.83%	-0.17%	-0.40%	1.16%	-0.11%	0.25%
Government	194	1.0	-0.15%	-0.58%	0.33%	0.58%	0.03%	0.32%
Natural Resources, Mining, and Construction	77	1.0	-2.97%	-0.22%	0.20%	1.92%	0.83%	0.56%
Education and Health Services	303	1.3	3.81%	2.31%	1.85%	2.14%	0.50%	0.40%
Professional and Business Services	181	1.0	0.39%	-0.37%	0.68%	1.15%	0.16%	0.50%
Information	13	0.5	3.67%	-0.01%	-3.33%	0.58%	0.57%	0.18%
Leisure and Hospitality	132	0.9	-0.58%	0.74%	1.13%	0.98%	1.00%	0.85%
Other Services	57	1.1	-2.08%	0.62%	-0.04%	0.68%	0.43%	0.19%
Total Employment	**1,335**	**1.0**	**0.43%**	**0.28%**	**0.39%**	**1.07%**	**0.25%**	**0.39%**

Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

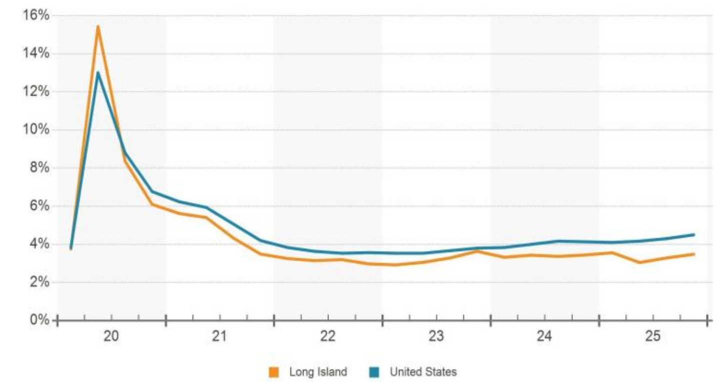


Source: Oxford Economics

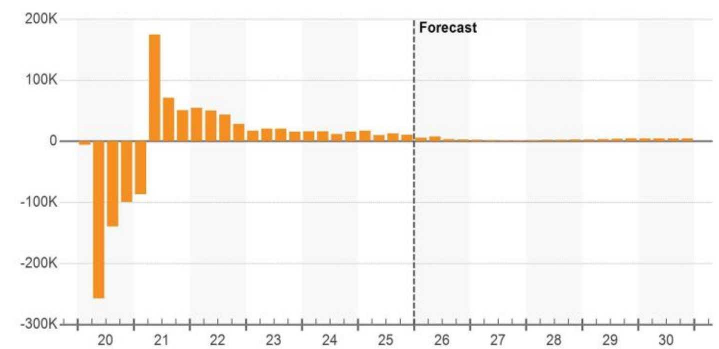
Economy

Long Island Hospitality

UNEMPLOYMENT RATE (%)



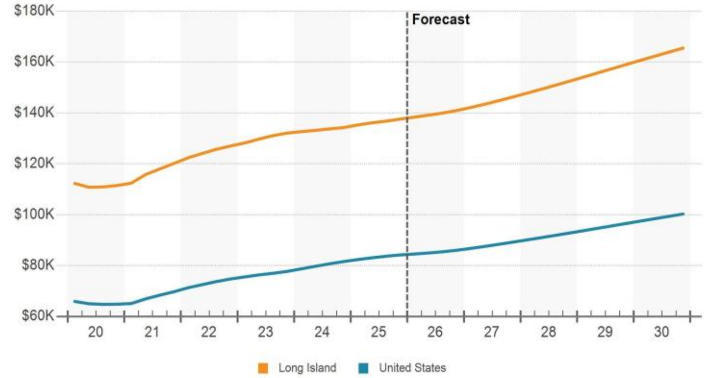
NET EMPLOYMENT CHANGE (YOY)



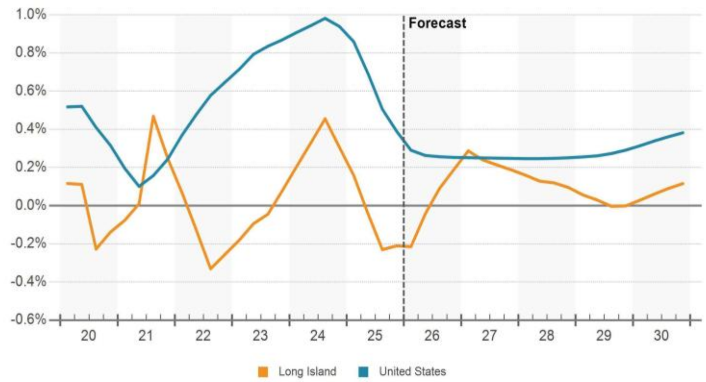
Economy

Long Island Hospitality

MEDIAN HOUSEHOLD INCOME



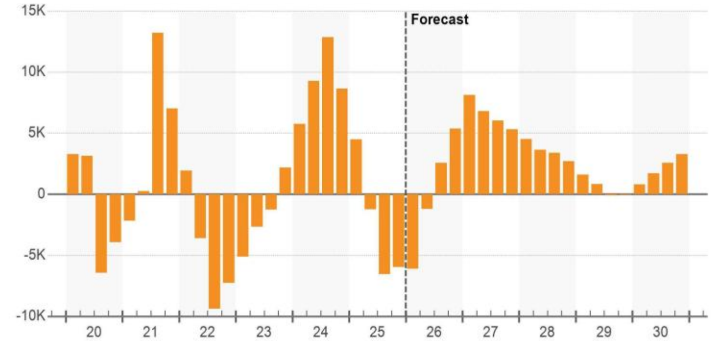
POPULATION GROWTH (YOY %)



Economy

Long Island Hospitality

NET POPULATION CHANGE (YOY)



DEMOGRAPHIC TRENDS

	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
Demographic Category	Metro	US	Metro	US	Metro	US	Metro	US
Population	2,830,472	342,272,813	-0.2%	0.3%	0.1%	0.6%	0.1%	0.3%
Households	943,949	134,233,594	0.2%	0.7%	0.4%	1.0%	0.4%	0.6%
Median Household Income	$138,334	$84,565	2.3%	2.7%	3.8%	4.2%	3.8%	3.7%
Labor Force	1,460,587	170,988,000	0.2%	0.2%	0.2%	0.7%	0%	0.2%
Unemployment	3.5%	4.5%	-0.1%	0.4%	-0.1%	0%	-	-

Source: Oxford Economics

POPULATION GROWTH

LABOR FORCE GROWTH

INCOME GROWTH

Source: Oxford Economics

Consumer Spending Report

Tempo by Hilton Patchogue

138 West Ave, Patchogue, NY 11772

Building Type: **Hospitality**
Class: **-**
RBA: **105,288 SF**
Typical Floor: **21,058 SF**
Total Available: **0 SF**
% Leased: **0%**
Rent/SF/Yr: **-**

2025 Annual Spending ($000s)	2 Mile	5 Mile	10 Mile
Total Specified Consumer Spending	**$487,233**	**$2,057,839**	**$6,510,512**
Total Apparel	**$24,681**	**$104,426**	**$334,321**
Women's Apparel	9,851	41,470	131,906
Men's Apparel	5,268	22,152	70,316
Girl's Apparel	1,639	7,062	22,941
Boy's Apparel	1,151	5,017	16,389
Infant Apparel	1,091	4,469	14,535
Footwear	5,681	24,257	78,233
Total Entertainment & Hobbies	**$67,130**	**$285,096**	**$896,361**
Entertainment	7,656	34,929	118,056
Audio & Visual Equipment/Service	16,151	65,084	205,236
Reading Materials	1,142	4,740	14,584
Pets, Toys, & Hobbies	12,525	52,075	161,576
Personal Items	29,656	128,268	396,909
Total Food and Alcohol	**$131,801**	**$543,389**	**$1,716,079**
Food At Home	67,591	281,050	898,925
Food Away From Home	54,627	223,243	697,057
Alcoholic Beverages	9,583	39,096	120,096
Total Household	**$83,678**	**$356,383**	**$1,119,627**
House Maintenance & Repair	17,236	75,676	246,713
Household Equip & Furnishings	31,001	129,186	405,228
Household Operations	24,742	105,053	326,421
Housing Costs	10,698	46,469	141,265

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Consumer Spending Report

Tempo by Hilton Patchogue

138 West Ave, Patchogue, NY 11772

2025 Annual Spending (000s)	2 Mile	5 Mile	10 Mile
Total Transportation/Maint.	**$122,175**	**$519,954**	**$1,674,588**
Vehicle Purchases	58,622	254,358	832,261
Gasoline	28,419	118,341	381,392
Vehicle Expenses	3,337	14,479	45,015
Transportation	16,399	68,748	213,096
Automotive Repair & Maintenance	15,398	64,026	202,824
Total Health Care	**$23,476**	**$99,001**	**$308,579**
Medical Services	14,056	59,399	184,611
Prescription Drugs	6,795	28,723	89,788
Medical Supplies	2,626	10,879	34,180
Total Education/Day Care	**$34,292**	**$149,590**	**$460,957**
Education	21,311	93,576	289,687
Fees & Admissions	12,981	56,015	171,270

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Daytime Employment Report

1 Mile Radius

Tempo by Hilton Patchogue
138 West Ave, Patchogue, NY 11772

Building Type: **Hospitality**
Class: **-**
RBA: **105,288 SF**
Typical Floor: **21,058 SF**

Total Available: **0 SF**
% Leased: **0%**
Rent/SF/Yr: **-**

Business Employment by Type	# of Businesses	# Employees	#Emp/Bus
Total Businesses	**1,152**	**6,832**	**6**
Retail & Wholesale Trade	132	773	6
Hospitality & Food Service	102	1,033	10
Real Estate, Renting, Leasing	44	238	5
Finance & Insurance	78	459	6
Information	22	172	8
Scientific & Technology Services	100	554	6
Management of Companies	3	9	3
Health Care & Social Assistance	314	1,070	3
Educational Services	25	381	15
Public Administration & Sales	28	480	17
Arts, Entertainment, Recreation	26	143	6
Utilities & Waste Management	33	191	6
Construction	63	418	7
Manufacturing	28	203	7
Agriculture, Mining, Fishing	1	6	6
Other Services	153	702	5

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Demographic Detail Report

Tempo by Hilton Patchogue
138 West Ave, Patchogue, NY 11772

Building Type: **Hospitality**
Class: **-**
RBA: **105,288 SF**
Typical Floor: **21,058 SF**

Total Available: **0 SF**
% Leased: **0%**
Rent/SF/Yr: **-**

Radius	2 Mile		5 Mile		10 Mile	
Population						
2030 Projection	33,579		146,186		479,678	
2025 Estimate	33,826		146,341		481,701	
2020 Census	34,778		146,397		488,580	
Growth 2025 - 2030	-0.73%		-0.11%		-0.42%	
Growth 2020 - 2025	-2.74%		-0.04%		-1.41%	
2025 Population by Age	**33,826**		**146,341**		**481,701**	
Age 0 - 4	1,846	5.46%	7,829	5.35%	26,399	5.48%
Age 5 - 9	1,748	5.17%	7,744	5.29%	26,277	5.46%
Age 10 - 14	1,725	5.10%	8,100	5.54%	27,626	5.74%
Age 15 - 19	1,719	5.08%	8,385	5.73%	28,549	5.93%
Age 20 - 24	1,748	5.17%	8,558	5.85%	29,211	6.06%
Age 25 - 29	1,928	5.70%	8,725	5.96%	29,690	6.16%
Age 30 - 34	2,237	6.61%	9,074	6.20%	30,495	6.33%
Age 35 - 39	2,301	6.80%	8,976	6.13%	29,872	6.20%
Age 40 - 44	2,277	6.73%	9,181	6.27%	30,288	6.29%
Age 45 - 49	2,181	6.45%	9,312	6.36%	30,294	6.29%
Age 50 - 54	2,237	6.61%	9,748	6.66%	31,624	6.57%
Age 55 - 59	2,404	7.11%	10,507	7.18%	34,158	7.09%
Age 60 - 64	2,438	7.21%	10,518	7.19%	34,040	7.07%
Age 65 - 69	2,140	6.33%	9,038	6.18%	28,778	5.97%
Age 70 - 74	1,812	5.36%	7,591	5.19%	23,729	4.93%
Age 75 - 79	1,407	4.16%	5,938	4.06%	18,480	3.84%
Age 80 - 84	908	2.68%	3,819	2.61%	11,965	2.48%
Age 85+	770	2.28%	3,298	2.25%	10,227	2.12%
Age 65+	7,037	20.80%	29,684	20.28%	93,179	19.34%
Median Age	**43.60**		**43.10**		**42.10**	
Average Age	**42.60**		**42.10**		**41.40**	

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Demographic Detail Report

Tempo by Hilton Patchogue
138 West Ave, Patchogue, NY 11772

Radius	2 Mile		5 Mile		10 Mile	
2025 Population by Occupation	**35,696**		**151,028**		**482,048**	
Real Estate & Finance	1,152	3.23%	4,648	3.08%	15,315	3.18%
Professional & Management	10,367	29.04%	42,405	28.08%	132,139	27.41%
Public Administration	1,180	3.31%	5,201	3.44%	14,979	3.11%
Education & Health	6,237	17.47%	23,899	15.82%	73,139	15.17%
Services	3,238	9.07%	12,992	8.60%	43,337	8.99%
Information	455	1.27%	2,214	1.47%	6,065	1.26%
Sales	4,062	11.38%	17,831	11.81%	58,673	12.17%
Transportation	1,026	2.87%	3,594	2.38%	10,203	2.12%
Retail	1,277	3.58%	7,659	5.07%	28,174	5.84%
Wholesale	818	2.29%	2,810	1.86%	7,326	1.52%
Manufacturing	911	2.55%	5,234	3.47%	17,785	3.69%
Production	1,223	3.43%	6,749	4.47%	24,868	5.16%
Construction	2,084	5.84%	8,181	5.42%	24,321	5.05%
Utilities	920	2.58%	4,192	2.78%	15,004	3.11%
Agriculture & Mining	67	0.19%	391	0.26%	733	0.15%
Farming, Fishing, Forestry	11	0.03%	131	0.09%	256	0.05%
Other Services	668	1.87%	2,897	1.92%	9,731	2.02%
2025 Worker Travel Time to Job	**17,915**		**75,354**		**241,251**	
<30 Minutes	9,483	52.93%	39,311	52.17%	126,055	52.25%
30-60 Minutes	5,829	32.54%	25,011	33.19%	79,571	32.98%
60+ Minutes	2,603	14.53%	11,032	14.64%	35,625	14.77%
2020 Households by HH Size	**14,085**		**52,832**		**168,475**	
1-Person Households	4,441	31.53%	12,660	23.96%	36,587	21.72%
2-Person Households	4,327	30.72%	16,033	30.35%	49,206	29.21%
3-Person Households	2,079	14.76%	8,985	17.01%	29,681	17.62%
4-Person Households	1,793	12.73%	8,409	15.92%	28,202	16.74%
5-Person Households	763	5.42%	3,932	7.44%	13,954	8.28%
6-Person Households	360	2.56%	1,566	2.96%	5,994	3.56%
7 or more Person Households	322	2.29%	1,247	2.36%	4,851	2.88%
2025 Average Household Size	**2.40**		**2.70**		**2.80**	
Households						
2030 Projection	13,372		51,802		163,436	
2025 Estimate	13,506		52,006		164,418	
2020 Census	14,086		52,832		168,474	
Growth 2025 - 2030	-0.99%		-0.39%		-0.60%	
Growth 2020 - 2025	-4.12%		-1.56%		-2.41%	

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Demographic Detail Report

Tempo by Hilton Patchogue
138 West Ave, Patchogue, NY 11772

Radius	2 Mile		5 Mile		10 Mile	
2025 Households by HH Income	**13,508**		**52,007**		**164,419**	
<$25,000	1,719	12.73%	4,622	8.89%	14,836	9.02%
$25,000 - $50,000	1,145	8.48%	5,485	10.55%	17,297	10.52%
$50,000 - $75,000	1,523	11.27%	5,041	9.69%	18,807	11.44%
$75,000 - $100,000	1,837	13.60%	5,932	11.41%	18,074	10.99%
$100,000 - $125,000	1,673	12.39%	6,091	11.71%	19,088	11.61%
$125,000 - $150,000	1,377	10.19%	5,569	10.71%	17,494	10.64%
$150,000 - $200,000	1,889	13.98%	8,147	15.67%	25,348	15.42%
$200,000+	2,345	17.36%	11,120	21.38%	33,475	20.36%
2025 Avg Household Income	**$130,014**		**$142,697**		**$139,615**	
2025 Med Household Income	**$107,920**		**$120,207**		**$117,282**	
2025 Occupied Housing	**13,507**		**52,006**		**164,418**	
Owner Occupied	8,679	64.26%	37,731	72.55%	125,108	76.09%
Renter Occupied	4,828	35.74%	14,275	27.45%	39,310	23.91%
2020 Housing Units	**14,868**		**56,673**		**180,155**	
1 Unit	10,391	69.89%	44,408	78.36%	148,081	82.20%
2 - 4 Units	1,065	7.16%	3,597	6.35%	9,699	5.38%
5 - 19 Units	1,979	13.31%	5,143	9.07%	14,535	8.07%
20+ Units	1,433	9.64%	3,525	6.22%	7,840	4.35%
2025 Housing Value	**8,680**		**37,730**		**125,108**	
<$100,000	209	2.41%	1,106	2.93%	3,911	3.13%
$100,000 - $200,000	123	1.42%	603	1.60%	2,595	2.07%
$200,000 - $300,000	338	3.89%	1,010	2.68%	5,161	4.13%
$300,000 - $400,000	935	10.77%	3,483	9.23%	16,850	13.47%
$400,000 - $500,000	2,746	31.64%	9,807	25.99%	33,390	26.69%
$500,000 - $1,000,000	4,155	47.87%	20,638	54.70%	60,607	48.44%
$1,000,000+	174	2.00%	1,083	2.87%	2,594	2.07%
2025 Median Home Value	**$499,598**		**$569,193**		**$505,338**	
2025 Housing Units by Yr Built	**14,914**		**57,342**		**181,112**	
Built 2010+	1,482	9.94%	4,138	7.22%	11,754	6.49%
Built 2000 - 2010	856	5.74%	3,808	6.64%	13,227	7.30%
Built 1990 - 1999	951	6.38%	5,195	9.06%	16,648	9.19%
Built 1980 - 1989	1,270	8.52%	5,893	10.28%	18,054	9.97%
Built 1970 - 1979	2,466	16.53%	14,809	25.83%	46,256	25.54%
Built 1960 - 1969	2,025	13.58%	8,446	14.73%	33,066	18.26%
Built 1950 - 1959	2,630	17.63%	7,336	12.79%	23,862	13.18%
Built <1949	3,234	21.68%	7,717	13.46%	18,245	10.07%
2025 Median Year Built	**1967**		**1972**		**1972**	

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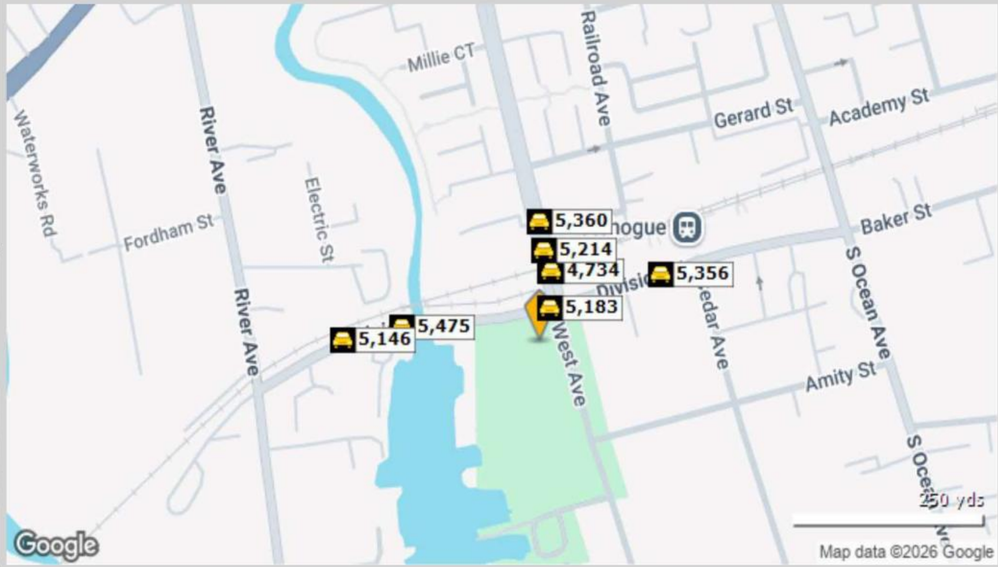
Traffic Count Report

Tempo by Hilton Patchogue

138 West Ave, Patchogue, NY 11772

Building Type:	**Hospitality**
Class:	**-**
RBA:	**105,288 SF**
Typical Floor:	**21,058 SF**
Total Available:	**0 SF**
% Leased:	**0%**
Rent/SF/Yr:	**-**



	Street	Cross Street	Cross Str Dist	Count Year	Avg Daily Volume	Volume Type	Miles from Subject Prop
1	Division Street	Jones Pl	0.03 SW	2025	5,095	MPSI	.03
2	Division St	Jones Pl	0.03 SW	2023	5,183	MPSI	.03
3	West Avenue	Division St	0.02 S	2024	4,868	MPSI	.05
4	Clare Rose Blvd	Gerard St	0.05 S	2023	5,244	MPSI	.05
5	Clare Rose Blvd	Division St	0.02 S	2023	4,734	MPSI	.05
6	West Avenue	Gerard St	0.05 S	2025	5,214	MPSI	.07
7	Clare Rose Blvd	Sephton St	0.01 S	2025	5,360	MPSI	.09
8	Division Street	Jones Pl	0.03 SW	2018	5,475	AADT	.10
9	Division Street	Baker St	0.03 E	2023	5,356	AADT	.11
10	Division St	Jones Pl	0.03 SW	2024	5,146	MPSI	.15

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3/31/2026

Neighborhood Analysis

Location

The subject property is located in Patchogue, New York. Patchogue is located in northeastern New York, approximately 50 miles east of New York City; 34 miles southeast of Stamford, CT; and 38 miles south of New Haven, CT. Patchogue is 2.5± square miles in size. The neighborhood consists primarily of locally owned and operated retail shops, restaurants, various industrial uses, businesses, and residential communities.

Access & Transportation

Due to its coastal location, and proximity to Manhattan, there are various modes of transportation to access Patchogue, NY.

By Vehicle

The subject area benefits from a major interstate (I-495), a state route (NY-27, Sunrise Highway), and a county road (County-85, Montauk Highway).

The Interstate 495 of New York (Long Island Expressway) runs west to east for approximately 66 miles including approximately three miles above the northern boundary of Patchogue. I-495 has a western terminus at the Queens-Midtown Tunnel in Murray Hill, NY and an eastern terminus at NY-25 in Calverton, NY. The roadway has as many as 12 lanes and two levels in certain areas.

The Sunrise Highway (NY-27), which runs west to east for approximately 120 miles, runs along the northern boundary of Patchogue with a western terminus at eastern Queens, NY, and an eastern terminus at an intersection with the Montauk Highway in Southampton, NY. The roadway has as many as eight lanes in certain areas.

The Montauk Highway (County-85), which runs west to east for approximately 95 miles, goes directly through Patchogue with a western terminus of the Nassau County line in Amityville, NY, and an eastern terminus of Montauk Point State Park in Montauk, NY. The roadway has as many as four lanes in certain areas.

<u>By Public Transportation</u>
The town of Patchogue is serviced by both bus and rail transit.

The following bus lines have routes that pass near Patchogue: 7A, S40, S54, S61, S63, and S66.

The Long Island Railroad (LIRR) Montauk Line has a stop in Patchogue, and services passengers from Penn Station or Grand Central Station in New York City in the west to Montauk to the east, on the southern fork of Long Island. Of note, the LIRR station in Patchogue is located diagonally across the street to the northeast from the subject site. A map of the LIRR is below.

<u>By Air</u>
The Long Island MacArthur Airport is the most proximate aviation center to the subject property, though numerous hotels are located closer to the airport in Islip. Serviced by Breeze Airways, Frontier Airlines, and Southwest Airlines, the airport also offers aviation services to private aircraft. Nonstop destinations which operate weekly include Baltimore-Washington International (BWI), Nashville (BNA), Orlando (MCO), Tampa (TPA), West Palm Beach (PBI), Fort Lauderdale (FLL), Fort Myers (RSW), Myrtle Beach (MYR),

Raleigh (RDU), Charleston (CHS), Norfolk (ORF), Pittsburgh (PIT), Richmond (RIC), and Portland-Maine (PWM).

The airport has $37.9 million in federally and locally funded planning and capital projects through 2023, including the following:

- Rehabilitation of Runway 6-24.
- Rehabilitation of Runway 15R-33L and associated Taxiway Lighting.
- West Apron Reconstruction.
- Ground Vehicle Transportation Center.
- Mechanical, Electrical, Plumbing Main Terminal Upgrade.
- Main Terminal Improvement Projects.
- Multi User Flight Information Display Upgrades.
- Security Upgrades.
- Digital Paging Replacement.
- Replacement of airfield snow brooms, plows, and pay loaders for snow removal.
- Taxiway E&F Rehabilitation Design & Construction.
- Rehabilitation of Taxiway S Design & Construction.
- Rehabilitation of Runway 15R/33L Design & Construction

More recently, in February 2023, airport authorities dedicated a $8.4 million, 12,000 SF Ground Transportation Center (GTC) following the completion of a Terminal Walkway, the final component of the project. Additionally, the airport announced $26 million in improvements to the Main Terminal Building, along with Mechanical Engineering and Plumbing (MEP) upgrades. The project was completed by 2025, and additional plans are in the talks to connect the airport directly to the Ronkonkoma train station, although a completion timeline for the train connection hasn't been announced.

Below is a summary of FAA enplanement counts for the airport; note that 2025 figures have not yet been released:

ISP - Statistics		
Year	**Passengers**	**% Change**
2007	1,167,515	-
2008	1,048,768	-10.2%
2009	929,902	-11.3%
2010	858,741	-7.7%
2011	781,396	-9.0%
2012	667,603	-14.6%
2013	662,612	-0.7%
2014	646,171	-2.5%
2015	603,653	-6.6%
2016	597,133	-1.1%
2017	648,593	8.6%
2018	812,063	25.2%
2019	774,374	-4.6%
2020	262,983	-66.0%
2021	553,430	110.4%
2022	611,749	10.5%
2023	641,423	4.9%
2024	682,804	6.5%
Annual Compound Growth		**-3.1%**
Compiled by LW Hospitality Advisors®		

By Water

With roughly one mile of coastline on the Patchogue Bay (leading to the Atlantic Ocean), Patchogue is accessible by water. A number of marinas and docks line the coast, roughly 0.5-0.9 miles south of the subject property; this includes Leeward Cove Marina, Suffolk Boat Club, Island View Marina, Sandspit Marina, and Mascot Dock and Marina.

Population & Demographics

Population growth is an important factor in determining the economic strength of a given area. Although the growth of the local population is not related directly to room-night demand, it does reflect employment growth and future employment concentration which, in turn, typically influence levels of commercial room-night demand.

According to the most recent information provided by the U.S. Census Bureau, the population of Suffolk County is 1,546,090, a 3.4% increase from 2014 figures. The population of Suffolk County with a bachelor's degree or higher represents approximately 40.2%, and the home ownership rate is 84.9%. The average income is $92,113, and the median household income is approximately $125,969. The unemployment rate is currently estimated to be 3.5% with 6.4% of the population considered to be living below the poverty level. The following table exhibits population information for the U.S., New York, and Suffolk County.

Population Growth			
Year	**United States**	**New York**	**Suffolk County**
2019	330,226,000	19,463,000	1,478,000
2020	331,578,000	20,122,000	1,522,000
2021	332,100,000	19,835,000	1,533,700
2022	334,017,000	19,713,000	1,531,700
2023	336,806,000	19,787,000	1,533,200
2024	340,111,000	20,001,000	1,543,300
2025	342,910,000	20,002,000	1,546,100
CAGR	**0.63%**	**0.46%**	**0.75%**

Source: U.S. Census Bureau and Moody's Analytics
Compiled by LW Hospitality Advisors®

As can be seen in the above chart, the population of Suffolk County increased by a compound annual rate of 0.75% from 2019 through 2025. The growth rate for the County is higher than both that of the national and state growth rate.

Local Economy

The subject market draws corporate demand from the numerous headquarters and regional offices in the surrounding area, as well as local commercial businesses. Notable commercial demand generators include Canon USA, Marchon Eyewear, Henry Schein, D'Addario, Estee Lauder, Symbol Technologies, and Leviton.

The following table details the area's largest employment industries as published February 2026 by the New York Department of Labor.

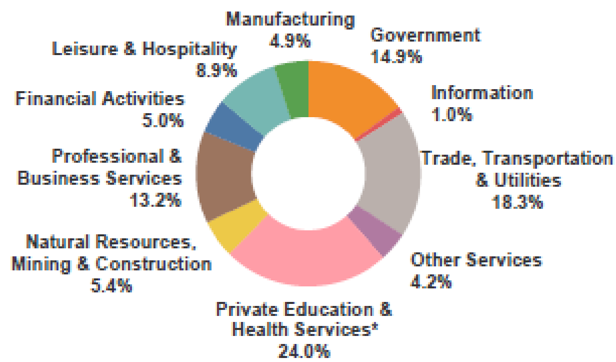
Long Island Jobs

- In February 2026, there were 1,156,500 private sector jobs and 1,359,600 nonfarm (private + government) jobs in the region.
- Four industry sectors make up 70% of total nonfarm jobs:

Private Education & Health Services*	326,400
Trade, Transportation & Utilities	249,000
Government	203,100
Professional & Business Services	180,000

The region's most significant industry is Private Education & Health Services*

Regional Industry Mix, February 2026



Job Gains

- The region gained 9,600 nonfarm jobs over the past year, with a gain of 10,200 private sector jobs offset by a loss of 600 government jobs.
- 21,200 of the recent private sector job gains occurred in Private Education and Health Services.

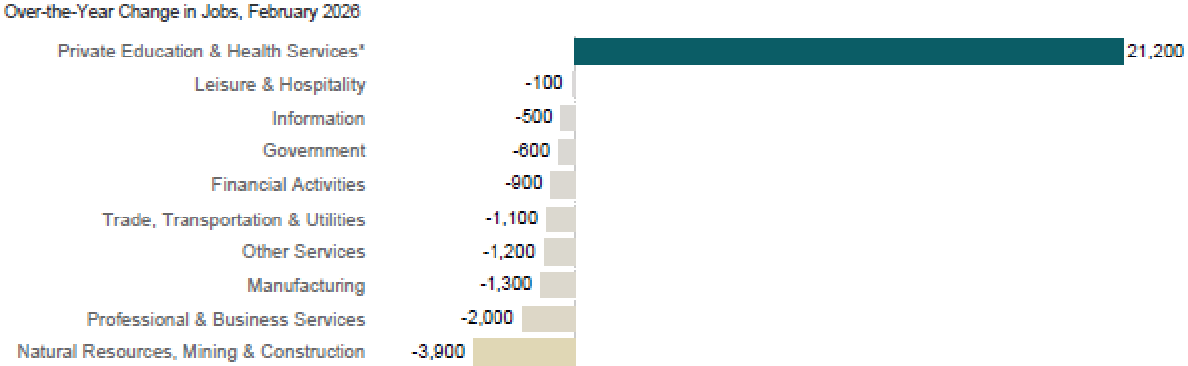
Private sector employment increased by 0.9% over the past year

Over-the-Year Change in Jobs, February 2026

	February 2026	Net Change	% Change
Total Nonfarm	1,359,600	9,600	0.7%
Total Private	1,156,500	10,200	0.9%
Government	203,100	-600	-0.3%

Most job gains have occurred in Private Education & Health Services*

Over-the-Year Change in Jobs, February 2026



*Private education & health services is in the private sector. Government includes public education and public health services.

Employment

Long Island employment increased over the past year
Regional and Metro Area Labor Force Data

	Employment		Unemployment		Unemployment Rate	
	February 2025	February 2026	February 2025	February 2026	February 2025	February 2026
Long Island Region	1,420,200	1,452,300	60,200	63,300	4.1%	4.2%
Nassau County	668,200	683,100	26,300	27,700	3.8%	3.9%
Suffolk County	752,000	769,200	33,800	35,600	4.3%	4.4%
Nassau-Suffolk Metro Division	1,420,200	1,452,300	60,200	63,300	4.1%	4.2%
Brookhaven Town	234,900	240,400	10,500	11,300	4.3%	4.5%
Hempstead Town	379,800	388,500	15,700	16,600	4.0%	4.1%
New York State	9,506,400	9,568,200	435,800	522,000	4.4%	5.2%
United States	162,544,000	162,153,000	7,572,000	8,052,000	4.5%	4.7%

Approximately two-thirds of businesses in Long Island have fewer than 5 employees
Number of Firms and Average Monthly Employment, Private Employment

Number of Employees	**Firms**				**Employment**			
	Number		% of Total		Number		% of Total	
	2020	2025	2020	2025	2020	2025	2020	2025
1-4	49,330	51,800	64.6%	64.2%	89,990	93,190	9.1%	8.1%
5-9	12,770	13,010	16.7%	16.1%	83,550	85,020	8.4%	7.4%
10-19	7,200	7,850	9.4%	9.7%	96,850	105,520	9.8%	9.1%
20-49	4,420	4,910	5.8%	6.1%	133,120	148,580	13.4%	12.9%
50-99	1,360	1,560	1.8%	1.9%	93,070	107,220	9.4%	9.3%
100-249	820	950	1.1%	1.2%	126,230	145,960	12.7%	12.6%
250-499	260	300	0.3%	0.4%	89,900	101,910	9.1%	8.8%
500-999	120	160	0.2%	0.2%	78,580	109,610	7.9%	9.5%
1000+	80	90	0.1%	0.1%	200,460	257,790	20.2%	22.3%
Grand Total	76,360	80,630	100.0%	100.0%	991,750	1,154,800	100.0%	100.0%

Source: Quarterly Census of Employment and Wages, 2020 Q3 and 2025 Q3
*Size class 1-4 includes firms that have average employment that is >0 but <1

Top Occupations and Employers

Top Occupations Advertised in NYS Job Bank, Long Island

Occupation	Number of Job Openings*
Registered Nurses	593
Retail Salespersons	382
Social and Human Service Assistants	317
First-Line Supervisors of Retail Sales Workers	308
Home Health Aides	264
Nursing Assistants	262
Farmworkers and Laborers, Crop, Nursery, and Greenhouse	218
Customer Service Representatives	208
First-Line Supervisors of Food Preparation and Serving Workers	202
Medical Assistants	200

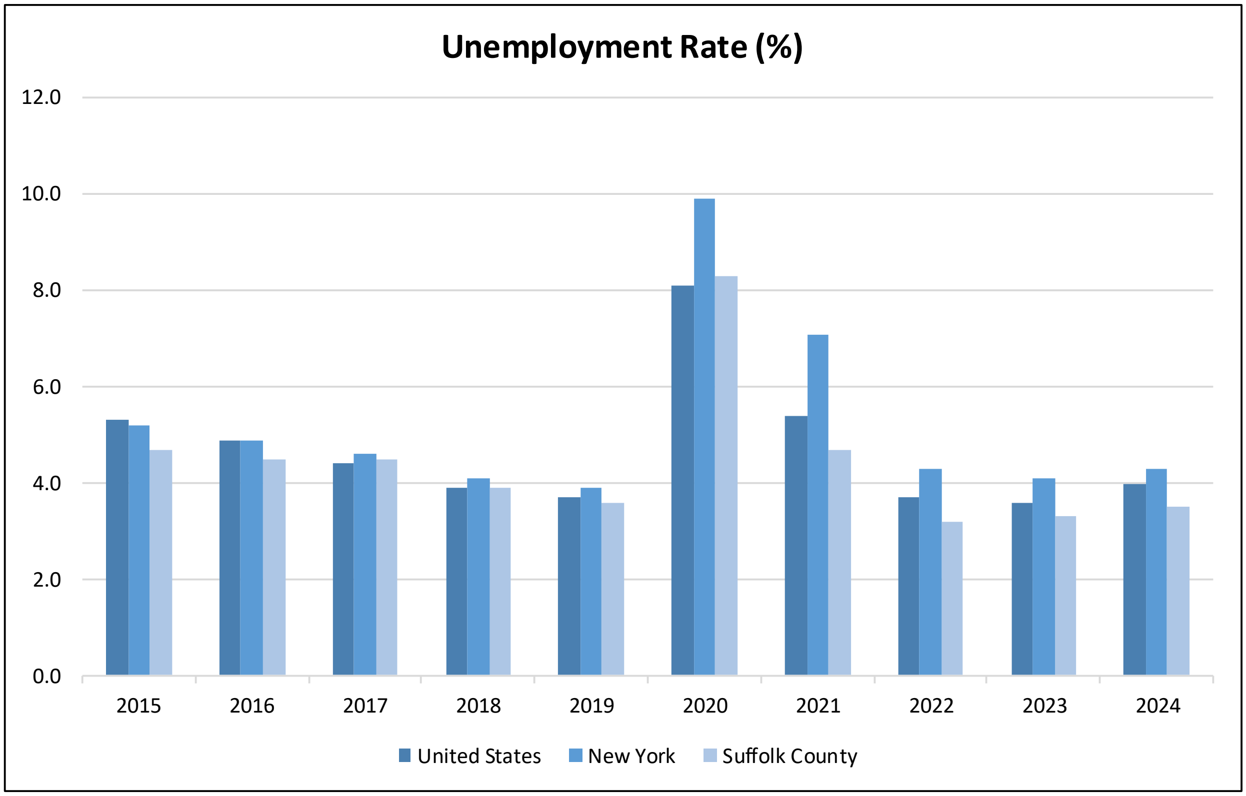
* As of 4/23/2026

Top Employers Advertised in NYS Job Bank, Long Island

Employer	Number of Job Openings*
Catholic Health Services	863
Northwell Health	752
NYU Langone Health System	358
CVS Health	284
Stony Brook University	265
Home Depot	258
Taco Bell	209
H&R Block	173
Comprehensive Behavior Supports	164
Walgreens	157

* As of 4/23/2026

The following table exhibits unemployment information for the U.S., New York, and Suffolk County.



Higher Education

The area is home to several higher education institutions such as Stony Brook University (Stony Brook, NY - north shore) public (enrollment ±27,000), and Suffolk County Community College (Selden, NY) (enrollment ±14,600).

Leisure Demand Generators

The surrounding area is known for its festivals and has various demand generators, which include Fire Island National Seashore and associated natural areas and parks, Watch Hill saltmarsh and associated bird watching and marine activities, Blue Point Brewery headquarters and brewpub, Patchogue Theater for the Performing Arts, Lasorda Legacy Park Baseball, downtown Patchogue walking lifestyle shops/dining/entertainment, signature events and festivals such as 'Alive after Five' and concert series, and the Hamptons and south fork of Long Island.

- **Fire Island National Seashore**: Fire Island National Seashore is the only National Seashore in the state of New York and is operated by the US Department of the Interior (Parks Service). The seashore is a 30 mile long (half mile wide) barrier island which is home to the internationally renowned Watch Hill area for birdwatching. Accessible by one bridge in the west, or three ferries, the island experienced combined visitation of 53,207 visitors that either came by Ferry or by their own private boat (bridge traffic not included). The Ferry Operator reported historical usage counts of roughly 17,000 annual visitors to Watch Hill from the Patchogue Ferry location. The park plans to open a newly constructed Whalehouse Point Restaurant & Bar at Watch Hill on Memorial Day weekend in 2026, replacing temporary food concession services (food trucks and tents) which have operated at the park since the pandemic.

- **Lasorda Legacy Park/Baseball Heaven**: Baseball Heaven is a 27-acre baseball complex in Yaphank, New York on Long Island. Comprised of 7+ all-turn lighted fields, with a 12,000 square foot indoor facility, the complex is located approximately 5.5 miles northeast of the subject. Baseball Heaven has operated since 2002, attracting national baseball and softball talent from the New England and Mid-Atlantic states for tournaments, trainings, camps, and challenges. Annual traffic is estimated at 600,000 visitors annually.

- **Local Lifestyle Attractions**: Patchogue is known for its lively arts and dining scene, with the downtown area home to the Patchogue Theater for Performing Arts which brings traveling music acts and hosts events and festivals. Additionally, Patchogue is home to the Blue Point Brewing Company (owned by Anheuser-Busch InBev SA/NV), which hosts annual events and generates tourism traffic for its flagship and seasonal beers.

Major Developments

- **NYS Department of State** completed a $3 million shoreline restoration project at Shorefront Park in the Village of Patchogue in 2023. The mostly state-funded project will replace a deteriorating 1,300-foot bulkhead along the Great South Bay with a living shoreline that uses natural features to improve water quality, restore habitats and increase resiliency against flooding and erosion from storms and sea-level rise, according to a statement from the Department of State. The living shoreline includes a rock sill, new marsh habitat, stormwater improvements and the restoration of Little Creek and its tidal connection to Great South Bay. The project will also improve public access to Patchogue's Shorefront Park with a new walking trail, replace pedestrian bridges and improve amenities in the park. The Department of State's Local Waterfront Revitalization Program provided about $2.4 million in funding to the Village of Patchogue for the project, while the state Office of Parks, Recreation and Historic Preservation contributed $315,000, the state's Department of Environmental Conservation kicked in $45,000 and Suffolk County funded $275,000.

- **Long Island Community Hospital** received a $100 million investment commitment from its parent company NYU Langone, which will benefit the 306 licensed patient beds and ancillary services. A formal merger was completed in March 2025. The hospital facility is home to the Knapp Cardiac Care Center—an advanced heart disease diagnosis and treatment facility—as well as a modern ambulatory surgical pavilion and specialized services including women's imaging, a sleep laboratory, and bariatric surgery.

- **Rechler Equity Partners** announced a $40 million investment to redevelop the Mediterranean Manor in East Patchogue to make way for the Greybarn Patchogue complex. Construction was scheduled to begin in fall 2022, though was delayed and only recently reached completion in early 2026, with leasing underway. The complex is designed with 91-unit luxury apartment development. Approximately 10% of the units are earmarked for affordable workforce housing. The project's amenities include recreation rooms, an outdoor wading pool & whirlpool, and sharable workspaces for those who work from home.

Conclusion

The subject neighborhood benefits from the presence of leisure demand generators, as well as various companies with regional or large offices in the surrounding area. The area benefits additionally from a strong youth sports market, and its location as a midpoint between New York City and Montauk with access to relevant public transportation. The area experienced significant development over the last 15 years with numerous restaurants and retail stores opening in the downtown area. Additionally, significant multifamily development occurred. The overall long-term economic outlook for the area is positive.

Facility Program

Per discussions with property ownership, this report assumes that the subject site will be improved with a five-story, 122-room full-service Tapestry by Hilton hotel that is anticipated to feature amenities and facilities that include the hotel-operated Lobby Bar, fitness center, printing/business center, behind-the-desk registration area sundry shop, hotel-operated rooftop spa and outdoor wading pool & whirlpool, 8,160 square foot leased rooftop restaurant and bar, and 7,443 square feet of meeting space across three rooms from the ground through fourth stories plus an additional 1,184 square feet of outdoor meeting space assumed to be usable for half of the year. The parking offered is expected to include a total of 119 surface onsite parking spaces. Additionally, the property will feature two grade-level retail spaces (1,630 square feet and 1,378 square feet respectively).

All proposed development plans, as well as all development costs provided by the property developer, are assumed to be accurate, correct and sufficient. The chart below summarizes the specifications of the proposed subject property.

General Information	
Property Type	Full-Service Hotel
Anticipated Opening Date	April 1, 2028
Number of Buildings	One
Number of Stories	5 Stories
Gross Building Area	116,905± Square Feet
Anticipated Property Condition	Excellent
Basement Levels	No
Construction Type	Reinforced Concrete
Exterior Walls	EIFS
HVAC - Guestrooms	PTAC (Packaged) Units
HVAC - Public Spaces	Central System
Elevators	Three
Onsite Parking Spaces	119 Surface Spaces

Guestrooms	
Room Type	**Number of Rooms**
Kings	59
Queen/Queens	43
One-Bedroom Suites	8
Two-Bedroom Suites	5
Studio Suites	5
Rooftop Suites	2
Total Guestrooms Available	**122**

Operated Food & Beverage Outlets	
Outlet	**Indoor Space**
Lobby Bar & Lobby Soft Seating	150 seats / 4,435 SF Plus 94 outdoor seats (seasonal)

Meeting Rooms	
Room	**Square Feet**
Divisible Meeting Room	5,474
Ground Level Boardroom	412
Fourth Story Hospitality Suite	373
Total Meeting Space	**6,259**

Leases / Retail	
Outlet	**Rentable SF**
Rooftop Bar	8,160
Grade Retail A	1,630
Grade Retail B	1,378
Total # Leases / Rentable SF	**3 leases / 11,168 SF**

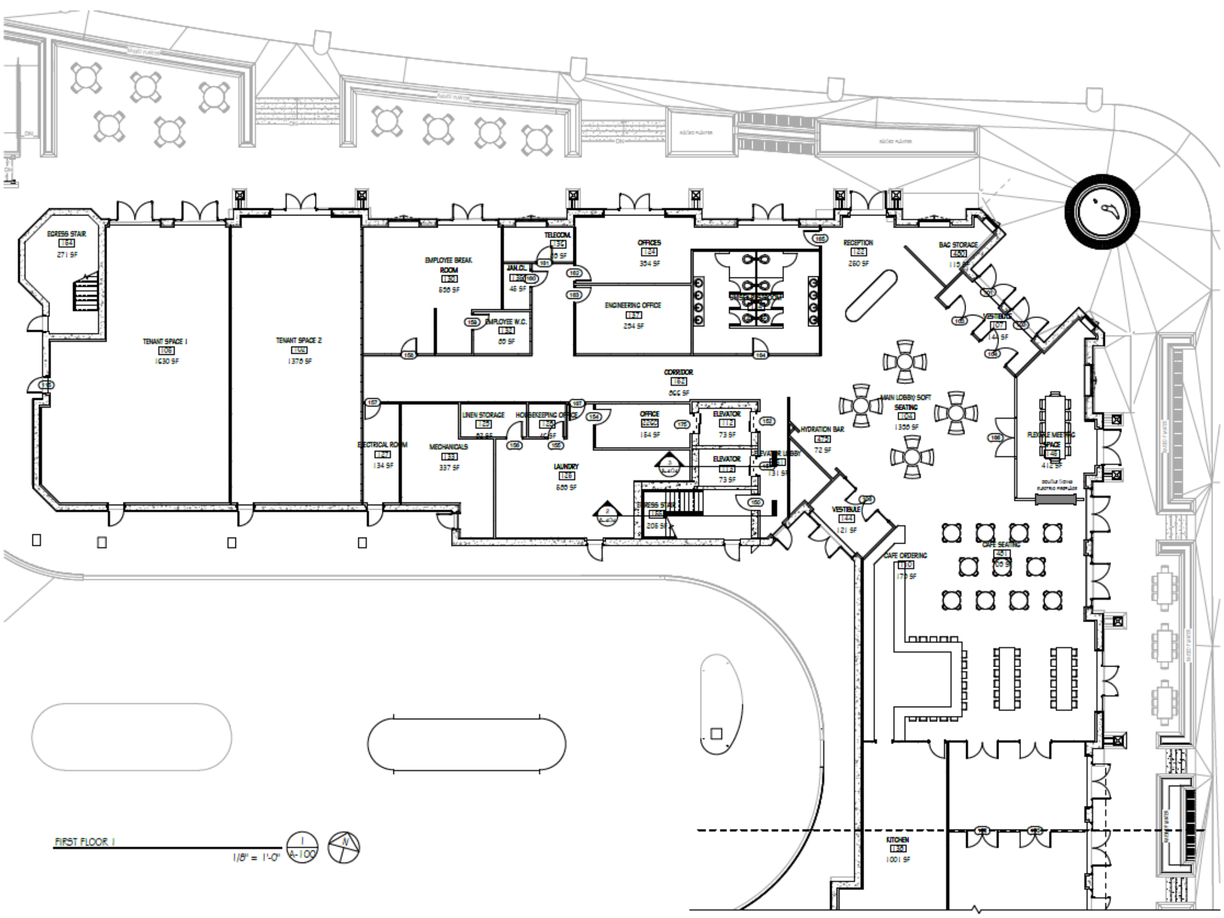
Spa	
Facility	**Square Feet**
Spa Tapestry	1,000: Two Treatment Rooms
Totals	**1,000**

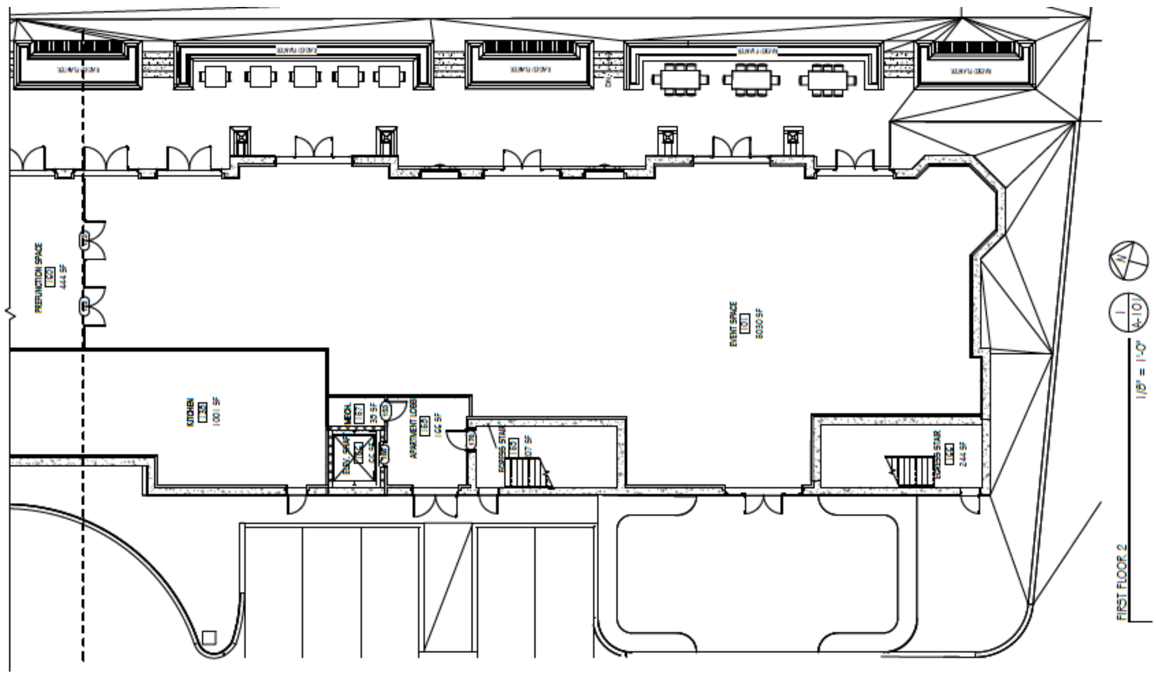
Additional Amenities	
Outdoor Pool	Business Center
Fitness Center	Sundry Shop

Hotel General

The hotel component of the subject site is anticipated to be comprised of a five-story hotel containing 122 guestrooms, sharing the ground level with retail spaces, and including one-bedroom and two-bedroom branded hotel units equipped with full kitchens for longer term stays. Facilities and amenities are anticipated to include the Lobby Bar, rooftop 1,091 square foot fitness center with views of the Patchogue River, printing/business center, behind-the-desk registration area sundry shop, hotel-operated rooftop spa and outdoor wading pool & whirlpool, 8,160 square foot leased rooftop restaurant and bar, and 7,443 square feet of meeting space across three rooms from the ground through third stories plus an additional 1,184 square feet of outdoor meeting space assumed to be usable for half of the year. The subject property also is anticipated to offer complimentary high-speed internet access in the guestrooms and public spaces. Meeting rooms are located on the first four levels.

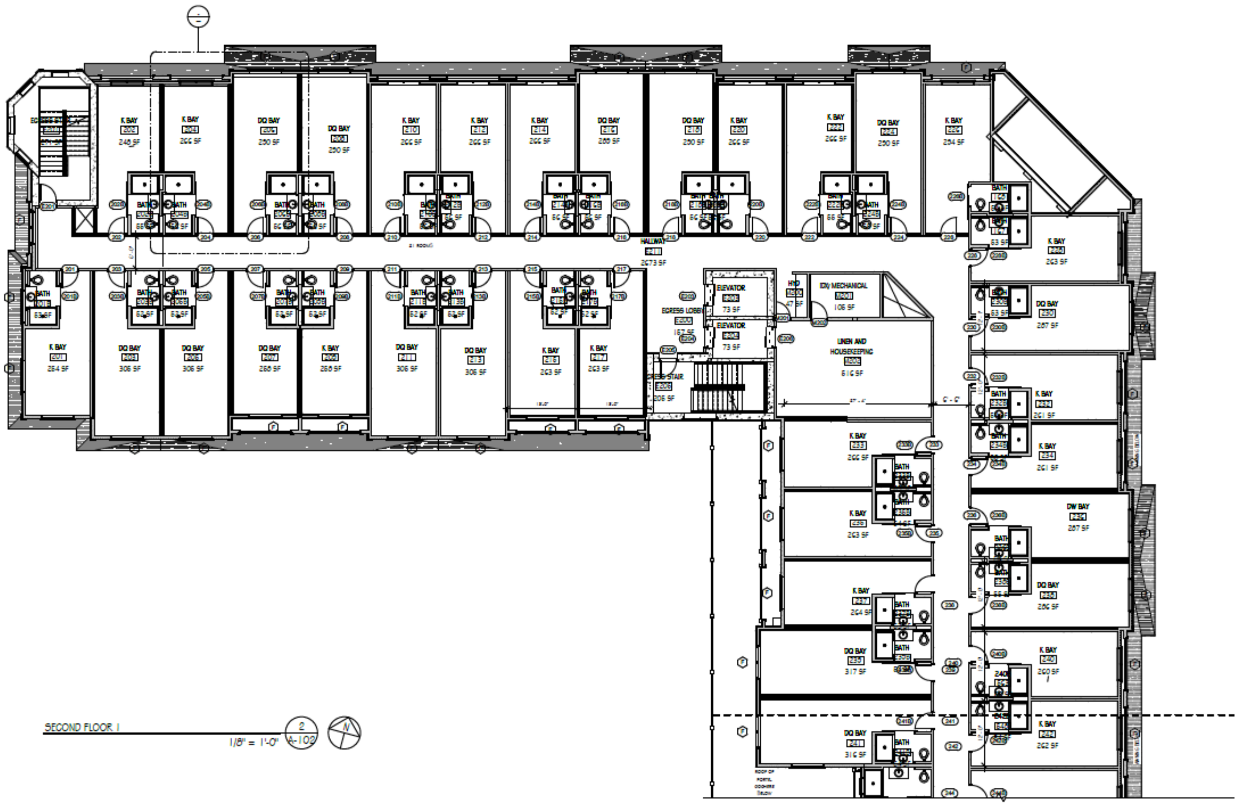
The lobby is anticipated to feature ample seating. The ground floor is anticipated to be comprised of the registration desk, a hydration station, the ground-level café, a boardroom, and large meeting space/ballroom. Ground level layouts are exhibited below:

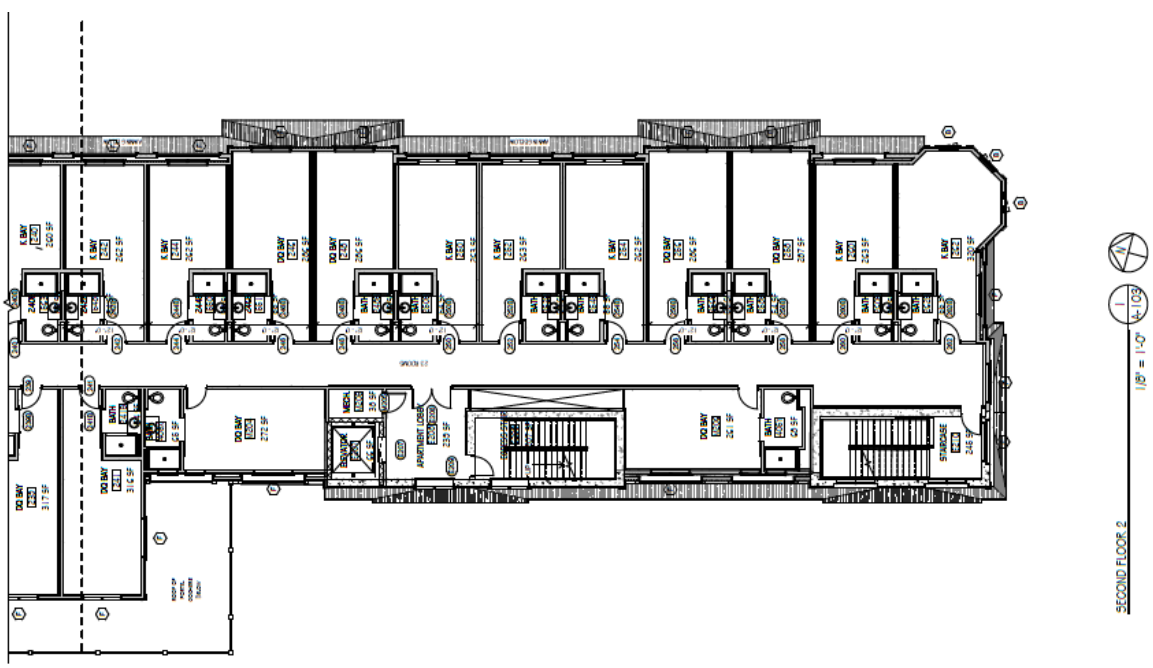




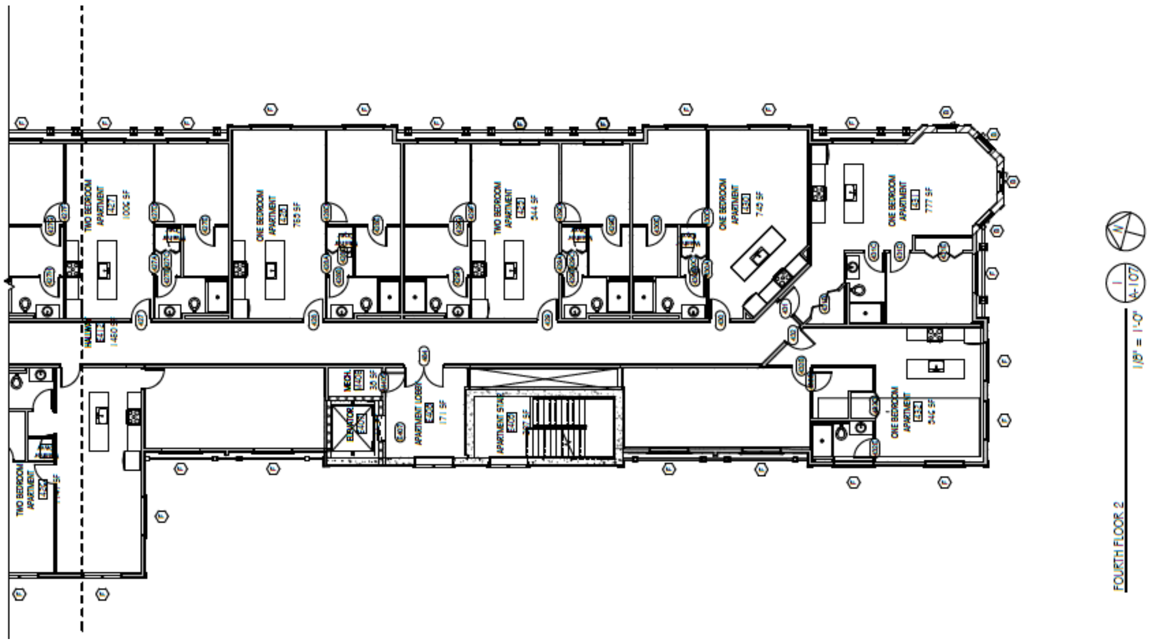
Guestrooms

Guestrooms are anticipated to be located on floors 2-4 of the building. The full-service hotel will feature 122 guestrooms, comprised of 59 kings, 43 queen/queens, five Tapestry studio suites, eight one-bedroom suites, five two-bedroom suites, and two rooftop suites. Guestrooms are anticipated to be accessible via two passenger elevators. Standard amenities are anticipated to include a work area, nightstand, dresser, sofa chair, flat screen television, internet, iron & ironing board, and coffee maker. The guestroom HVAC will consist of PTAC (Packaged) Units. A guestroom level is shown below:





One bedroom and two bedroom suites are located on the fourth floor and offer superior views and are expected to command a rate premium for their size, as well as their layout, equipped with full kitchens for longer duration stays. An excerpt from fourth floor architectural diagrams shows general unit layouts:

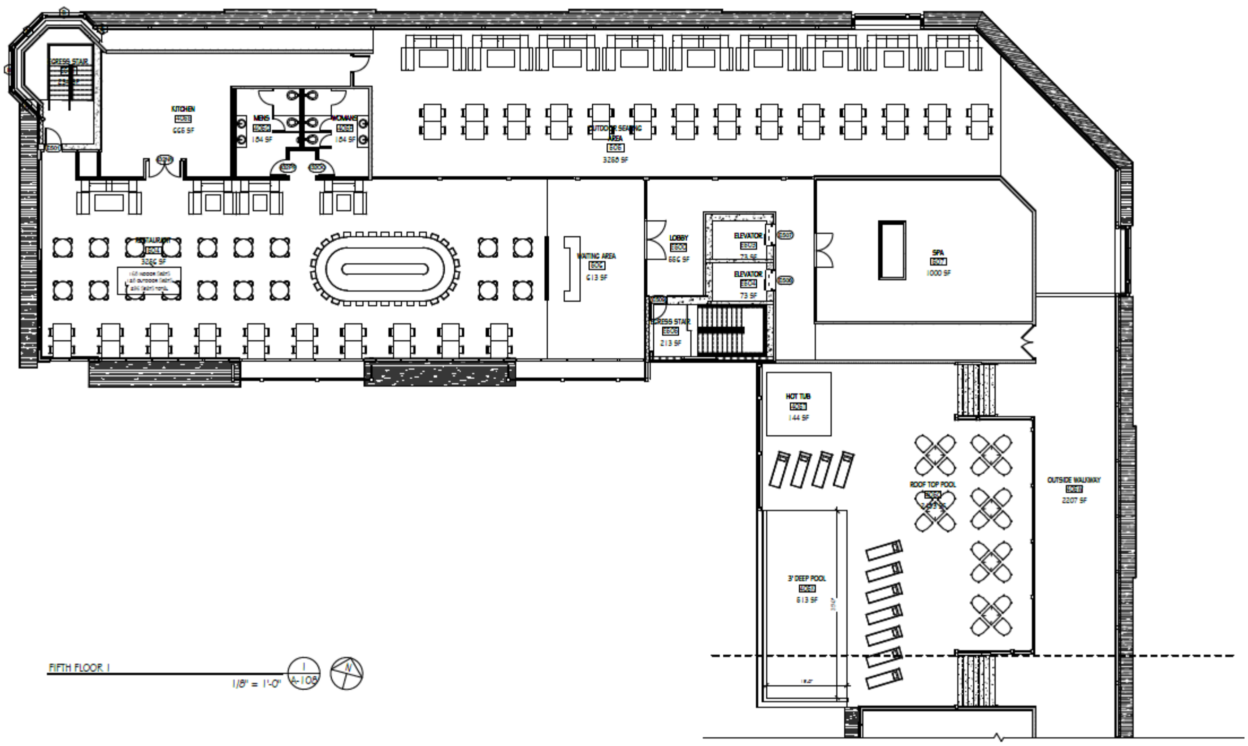


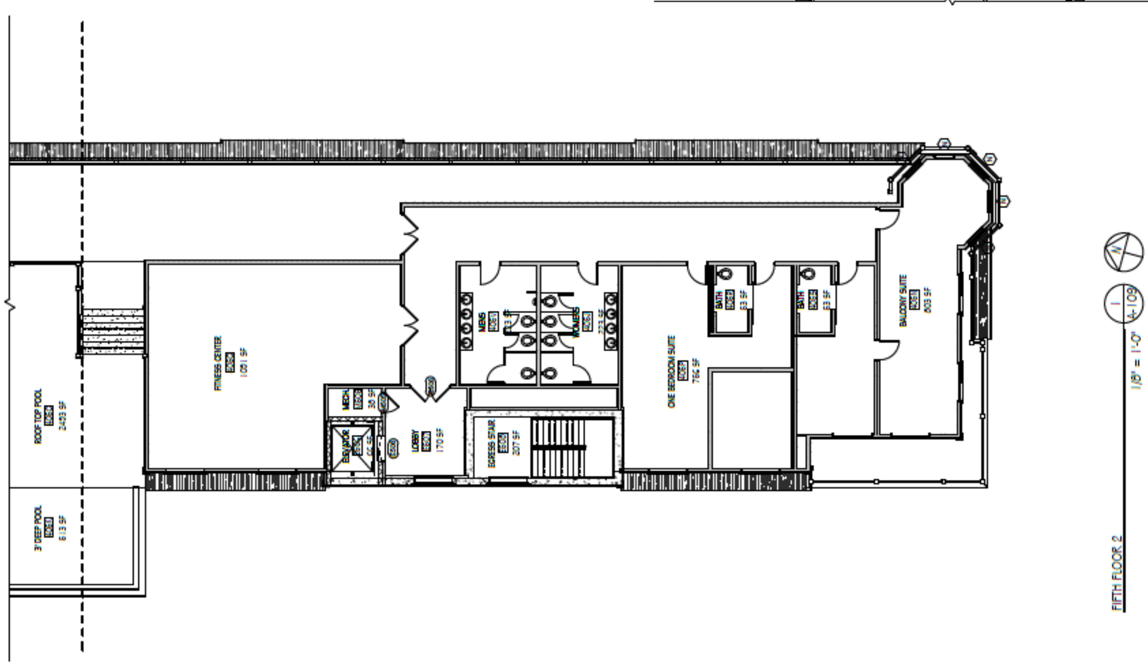
Food & Beverage

The subject hotel is expected to feature a 150-seat, 4,435 square foot lobby café/bar which will offer light fare and all-day service. We have modeled a more comprehensive a la carte and banquet offering for the full-service hotel and positioned revenues and costs appropriately.

Additionally, a semi-covered all-season rooftop restaurant is planned for roughly 8,160 square feet on the fifth level (inclusive of a designated kitchen), accessible by the guestroom elevators without keycard security. The operation is expected to be leased and operated by the leasing party or their assigned management. Although there are discussions of rooftop banquets and catering, the business associated with that space is assumed to go to the lessee, for which the owner of the hotel entity will collect rents.

The rooftop layout is shown below:





Meeting Space

The subject hotel is anticipated to feature approximately 7,443 square feet of meeting space, spread amongst three rooms, the largest of which is anticipated to be the Divisible Meeting Room at 5,474 square feet.

Spa

The proposed spa is expected to be hotel-operated and is currently proposed for development. The spa is anticipated to contain a total of 1,000 square feet at the rooftop level, offering views of the Patchogue River. There are assumed to be two treatment rooms within the facility, along with a spa reception/shop area. The spa is near the fitness center (exhibited earlier in this section) and near the rooftop wading pool and hot tub.

Development Costs

This study assumes the development cost and timeline are sufficient for successful construction of the proposed hotel and to meet brand standards. The cost schedule provided by property ownership totals $46,574,989 or $394,703 per key, inclusive of the acquisition cost of $4,000,000 or $33,898 per key. Upon review of the total cost schedule, we made exclusions to reflect the market and the perception of a typical investor. The resulting adjusted total cost schedule is $43,606,907 or $369,550 per key. Although costs-spent-to-date were requested, none were provided.

Subject Development Cost

	Total Cost	Total Per Key
Site Acquisition	$4,000,000	$32,787 per Key
Direct Costs	$32,306,907	$264,811 per Key
Indirect Costs	$1,300,000	$10,656 per Key
FF&E	$5,000,000	$40,984 per Key
Financing	$3,968,082	$32,525 per Key
Total Cost	**$46,574,989**	**$381,762 per Key**
Exclusions		
Interest Reserve	*$2,968,082*	*$24,329 per Key*
Adjusted Total Cost	**$43,606,907**	**$357,434 per Key**

Source: Property Ownership

Although the subject will be newly built, we assume it will need renovations throughout its life cycle. We have utilized 4.0% percent of total revenue for reserves for replacement based on the ratio of reserves typical in-industry. However, given the property will be newly constructed, we allowed for a ramp up in reserves of 2.0% of total revenue in year one and 3.0% of total revenue in year two.

Conclusion

Overall, the condition of the improvement is anticipated to be excellent with the guestrooms and public spaces offering a quality will be comparable or superior to the majority of the primary competitive set. There are no known adverse factors expected pertaining to the property's marketability, and it is anticipated to be positioned well within its intended demographic.

Competitive Lodging Market Analysis

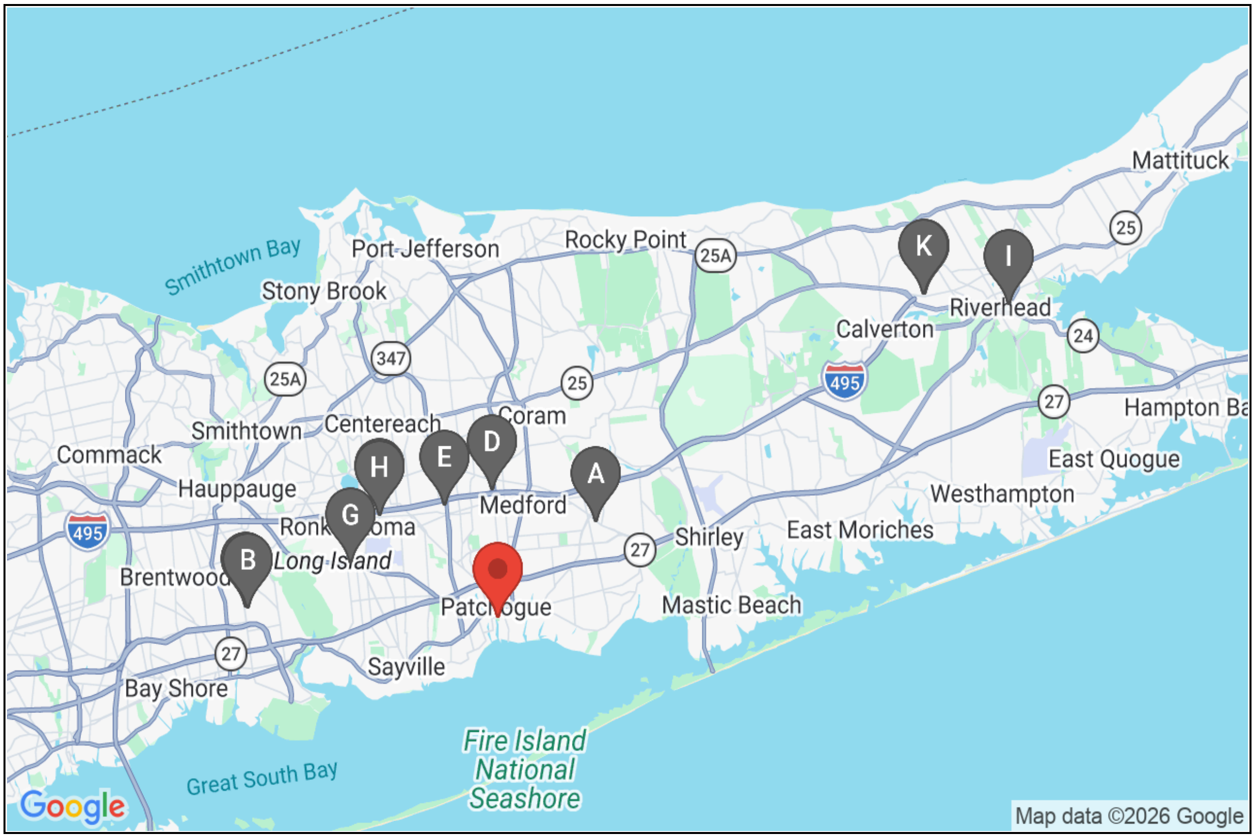
For the supply/demand analysis, CoStar has been utilized as the primary source of market data. To ensure confidentiality of individual hotel-level data, CoStar creates and applies a "composite property" methodology when aggregating property-level performance data in user-defined sets.

The composite property consists of actual performance data from a small group of comparable hotels selected anonymously by CoStar which considers factors such as performance, class, business mix, and location. Weighted at 5% of the total room sample, the composite property ensures that no single hotel's data can be isolated, while maintaining accuracy with results that typically have a variation within +/-1% from the actual performance of the selected competitive set of hotels. This approach provides reliable market analytics for key performance indicators without compromising data confidentiality.

As such, operating metrics for a chosen competitive set (defined herein), including supply, demand, occupancy, ADR, and RevPAR, incorporate data from the selected participating properties along with the system-generated composite property. These additional rooms from the composite property are reflected in the total room count utilized to calculate and forecast subject market performance metrics. However, it is important to note for the reader that the composite property is not an actual hotel considered to be directly competitive with the subject property.

Considering the anticipated branding of the subject hotel, product-type, amenities, ADR-positioning, condition and location, the subject property is expected to compete predominately with other similar hotels in the surrounding area. We recognize that there are various other lodging facilities in the area which may compete with the subject to a nominal degree; however, for the most part, we do not expect they will compete as directly and cater to the same clientele that would choose the subject property or the majority of the competitive set of hotels. Many of these such hotels include owner-operated motor lodges under 100 rooms which do not report to STR, and therefore were not considered for purposes of this analysis. Due to the lack of immediately located competitors in Patchogue, we selected a regional competitive set of branded hotels from Islip to the west as far as Riverhead to the east. While we note the subject will be a full-service hotel, and many of the regional competitors are select-service or limited-service hotels, our review of the nearest full-service hotels yielded that most full-service products had significantly higher room counts, significantly higher meeting space than the subject, or locations heavily influenced by other demand generators dissimilar to those which drive demand in Patchogue. As a result, our competitive set consists primarily of select-service and limited-service hotels at-or-near the subject's upper upscale chain scale. Given the subject's room mix includes 13 one-bedroom and two-bedroom suites with full kitchens, we included extended-stay competitors in our competitive set.

The subject's competitive market consists of the SpringHill Suites Long Island Brookhaven, Residence Inn by Marriott Long Island Islip/Courthouse Complex, Courtyard by Marriott Long Island Islip/Courthouse Complex, Hampton Inn Long Island Brookhaven, Residence Inn Long Island Holtsville, Courtyard Long Island MacArthur Airport, Hilton Garden Inn Islip Long Island MacArthur Airport, Homewood Suites by Hilton Ronkonkoma, Hyatt Place Long Island East End, Residence Inn by Marriott Long Island East End, and Hilton Garden Inn Riverhead. The primary competitive set for the subject hotel is expected to be comprised of eleven hotels, which range in size from 100 to 166 rooms, and collectively contain an aggregate of 1,452 rooms. The following tables present summary information on the competitive set. This information was assembled from market interviews, property inspections, and lodging directories. Market segmentation reflects the estimated share of room nights in each of the market segments: Commercial, Meeting & Group, and Leisure. A map of the competitors follows:



A) SpringHill Suites Long Island Brookhaven
B) Residence Inn by Marriott Long Island
C) Courtyard by Marriott Long Island Islip/Courthouse
D) Hampton Inn Long Island Brookhaven
E) Residence Inn Long Island Holtsville
F) Courtyard Long Island MacArthur Airport
G) Hilton Garden Inn Islip Long Island MacArthur
H) Homewood Suites by Hilton Ronkonkoma
I) Hyatt Place Long Island East End
J) Residence Inn by Marriott Long Island East End
K) Hilton Garden Inn Riverhead

Primary Competitive Set Profile				**Segmentation**			**Amenities**								
Hotel	Location	Year Built	No. of Rooms	Commercial	Meeting & Group	Leisure	Total Meeting Space (Sq. Ft.)	Meeting Space per Key (Sq. Ft.)	Restaurant	Lounge	Indoor Pool	Outdoor Pool	Fitness Center	Comp Breakfast
Proposed Tapestry Collection Hotel by Hilton Patchogue (Subject)	**138 West Avenue, Patchogue, NY**	**2028**	**122**	**20%**	**20%**	**60%**	**7,443**	**61**	**X**	**X**		**X**	**X**	
SpringHill Suites Long Island Brookhaven	2 Sawgrass Drive, Bellport, NY	1976	128	60%	15%	25%	1,366	11			X		X	X
Residence Inn by Marriott Long Island Islip/Courthouse Complex	7 Court House Drive, Central Islip, NY	2013	125	50%	15%	35%	551	4			X		X	X
Courtyard by Marriott Long Island Islip/Courthouse Complex	11 Court House Drive, Central Islip, NY	2018	125	45%	20%	35%	1,232	10	X		X		X	
Hampton Inn Long Island Brookhaven	2000 N Ocean Avenue, Farmingville, NY	2002	161	45%	20%	35%	2,400	15			X		X	X
Residence Inn Long Island Holtsville	25 Middle Avenue, Holtsville, NY	2004	124	50%	10%	40%	-	-			X		X	X
Courtyard Long Island MacArthur Airport	5000 Express Drive South, Ronkonkoma, NY	2002	154	50%	20%	30%	8,000	52		X	X		X	
Hilton Garden Inn Islip Long Island MacArthur Airport	3485 Veterans Memorial Highway, Ronkonkoma, NY	2003	166	55%	15%	30%	1,200	7	X	X	X		X	
Homewood Suites by Hilton Ronkonkoma	65 Union Avenue, Ronkonkoma, NY	2019	124	50%	15%	35%	995	8			X		X	X
Hyatt Place Long Island East End	451 East Main Street, Riverhead, NY	2011	100	20%	30%	50%	17,930	179		X	X	X	X	X
Residence Inn by Marriott Long Island East End	2012 Old Country Road, Riverhead, NY	2017	131	20%	10%	70%	6,094	47		X	X	X	X	X
Hilton Garden Inn Riverhead	2038 Old Country Road, Riverhead, NY	2008	114	30%	20%	50%	1,758	15	X	X	X		X	
CoStar Composite	*N/A*	*N/A*	*73*	*44%*	*17%*	*39%*	*N/A*	*N/A*	-	-	-	-	-	-
Totals / *Averages*			**1,647**	***42%***	***17%***	***40%***	**48,969**	***29.7***						

Property Information			Estimated 2024			Estimated 2025		
Hotel	*No. of Keys*	*Competitive Rooms*	*Occupancy*	*Average Rate*	*RevPAR*	*Occupancy*	*Average Rate*	*RevPAR*
SpringHill Suites Long Island Brookhaven	128	128	70% - 75%	$140 - $150	$100 - $110	70% - 75%	$150 - $160	$105 - $115
Residence Inn by Marriott Long Island Islip/Courthouse Complex	125	125	70% - 75%	$185 - $195	$130 - $140	75% - 80%	$190 - $200	$145 - $155
Courtyard by Marriott Long Island Islip/Courthouse Complex	125	125	65% - 70%	$175 - $185	$115 - $125	70% - 75%	$175 - $185	$130 - $140
Hampton Inn Long Island Brookhaven	161	161	75% - 80%	$160 - $170	$120 - $130	75% - 80%	$165 - $175	$125 - $135
Residence Inn Long Island Holtsville	124	124	80% - 85%	$160 - $170	$125 - $135	75% - 80%	$160 - $170	$125 - $135
Courtyard Long Island MacArthur Airport	154	154	75% - 80%	$160 - $170	$120 - $130	75% - 80%	$170 - $180	$125 - $135
Hilton Garden Inn Islip Long Island MacArthur Airport	166	166	75% - 80%	$155 - $165	$120 - $130	75% - 80%	$160 - $170	$125 - $135
Homewood Suites by Hilton Ronkonkoma	124	124	80% - 85%	$165 - $175	$130 - $140	80% - 85%	$170 - $180	$135 - $145
Hyatt Place Long Island East End	100	100	70% - 75%	$180 - $190	$130 - $140	70% - 75%	$190 - $200	$135 - $145
Residence Inn by Marriott Long Island East End	131	131	75% - 80%	$190 - $200	$145 - $155	75% - 80%	$200 - $210	$155 - $165
Hilton Garden Inn Riverhead	114	114	70% - 75%	$200 - $210	$145 - $155	70% - 75%	$215 - $225	$160 - $170
CoStar Composite	*73*	*73*	*75% - 80%*	*$170 - $180*	*$125 - $135*	*75% - 80%*	*$175 - $185*	*$135 - $145*
Totals / *Averages*	**1,525**	**1,525**	***75%***	***$173.26***	***$130.52***	***76%***	***$181.34***	***$137.74***

Property Information			Estimated 2024			Estimated 2025		
Hotel	*No. of Keys*	*Competitive Rooms*	*Occupancy Penetration*	*ADR Penetration*	*RevPAR Penetration*	*Occupancy Penetration*	*ADR Penetration*	*RevPAR Penetration*
SpringHill Suites Long Island Brookhaven	128	128	93% - 100%	82% - 88%	77% - 85%	93% - 99%	82% - 87%	77% - 84%
Residence Inn by Marriott Long Island Islip/Courthouse Complex	125	125	93% - 100%	105% - 111%	100% - 108%	99% - 106%	105% - 111%	106% - 113%
Courtyard by Marriott Long Island Islip/Courthouse Complex	125	125	87% - 93%	100% - 106%	88% - 96%	93% - 99%	97% - 102%	95% - 102%
Hampton Inn Long Island Brookhaven	161	161	100% - 107%	92% - 98%	92% - 100%	99% - 106%	92% - 98%	91% - 99%
Residence Inn Long Island Holtsville	124	124	107% - 113%	92% - 98%	96% - 104%	99% - 106%	90% - 95%	91% - 99%
Courtyard Long Island MacArthur Airport	154	154	100% - 107%	92% - 98%	92% - 100%	99% - 106%	93% - 98%	91% - 99%
Hilton Garden Inn Islip Long Island MacArthur Airport	166	166	100% - 107%	89% - 95%	92% - 100%	99% - 106%	90% - 95%	91% - 99%
Homewood Suites by Hilton Ronkonkoma	124	124	107% - 113%	95% - 101%	100% - 108%	106% - 112%	95% - 101%	99% - 106%
Hyatt Place Long Island East End	100	100	93% - 100%	104% - 109%	100% - 108%	93% - 99%	105% - 111%	99% - 106%
Residence Inn by Marriott Long Island East End	131	131	100% - 107%	109% - 115%	111% - 119%	99% - 106%	111% - 116%	113% - 121%
Hilton Garden Inn Riverhead	114	114	93% - 100%	115% - 121%	111% - 119%	93% - 99%	119% - 124%	117% - 124%
CoStar Composite	*73*	*73*	*100% - 107%*	*97% - 103%*	*96% - 104%*	*99% - 106%*	*97% - 103%*	*99% - 106%*
Totals / *Averages*	**1,525**	**1,525**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Please note that the difference in room counts above is the result of the inclusion of the 122-room subject.

SpringHill Suites Long Island Brookhaven

2 Sawgrass Drive, Bellport, NY

Number of Rooms:	128
Year Opened:	1976
Parent Company:	Marriott International
Service Level	Limited-Service
Chainscale	Upscale
Distance From Subject:	6 miles
2025 Occupancy | ADR:	70% - 75% | $150 - $160
Meeting Space:	1,366 Square Feet

Amenities

Indoor Pool	Fitness Center
Complimentary Breakfast	

The hotel is one of three hotels in the same tax domicile as the subject and has the highest assessment per key based on newness of construction relative to the Hampton Inn Brookhaven and Residence Inn Holtsville.The East End Event Room, the largest meeting space, accommodates up to 70 guests. The hotel is situated near Lasorda Legacy Park, a notable baseball facility. The hotel was last reportedly renovated in 2016, and recently sold out of receivership in January 2026 for $11,250,000 or $87,891 per key, from AHIP REIT (who purchased the hotel in 2017 as part of an 18-hotel portfolio from MCR Hotels.

Residence Inn by Marriott Long Island Islip/Courthouse Complex

7 Court House Drive, Central Islip, NY

Number of Rooms:	125
Year Opened:	2013
Parent Company:	Marriott International
Service Level	Extended-Stay
Chainscale	Upscale
Distance From Subject:	12 miles
2025 Occupancy | ADR:	75% - 80% | $190 - $200
Meeting Space:	551 Square Feet

Amenities

Indoor Pool	Fitness Center
Complimentary Breakfast	

The hotel experiences superior corporate traffic because of proximity to the airport and Courthouse, west of the subject. All rooms are studios or suites and include a full kitchen. The hotel was renovated in 2024, and is owned by the Briad Lodging Group of Livingston, NJ (who also owns the Courtyard Islip/Courthouse Complex below).

Courtyard by Marriott Long Island Islip/Courthouse Complex

11 Court House Drive, Central Islip, NY

Number of Rooms:	125
Year Opened:	2018
Parent Company:	Marriott International
Service Level	Select-Service
Chainscale	Upscale
Distance From Subject:	12 miles
2025 Occupancy | ADR:	70% - 75% | $175 - $185
Meeting Space:	1,232 Square Feet

<u>Amenities</u>

Restaurant	Indoor Pool
Fitness Center	

The hotel is owned by the Briad Lodging Group of Livingston, NJ (who also owns the Residence Inn Islip/Courthouse Complex above). The hotel experiences higher corporate traffic because of proximity to the airport and Courthouse, west of the subject.

Hampton Inn Long Island Brookhaven

2000 N Ocean Avenue, Farmingville, NY

Number of Rooms:	161
Year Opened:	2002
Parent Company:	Hilton Worldwide
Service Level	Limited-Service
Chainscale	Upper Midscale
Distance From Subject:	5 miles
2025 Occupancy | ADR:	75% - 80% | $165 - $175
Meeting Space:	2,400 Square Feet

<u>Amenities</u>

Indoor Pool	Fitness Center
Complimentary Breakfast	

The hotel is included despite its upper midscale offering based on its proximity to the subject site and Hilton affiliation. The property is one of three hotels in the same tax domicile as the subject, and is among the oldest hotel in the competitive set.The property hosts youth sports and other groups related to Baseball Heaven/LaSorda Park. The hotel was last renovated in 2016/2017, and a partial interest in the hotel recently sold/recapitalized in February 2025 for an allocated $17,136,609 or $106,439 per key as part of a five-hotel portfolio from Gentry Mills Capital to Ares Management Corporation. The portfolio included the Courtyard Long Island MacArthur Airport and the Homewood Suites by Hilton Ronkonkoma, along with a Courtyard in VA and a Hampton Inn & Suites in MD. The total portfolio transferred for $100,000,000 or an average of $133,389 per key.

Residence Inn Long Island Holtsville

25 Middle Avenue, Holtsville, NY

Number of Rooms:	124
Year Opened:	2004
Parent Company:	Marriott International
Service Level	Extended-Stay
Chainscale	Upscale
Distance From Subject:	6 miles
2025 Occupancy | ADR:	75% - 80% | $160 - $170
Meeting Space:	None

<u>Amenities</u>

Indoor Pool	Fitness Center
Complimentary Breakfast	

Residence Inn Long Island Holtsville, located at 25 Middle Avenue, Holtsville, NY, comprises 124 extended-stay suites with kitchenettes and renovated in the early 2020s. The hotel is one of three hotels in the same tax domicile as the subject. it is located north of the subject, and more proximate to I-495, and it accommodates extended stay demand. The hotel is among the market leaders for occupancy due to the longer duration stays, offers a lower ADR in exchange for the longer duration.

Courtyard Long Island MacArthur Airport

5000 Express Drive South, Ronkonkoma, NY

Number of Rooms:	154
Year Opened:	2002
Parent Company:	Marriott International
Service Level	Select-Service
Chainscale	Upscale
Distance From Subject:	7 miles
2025 Occupancy | ADR:	75% - 80% | $170 - $180
Meeting Space:	8,000 Square Feet

<u>Amenities</u>

Lounge	Indoor Pool
Fitness Center	

The hotel offers approximately 8,000 square feet of meeting space, including the Great South Bay room, which can accommodate up to 200 guests. The hotel is the oldest property in the competitive set, though renovated in 2020. A partial interest in the hotel recently sold/recapitalized in February 2025 for an allocated $43,011,926 or $279,298 per key as part of a five-hotel portfolio from Gentry Mills Capital to Ares Management Corporation. The portfolio included the Hampton Inn Long Island-Brookhaven and the Homewood Suites by Hilton Ronkonkoma, along with a Courtyard in VA and a Hampton Inn & Suites in MD. The total portfolio transferred for $100,000,000 or an average of $133,389 per key. It is located near the Ronkonkoma LIRR Station and has access to Fire Island by the Robert Moses Bridge.

Hilton Garden Inn Islip Long Island MacArthur Airport

3485 Veterans Memorial Highway, Ronkonkoma, NY

Number of Rooms:	166
Year Opened:	2003
Parent Company:	Hilton Worldwide
Service Level	Select-Service
Chainscale	Upscale
Distance From Subject:	7.5 miles
2025 Occupancy | ADR:	75% - 80% | $160 - $170
Meeting Space:	1,200 Square Feet

<u>Amenities</u>

Restaurant	Lounge
Indoor Pool	Fitness Center

The hotel is located near the Ronkonkoma LIRR Station and has access to Fire Island by the Robert Moses Bridge. It offers less meeting space than the adjacent Courtyard MacArthur Airport, and appeals less-so to groups in need of that amenity. The hotel is owned by Apple Hospitality REIT, and was last renovated in 2019/2020.

Homewood Suites by Hilton Ronkonkoma

65 Union Avenue, Ronkonkoma, NY

Number of Rooms:	124
Year Opened:	2019
Parent Company:	Hilton Worldwide
Service Level	Extended-Stay
Chainscale	Upscale
Distance From Subject:	6.5 miles
2025 Occupancy | ADR:	80% - 85% | $170 - $180
Meeting Space:	995 Square Feet

<u>Amenities</u>

Indoor Pool	Fitness Center
Complimentary Breakfast	

The hotel offers 124 extended-stay suites with in-room kitchens, including studio, one-bedroom, and two-bedroom configurations. It is the newest property in the competitive set, leads extended stay rate due to product freshness. The hotel is located north of the subject, and more proximate to I-495. A partial interest in the hotel recently sold/recapitalized in February 2025 for an allocated $17,160,727 or $138,393 per key as part of a five-hotel portfolio from Gentry Mills Capital to Ares Management Corporation. The portfolio included the Hampton Inn Long Island-Brookhaven and the Courtyard Long Island MacArthur Airport, along with a Courtyard in VA and a Hampton Inn & Suites in MD. The total portfolio transferred for $100,000,000 or an average of $133,389 per key. It is located near the Ronkonkoma LIRR Station and has access to Fire Island by the Robert Moses Bridge.

Hyatt Place Long Island East End

451 East Main Street, Riverhead, NY

Number of Rooms:	100
Year Opened:	2011
Parent Company:	Hyatt Corporation
Service Level	Select-Service
Chainscale	Upscale
Distance From Subject:	25 miles
2025 Occupancy | ADR:	70% - 75% | $190 - $200
Meeting Space:	17,930 Square Feet
Amenities	
Lounge	Indoor Pool
Outdoor Pool	Fitness Center
Complimentary Breakfast	

Opened in 2011, the hotel underwent a $2.5 million renovation in 2019, updating guestrooms and public areas. The hotel offers oversized event spaces for a typical Hyatt Place, and offers a complimentary breakfast as a brand standard, which is not offered by its Hilton (Hilton Garden Inn) and Marriott (Courtyard) equivalents. The property competes heavily for meeting & group demand as a result of the space offering. The relatively below-market-average occupancy is evidence of seasonality on the east end of Long Island and lack of corporate/midweek demand.

Residence Inn by Marriott Long Island East End

2012 Old Country Road, Riverhead, NY

Number of Rooms:	131
Year Opened:	2017
Parent Company:	Marriott International
Service Level	Extended-Stay
Chainscale	Upscale
Distance From Subject:	23 miles
2025 Occupancy | ADR:	75% - 80% | $200 - $210
Meeting Space:	6,094 Square Feet
Amenities	
Lounge	Indoor Pool
Outdoor Pool	Fitness Center
Complimentary Breakfast	

Although it is an extended-stay brand, accommodates a large amount of leisure and transient business due to its proximity to leisure demand generators, boosting its ADR despite its extended-stay and higher occupancy (longer duration) abilities. The property is proximate to Tanger Outlets Riverhead and the Long Island Aquarium & Exhibition Center. The hotel was acquired in late 2023 by Bradford Allen Hospitality from the developer as a two-hotel portfolio including the Hilton Garden Inn Riverhead (below) for an undisclosed amount (assumably inclusive of PILOT Tax incentives, given the listing of a local IDA in the transaction parties). Renovations/updates are in planning for the property.

Hilton Garden Inn Riverhead

2038 Old Country Road, Riverhead, NY

Number of Rooms:	114
Year Opened:	2008
Parent Company:	Hilton Worldwide
Service Level	Select-Service
Chainscale	Upscale
Distance From Subject:	23 miles
2025 Occupancy | ADR:	70% - 75% | $215 - $225
Meeting Space:	1,758 Square Feet

Amenities

Restaurant	Lounge
Indoor Pool	Fitness Center

The hotel is situated across the street from the Tanger Outlet Center and approximately one mile from Atlantis Marine World Aquarium and Splish Splash Water Park. The hotel was acquired in late 2023 by Bradford Allen Hospitality from the developer as a two-hotel portfolio including the Residence Inn Long Island East End (above) for an undisclosed amount (assumably inclusive of PILOT Tax incentives, given the listing of a local IDA in the transaction parties). Full guestroom, meeting space, exterior, and public space renovations were completed in 2025 following the acquisition. Given the renovation, and location, the hotel is the rate leader for the competitive set, based on heavy leisure demand and lack of direct competition for its submarket.The relatively below-market-average occupancy is evidence of seasonality on the east end of Long Island and lack of corporate/midweek demand.

Occupancy & Average Daily Rate Projections

Historical Supply and Demand Analysis

The competitive market supply has fluctuated during the period studied. Please note changes in room counts are explained by the renovations at various properties during the period studied, as well as the opening of many of the hotels in the competitive set in the early and late 2010's.

The subject market saw consistent supply growth from 2009 through 2014, followed by two years of limited supply growth, and additional growth from 2017 – 2020. During that period, demand was absorbed by the new competitors, and occupancy varied in the mid to high 70% range, while ADR increased in most years, despite the added competition.

Occupancy and ADR both decreased in 2020 as a result of the pandemic, though occupancy returned to the 70% mark by 2021, and the market capitalized on pent-up leisure demand in 2021 and 2022, with significant record ADR levels. Demand continued to increase to record levels through 2025, and ADR demonstrated continued long term growth (despite a slight pullback in 2023) through the same period.

Year-to-date data through Feb 2026 shows a negative trend, albeit these months tend to be of less significant impact to annual metrics due to the seasonality of the market, with RevPAR decline of 5.1%, comprised of 2.6% and -7.5% ADR and Occupancy change, respectively.

The following tables and charts present historical trends in the performance of the primary competitors.

CoStar Composite Report

Year	*Supply*	*% Change*	*Demand*	*% Change*	*Occupancy*	*% Change*	*ADR*	*% Change*	*RevPAR*	*% Change*
2009	753	-	199,431	-	72.6%	-	$119.20	-	$86.51	-
2010	832	*10.5%*	217,769	*9.2%*	71.7%	*-1.2%*	$117.09	*-1.8%*	$84.00	*-2.9%*
2011	940	*13.1%*	235,111	*8.0%*	68.5%	*-4.5%*	$120.03	*2.5%*	$82.24	*-2.1%*
2012	992	*5.5%*	275,847	*17.3%*	76.2%	*11.2%*	$126.01	*5.0%*	$95.98	*16.7%*
2013	1,003	*1.1%*	289,592	*5.0%*	79.1%	*3.8%*	$129.56	*2.8%*	$102.44	*6.7%*
2014	1,123	*12.0%*	316,349	*9.2%*	77.1%	*-2.4%*	$132.58	*2.3%*	$102.28	*-0.2%*
2015	1,123	*0.0%*	327,505	*3.5%*	79.9%	*3.5%*	$139.28	*5.0%*	$111.23	*8.8%*
2016	1,124	*0.0%*	330,328	*0.9%*	80.5%	*0.8%*	$145.57	*4.5%*	$117.22	*5.4%*
2017	1,136	*1.1%*	328,326	*-0.6%*	79.2%	*-1.7%*	$148.47	*2.0%*	$117.54	*0.3%*
2018	1,393	*22.6%*	388,117	*18.2%*	76.3%	*-3.6%*	$151.69	*2.2%*	$115.76	*-1.5%*
2019	1,459	*4.7%*	413,171	*6.5%*	77.6%	*1.7%*	$151.97	*0.2%*	$117.91	*1.9%*
2020	1,524	*4.5%*	300,168	*-27.4%*	54.0%	*-30.5%*	$128.23	*-15.6%*	$69.19	*-41.3%*
2021	1,525	*0.0%*	394,915	*31.6%*	71.0%	*31.5%*	$159.70	*24.5%*	$113.34	*63.8%*
2022	1,525	*0.0%*	393,701	*-0.3%*	70.7%	*-0.3%*	$174.09	*9.0%*	$123.17	*8.7%*
2023	1,525	*0.0%*	405,187	*2.9%*	72.8%	*2.9%*	$171.86	*-1.3%*	$125.14	*1.6%*
2024	1,525	*0.0%*	419,224	*3.5%*	75.3%	*3.5%*	$173.26	*0.8%*	$130.52	*4.3%*
2025	1,525	*0.0%*	422,674	*0.8%*	76.0%	*0.8%*	$181.34	*4.7%*	$137.74	*5.5%*
CAGR		***4.5%***		***4.8%***		***0.3%***		***2.7%***		***2.9%***
Feb 2026										
YTD 2025	1,525	-	57,017	-	63.4%	-	$137.47	-	$87.14	-
YTD 2026	1,525	*0.0%*	52,734	*-7.5%*	58.6%	*-7.5%*	$141.11	*2.6%*	$82.73	*-5.1%*
TTM 2025	1,525	-	424,164	-	76.2%	-	$173.20	-	$132.02	-
TTM 2026	1,525	*0.0%*	418,391	*-1.4%*	75.2%	*-1.4%*	$182.25	*5.2%*	$137.03	*3.8%*

CoStar Composite Monthly Report						
Month	Occ	% Change	ADR	% Change	RevPAR	% Change
Jan-19	58.7%	1.4%	$117.52	-0.9%	$68.98	0.6%
Feb-19	69.3%	8.3%	$119.53	0.1%	$82.83	8.5%
Mar-19	73.3%	2.0%	$127.72	2.6%	$93.62	4.7%
Apr-19	81.3%	7.3%	$136.50	1.8%	$110.97	9.3%
May-19	82.1%	3.0%	$166.82	6.7%	$136.96	9.9%
Jun-19	86.1%	-1.7%	$172.69	-16.8%	$148.69	-18.2%
Jul-19	87.1%	0.2%	$179.26	1.1%	$156.14	1.3%
Aug-19	87.9%	-3.5%	$181.72	3.8%	$159.73	0.1%
Sep-19	81.0%	1.7%	$167.09	3.2%	$135.34	4.9%
Oct-19	78.5%	0.0%	$155.63	3.1%	$122.17	3.1%
Nov-19	76.6%	3.5%	$139.15	2.9%	$106.59	6.4%
Dec-19	67.7%	-0.7%	$125.94	2.7%	$85.26	2.0%
Jan-23	52.1%	10.1%	$136.56	5.6%	$71.15	16.2%
Feb-23	61.8%	1.6%	$137.94	4.7%	$85.25	6.3%
Mar-23	68.1%	7.4%	$141.32	1.3%	$96.24	8.8%
Apr-23	72.2%	-1.0%	$151.30	-1.6%	$109.24	-2.6%
May-23	73.5%	0.2%	$175.01	-2.2%	$128.63	-2.0%
Jun-23	84.6%	4.8%	$194.72	-0.2%	$164.73	4.5%
Jul-23	86.2%	2.7%	$215.42	-1.5%	$185.69	1.2%
Aug-23	85.6%	1.9%	$205.33	-2.3%	$175.76	-0.5%
Sep-23	79.5%	1.1%	$190.11	-1.4%	$151.14	-0.3%
Oct-23	76.2%	4.2%	$175.51	-3.8%	$133.74	0.2%
Nov-23	68.3%	-0.9%	$155.29	-3.6%	$106.06	-4.5%
Dec-23	65.0%	5.9%	$140.28	-2.3%	$91.18	3.5%
Jan-24	51.9%	-0.3%	$131.36	-3.8%	$68.18	-4.1%
Feb-24	64.5%	4.3%	$137.43	-0.4%	$88.64	3.9%
Mar-24	67.9%	-0.4%	$138.49	-2.0%	$94.03	-2.4%
Apr-24	73.4%	1.8%	$146.06	-3.5%	$107.21	-1.8%
May-24	76.2%	3.8%	$177.51	1.4%	$135.26	5.3%
Jun-24	87.1%	3.0%	$194.66	0.0%	$169.55	2.9%
Jul-24	87.8%	1.8%	$226.17	5.0%	$198.58	6.9%
Aug-24	90.5%	5.7%	$210.72	2.6%	$190.70	8.5%
Sep-24	84.9%	6.8%	$192.08	1.0%	$163.08	7.9%
Oct-24	77.6%	1.9%	$176.53	0.6%	$136.99	2.4%
Nov-24	71.6%	4.7%	$156.74	0.9%	$112.23	5.7%
Dec-24	70.1%	7.8%	$140.97	0.5%	$98.82	8.3%
Jan-25	60.1%	15.7%	$134.28	2.2%	$80.70	18.3%
Feb-25	67.0%	3.9%	$140.64	2.3%	$94.23	6.4%
Mar-25	71.4%	5.2%	$140.00	1.1%	$99.96	6.4%
Apr-25	75.7%	3.1%	$146.65	0.4%	$111.01	3.5%
May-25	79.5%	4.3%	$181.96	2.5%	$144.66	6.9%
Jun-25	85.4%	-2.0%	$196.43	0.9%	$167.75	-1.1%
Jul-25	89.7%	2.2%	$232.09	2.6%	$208.18	4.9%
Aug-25	90.2%	-0.3%	$217.82	3.4%	$196.47	3.1%
Sep-25	81.6%	-3.9%	$239.41	24.6%	$195.36	19.8%
Oct-25	73.8%	-4.8%	$189.37	7.3%	$139.76	2.1%
Nov-25	73.0%	2.0%	$162.41	3.6%	$118.56	5.7%
Dec-25	63.5%	-9.5%	$146.79	4.1%	$93.21	-5.7%
Jan-26	53.5%	-10.9%	$137.28	2.2%	$73.44	-8.9%
Feb-26	64.3%	-4.1%	$144.64	2.8%	$93.00	-1.4%

Recently Opened/Proposed Supply

Per our research and discussions with various market participants and municipal officials, there is one proposed hotel that we have incorporated as competitive with the subject market, which is the Proposed Tapestry by Hilton Patchogue (Subject). We have also discussed two additional developments below for reader reference.

Competitive Supply:

- The **Peconic Hotel Riverhead, Tapestry Collection by Hilton** hotel is proposed for 127 East Main Street, located approximately 25 miles northeast from the subject property. The property is in final planning stages, with named partners including J Petrocelli Contracting of Ronkonkoma, NY and Architect Urban Design Associates of Pittsburgh, PA. The development is expected to be part of a greater $32.6 million town-square project by the town of Riverhead which will include the hotel, 12 condominium units, and subterranean parking. Due to the speculative nature of the development, and no completion timeline announced, we have not factored it as competitive in our analysis.

- The Fairfield by Marriott Inn & Suites Long Island Farmingdale hotel is proposed for the southwest corner of Southern State Parkway and Farmingdale Rd (NY-109), located approximately 24 miles southwest from the subject property. The hotel is anticipated to feature 91 keys. Given its westerly location, and the speculative nature of the development, we have not factored it as competitive in our projections.

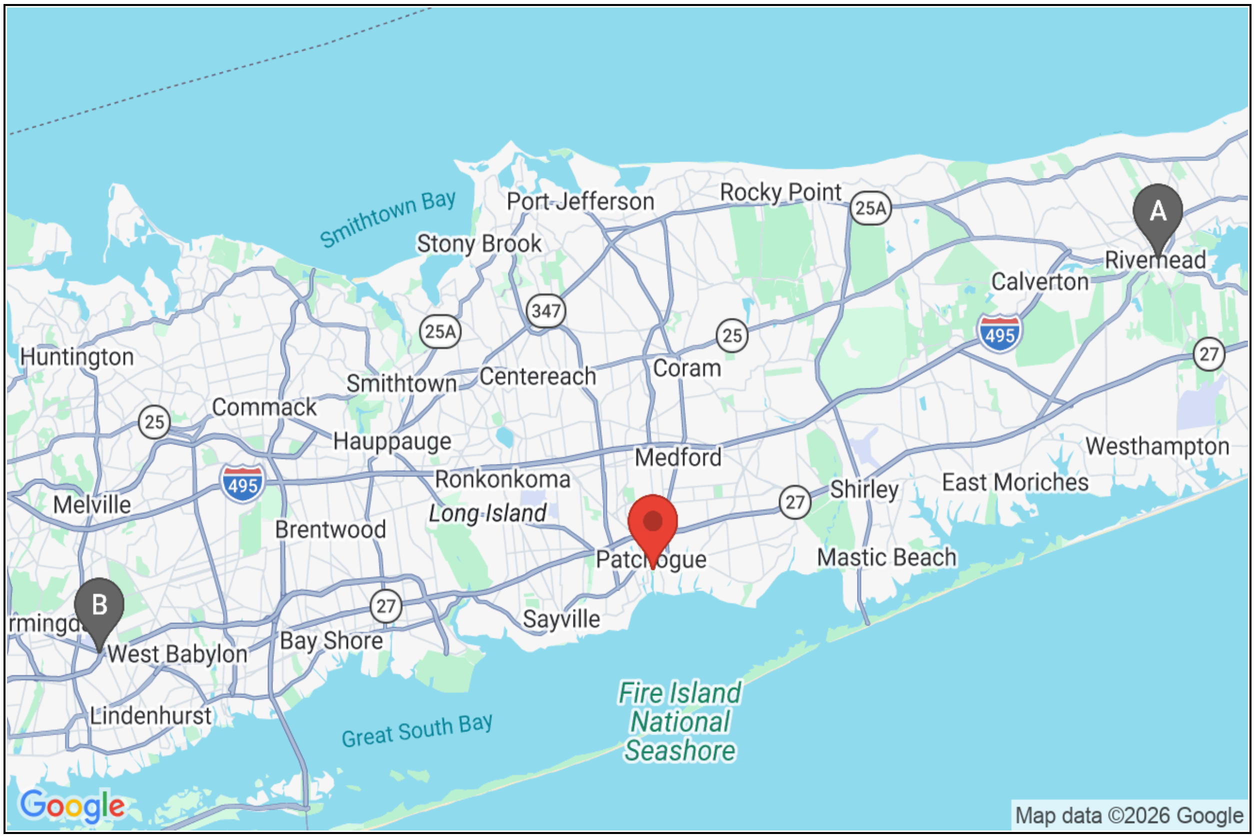
The competitive supply is summarized in the table below:

Competitive New Supply					
Name	*Address*	*Number of Keys*	*Distance (Miles)*	*Percent Competitive*	*Opened / Anticipated Opening*
Proposed Tapestry Collection Hotel by Hilton Patchogue (Subject)	***138 West Avenue***	***122***	*n/a*	***100%***	***Apr-28***
Recently Opened / Proposed New Supply					
The Peconic Hotel Riverhead, Tapestry Collection by Hilton	127 East Main Street, Riverhead, NY 11901	80	25.0	0%	TBD
Fairfield by Marriott Inn & Suites Long Island Farmingdale	400 NY-109, Farmingdale, NY 11735	91	24.0	0%	TBD

The phase-in of keys is calculated in the table below:

Competitive New Supply Phase-In						
Fiscal Year Ending:	*2026*	*2027*	*2028*	*2029*	*2030*	*2031*
Proposed Tapestry Collection Hotel by Hilton Patchogue (Subject)	***0***	***0***	***92***	***122***	***122***	***122***
Total	**0**	**0**	**92**	**122**	**122**	**122**

A map showing the non-competitive speculative developments is below for reader reference:



A) The Peconic Hotel Riverhead, Tapestry Collection B) Fairfield by Marriott Inn & Suites Long Island

Additionally, while there is a moderate amount of other new supply anticipated to enter the overall surrounding area over the next several years, the majority of the proposed new supply is considered speculative and/or consists of properties that are not anticipated to directly compete with the subject property. We have considered the proposed hotel developments within the surrounding area in our overall demand and rate growth projections, as well as our selection of discount and capitalization rates.

Demand Analysis

The following section summarizes our analysis and projection of demand in each of the market segments: commercial, meeting & group, and leisure.

Commercial Demand arises from individuals who are conducting business and visiting various firms in the subject's market area. Commercial/corporate demand is strongest Monday through Thursday nights, declining significantly on Friday and Saturday, and increasing somewhat on Sunday. Commercial/corporate travelers' typical length of stay ranges from one to three days, and this demand is relatively constant throughout the year, although some declines are noticeable in late December and during other holiday periods. We have also factored extended-stay demand in our projections.

The subject market draws corporate demand from the numerous headquarters and regional offices in the surrounding area, as well as local commercial businesses. There are a variety of industries located within the neighborhood. Major employment sectors include technology, manufacturing, fashion, and healthcare. The subject market draws commercial demand from nearby companies, such as Canon USA, Marchon Eyewear, Henry Schein, D'Addario, Estee Lauder, Symbol Technologies, and Leviton. Additionally, the subject market receives airline crew business. This concentration of business activity, as well as its close proximity to Long Island MacArthur Airport, creates hotel room night demand.

Meeting & Group Demand includes groups who reserve blocks of rooms for meetings, seminars, trade association shows, and other similar gatherings of ten or more people. Group meetings and convention demand is typically strongest during the spring and fall months, while the summer months represent the slowest period for this market segment, and the winter demand varies. Meeting and group travelers typically achieve an average length of stay of three to five days. Historically, most corporate groups meet on weekdays and social groups use the weekend periods. However, in the recent past the corporate group booking trends have changed to include some or all of the weekend. Many corporate groups, as a cost containment measure have been utilizing weekend meetings, which usually result in lower airfares and hotel room rates, especially in non-resort markets.

The meeting and group segment also includes the hotel's ability to capture a portion of group-oriented business affiliated with a segment known as MICE (Meetings, Incentives, Conferencing and Exhibitions) as well as SMERF (Social, Military, Educational, Religious, and Fraternal). Room nights from the MICE group consist of groups associated with corporate meetings, conferences and events, as well as incentive travel. Room nights from the SMERF group usually consist of groups such as youth athletic teams and church groups among a variety of others. Consistent with most group bookings, the SMERF group usually garners a lower room rate, but offsets rate loss with greater occupancy levels.

In the subject market, meeting & group business is derived from the SMERF segment. The SMERF sector in this competitive market is primarily comprised of demand from religious, educational and fraternal groups, inclusive of tour & travel. Additional demand is generated from meetings and groups associated with nearby corporations. The area benefits from sports group business as well, namely from youth and collegiate sports, especially those making use of Baseball Heaven/LaSorda Park. The college/university presence also creates demand in this segment, namely from Stony Brook University and partly from Suffolk County Community College.

Leisure Demand consists of individual tourists and families visiting the attractions of a local market and/or passing through to other destinations. Leisure demand is strongest on Friday and Saturday nights, holiday periods and the summer months. These peak periods generally are negatively correlated with commercial and meeting & group demand. Spring is also a prime period for weddings and other social activities.

Leisure demand levels tend to vary based on the overall economy, due to changes in levels of disposable income, coupled with the strength or weakness of the U.S. dollar, as a strong dollar promotes domestic travel whereas a weak dollar promotes international travel to the United States.

Leisure demand is drawn by family and friends in the immediate area, visiting relatives, sports/events and other related travel, as well as local weddings, family reunions and other social events. Additionally, demand is generated by motorists traveling via the surrounding major thoroughfares. Demand is also generated by nearby attractions including Fire Island National Seashore and associated natural areas and parks, Watch Hill saltmarsh and associated bird watching and marine activities, Blue Point Brewery headquarters and brewpub, Patchogue Theater for the Performing Arts, downtown Patchogue walking lifestyle shops/dining/entertainment, signature events and festivals such as 'Alive after Five' and concert series, and the Hamptons and south fork of Long Island. The subject market also benefits from local universities such as Stony Brook University and Suffolk County Community College (Selden, NY). Graduation and homecoming especially are peak times with guestrooms booked over a year in advance.

Area Wide Demand Projections

The projection of area-wide occupancy is derived from the relationship between estimated future demand and future guestroom supply. Annual growth rates for each market segment are applied to the estimated current year-end area-wide room night demand for each market segment to arrive at a projection of area-wide annual lodging demand as set forth in the table on the following page.

As mentioned previously, based on our analysis of the local market for transient accommodations for the current year, we have projected varying growth rates in each of the market demand segments over the course of our projection period.

Going forward, we anticipate that the market will continue to improve and achieve stabilization through 2028, as reflected in our base demand projections.

Latent Demand accounts for guests who cannot be accommodated by the existing competitive supply for a variety of reasons. Because the local market demand estimate is based on hotel occupancies, it considers only those hotel rooms that were utilized by guests. Latent demand can be divided into displaced demand and induced demand.

Displaced Demand occurs when individuals are unable to rent a room because the marketplace's hotels are filled to capacity. As a result, individuals must defer their trips or make accommodations in other markets. Displaced demand is illustrated further in markets where there are distinct high and low seasons, or several periods of high and low occupancy throughout the year.

Considering there are typically several months of the year that market occupancy levels exceed 75%, we have projected a moderate amount of previously displaced demand to be accommodated into the subject market given the entrance of the Proposed Tapestry by Hilton Patchogue (Subject) to the competitive set.

Induced Demand is additional demand created by the existence of a new demand generator or the addition to the competitive supply of new lodging properties. The demand generators typically feature specialized facilities designed to cater to a particular segment and attract demand that previously did not exist in the area or increase the attraction of that demand.

We have projected a moderate amount of induced demand relating to the entrance of directly competitive new supply in the competitive market.

The following tables summarize our projection of area-wide room night demand, supply, and occupancy rates.

Projected Segmented Demand

Projected Segmented Demand												
Segment	Base Year	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033	12/31/2034	12/31/2035	12/31/2036
Commercial												
Annual Growth		-1.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Base Demand	508.9	503.8	513.9	524.2	524.2	524.2	524.2	524.2	524.2	524.2	524.2	524.2
Annual Room Nights	185,749	183,892	187,570	191,845	191,321	191,321	191,321	191,845	191,321	191,321	191,321	191,845
Displaced Demand		0	0	1,668	2,939	2,939	2,939	2,955	2,939	2,939	2,939	2,955
Induced Demand		0	0	886	1,176	1,176	1,176	1,179	1,176	1,176	1,176	1,179
Total Segment Demand	185,749	183,892	187,570	194,399	195,435	195,435	195,435	195,979	195,435	195,435	195,435	195,979
Competitive New Supply		*0*	*0*	*6,710*	*8,906*	*8,906*	*8,906*	*8,930*	*8,906*	*8,906*	*8,906*	*8,930*
Meeting & Group												
Annual Growth		-1.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Base Demand	195.8	193.9	197.8	201.7	201.7	201.7	201.7	201.7	201.7	201.7	201.7	201.7
Annual Room Nights	71,484	70,769	72,185	73,830	73,628	73,628	73,628	73,830	73,628	73,628	73,628	73,830
Displaced Demand		0	0	1,558	2,067	2,067	2,067	2,073	2,067	2,067	2,067	2,073
Induced Demand		0	0	886	1,176	1,176	1,176	1,179	1,176	1,176	1,176	1,179
Total Segment Demand	71,484	70,769	72,185	76,273	76,871	76,871	76,871	77,082	76,871	76,871	76,871	77,082
Competitive New Supply		*0*	*0*	*6,710*	*8,906*	*8,906*	*8,906*	*8,930*	*8,906*	*8,906*	*8,906*	*8,930*
Leisure												
Annual Growth		-1.0%	2.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Base Demand	448.7	444.2	453.1	462.2	462.2	462.2	462.2	462.2	462.2	462.2	462.2	462.2
Annual Room Nights	163,785	162,147	165,390	169,160	168,698	168,698	168,698	169,160	168,698	168,698	168,698	169,160
Displaced Demand		0	0	3,569	4,737	4,737	4,737	4,750	4,737	4,737	4,737	4,750
Induced Demand		0	0	2,657	3,527	3,527	3,527	3,536	3,527	3,527	3,527	3,536
Total Segment Demand	163,785	162,147	165,390	175,386	176,962	176,962	176,962	177,446	176,962	176,962	176,962	177,446
Competitive New Supply		*0*	*0*	*20,130*	*26,718*	*26,718*	*26,718*	*26,791*	*26,718*	*26,718*	*26,718*	*26,791*

	Base Year	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033	12/31/2034	12/31/2035	12/31/2036
Projected Segmented Demand Totals												
Commercial	185,749	183,892	187,570	194,399	195,435	195,435	195,435	195,979	195,435	195,435	195,435	195,979
Meeting & Group	71,484	70,769	72,185	76,273	76,871	76,871	76,871	77,082	76,871	76,871	76,871	77,082
Leisure	163,785	162,147	165,390	175,386	176,962	176,962	176,962	177,446	176,962	176,962	176,962	177,446
Total Market Demand	421,018	416,808	425,144	446,059	449,268	449,268	449,268	450,507	449,268	449,268	449,268	450,507
% Change		-1.0%	2.0%	4.9%	0.7%	0.0%	0.0%	0.3%	-0.3%	0.0%	0.0%	0.3%
Market Statistics												
Existing Rooms Supply	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525
Proposed Rooms Supply	0	0	0	92	122	122	122	122	122	122	122	122
Total Available Room Nights	556,479	556,479	556,479	591,554	601,009	601,009	601,009	602,656	601,009	601,009	601,009	602,656
Market-Wide Occupancy	76%	75%	76%	75%	75%	75%	75%	75%	75%	75%	75%	75%

Projected Occupancy and Average Daily Rate

A hotel's ability to generate room revenue is determined by two operating statistics: annual occupancy rate and average daily room rate. In most markets, a room night analysis may be performed to quantify and forecast room night demand. The occupancy of a given hotel may be projected based on its relative competitiveness with other hotels and its penetration through the market. Individual lodging facilities may operate above or below the area-wide occupancy or average rate, depending upon the particular attributes of the property.

Penetration Factor Analysis

The projected market share of the subject property is based on a penetration factor analysis. As previously stated, a penetration factor is the ratio between a property's market share and its fair share. Penetration factors were used to project the subject property's ability to capture room night demand. A hotel's fair share of lodging demand is equal to its number of rooms divided by the total competitive supply of rooms. If the subject property were to capture its fair share of the room night demand, it would penetrate the market by 100 percent. A penetration factor above or below 100 percent indicates a hotel's greater or lesser ability to compete in the marketplace.

The following tables illustrate the estimated 2025 penetration factors by market segment.

Commercial							
Property	2025 Average Room Count	2025 Fair Share	2025 Estimated Occupancy	2025 Market Segmentation	2025 Estimated Rooms Occupied	2025 Market Share	2025 Penetration Factor
SpringHill Suites Long Island Brookhaven	128	8.40%	70% - 75%	60.00%	19,622 - 21,024	10.6% - 11.3%	126% - 135%
Residence Inn by Marriott Long Island Islip/Courthouse Complex	125	8.20%	75% - 80%	50.00%	17,109 - 18,250	9.2% - 9.8%	112% - 120%
Courtyard by Marriott Long Island Islip/Courthouse Complex	125	8.20%	70% - 75%	45.00%	14,372 - 15,398	7.7% - 8.3%	94% - 101%
Hampton Inn Long Island Brookhaven	161	10.56%	75% - 80%	45.00%	19,833 - 21,155	10.7% - 11.4%	101% - 108%
Residence Inn Long Island Holtsville	124	8.13%	75% - 80%	50.00%	16,973 - 18,104	9.1% - 9.7%	112% - 120%
Courtyard Long Island MacArthur Airport	154	10.10%	75% - 80%	50.00%	21,079 - 22,484	11.3% - 12.1%	112% - 120%
Hilton Garden Inn Islip Long Island MacArthur Airport	166	10.89%	75% - 80%	55.00%	24,993 - 26,660	13.5% - 14.4%	124% - 132%
Homewood Suites by Hilton Ronkonkoma	124	8.13%	80% - 85%	50.00%	18,104 - 19,236	9.7% - 10.4%	120% - 127%
Hyatt Place Long Island East End	100	6.56%	70% - 75%	20.00%	5,110 - 5,475	2.8% - 2.9%	42% - 45%
Residence Inn by Marriott Long Island East End	131	8.59%	75% - 80%	20.00%	7,172 - 7,650	3.9% - 4.1%	45% - 48%
Hilton Garden Inn Riverhead	114	7.48%	70% - 75%	30.00%	8,738 - 9,362	4.7% - 5.0%	63% - 67%
CoStar Composite	*73*	*4.76%*	*75% - 80%*	*44.00%*	*8,793 - 9,379*	*4.7% - 5.0%*	*99% - 106%*
Totals / *Averages*	**1,525**	**100.00%**	***75.66%***	***44.12%***	**185,749**	**100.00%**	

Meeting & Group							
Property	2025 Average Room Count	2025 Fair Share	2025 Estimated Occupancy	2025 Market Segmentation	2025 Estimated Rooms Occupied	2025 Market Share	2025 Penetration Factor
SpringHill Suites Long Island Brookhaven	128	8.40%	70% - 75%	15.00%	4,906 - 5,256	6.9% - 7.4%	82% - 88%
Residence Inn by Marriott Long Island Islip/Courthouse Complex	125	8.20%	75% - 80%	15.00%	5,133 - 5,475	7.2% - 7.7%	88% - 93%
Courtyard by Marriott Long Island Islip/Courthouse Complex	125	8.20%	70% - 75%	20.00%	6,388 - 6,844	8.9% - 9.6%	109% - 117%
Hampton Inn Long Island Brookhaven	161	10.56%	75% - 80%	20.00%	8,815 - 9,402	12.3% - 13.2%	117% - 125%
Residence Inn Long Island Holtsville	124	8.13%	75% - 80%	10.00%	3,395 - 3,621	4.7% - 5.1%	58% - 62%
Courtyard Long Island MacArthur Airport	154	10.10%	75% - 80%	20.00%	8,432 - 8,994	11.8% - 12.6%	117% - 125%
Hilton Garden Inn Islip Long Island MacArthur Airport	166	10.89%	75% - 80%	15.00%	6,816 - 7,271	9.5% - 10.2%	88% - 93%
Homewood Suites by Hilton Ronkonkoma	124	8.13%	80% - 85%	15.00%	5,431 - 5,771	7.6% - 8.1%	93% - 99%
Hyatt Place Long Island East End	100	6.56%	70% - 75%	30.00%	7,665 - 8,213	10.7% - 11.5%	163% - 175%
Residence Inn by Marriott Long Island East End	131	8.59%	75% - 80%	10.00%	3,586 - 3,825	5.0% - 5.4%	58% - 62%
Hilton Garden Inn Riverhead	114	7.48%	70% - 75%	20.00%	5,825 - 6,242	8.1% - 8.7%	109% - 117%
CoStar Composite	*73*	*4.76%*	*75% - 80%*	*17.00%*	*3,397 - 3,624*	*4.8% - 5.1%*	*100% - 106%*
Totals / *Averages*	**1,525**	**100.00%**	***75.66%***	***16.98%***	**71,484**	**100.00%**	

Leisure							
Property	2025 Average Room Count	2025 Fair Share	2025 Estimated Occupancy	2025 Market Segmentation	2025 Estimated Rooms Occupied	2025 Market Share	2025 Penetration Factor
SpringHill Suites Long Island Brookhaven	128	8.40%	70% - 75%	25.00%	8,176 - 8,760	5.0% - 5.3%	59% - 64%
Residence Inn by Marriott Long Island Islip/Courthouse Complex	125	8.20%	75% - 80%	35.00%	11,977 - 12,775	7.3% - 7.8%	89% - 95%
Courtyard by Marriott Long Island Islip/Courthouse Complex	125	8.20%	70% - 75%	35.00%	11,178 - 11,977	6.8% - 7.3%	83% - 89%
Hampton Inn Long Island Brookhaven	161	10.56%	75% - 80%	35.00%	15,426 - 16,454	9.4% - 10.0%	89% - 95%
Residence Inn Long Island Holtsville	124	8.13%	75% - 80%	40.00%	13,578 - 14,483	8.3% - 8.8%	102% - 109%
Courtyard Long Island MacArthur Airport	154	10.10%	75% - 80%	30.00%	12,647 - 13,490	7.7% - 8.2%	76% - 82%
Hilton Garden Inn Islip Long Island MacArthur Airport	166	10.89%	75% - 80%	30.00%	13,633 - 14,542	8.3% - 8.9%	76% - 82%
Homewood Suites by Hilton Ronkonkoma	124	8.13%	80% - 85%	35.00%	12,673 - 13,465	7.7% - 8.2%	95% - 101%
Hyatt Place Long Island East End	100	6.56%	70% - 75%	50.00%	12,775 - 13,688	7.8% - 8.4%	119% - 127%
Residence Inn by Marriott Long Island East End	131	8.59%	75% - 80%	70.00%	25,103 - 26,776	15.3% - 16.3%	178% - 190%
Hilton Garden Inn Riverhead	114	7.48%	70% - 75%	50.00%	14,564 - 15,604	8.9% - 9.5%	119% - 127%
CoStar Composite	*73*	*4.76%*	*75% - 80%*	*39.00%*	*7,794 - 8,313*	*4.8% - 5.1%*	*100% - 107%*
Totals / *Averages*	**1,525**	**100.00%**	***75.66%***	***38.90%***	**163,785**	**100.00%**	

Total							
Property	2025 Average Room Count	2025 Fair Share	2025 Estimated Occupancy	2025 Market Segmentation	2025 Estimated Rooms Occupied	2025 Market Share	2025 Penetration Factor
SpringHill Suites Long Island Brookhaven	128	8.40%	70% - 75%	100.00%	32,704 - 35,040	7.8% - 8.3%	93% - 99%
Residence Inn by Marriott Long Island Islip/Courthouse Complex	125	8.20%	75% - 80%	100.00%	34,219 - 36,500	8.1% - 8.7%	99% - 106%
Courtyard by Marriott Long Island Islip/Courthouse Complex	125	8.20%	70% - 75%	100.00%	31,938 - 34,219	7.6% - 8.1%	93% - 99%
Hampton Inn Long Island Brookhaven	161	10.56%	75% - 80%	100.00%	44,074 - 47,012	10.5% - 11.2%	99% - 106%
Residence Inn Long Island Holtsville	124	8.13%	75% - 80%	100.00%	33,945 - 36,208	8.1% - 8.6%	99% - 106%
Courtyard Long Island MacArthur Airport	154	10.10%	75% - 80%	100.00%	42,158 - 44,968	10.0% - 10.7%	99% - 106%
Hilton Garden Inn Islip Long Island MacArthur Airport	166	10.89%	75% - 80%	100.00%	45,443 - 48,472	10.8% - 11.5%	99% - 106%
Homewood Suites by Hilton Ronkonkoma	124	8.13%	80% - 85%	100.00%	36,208 - 38,471	8.6% - 9.1%	106% - 112%
Hyatt Place Long Island East End	100	6.56%	70% - 75%	100.00%	25,550 - 27,375	6.1% - 6.5%	93% - 99%
Residence Inn by Marriott Long Island East End	131	8.59%	75% - 80%	100.00%	35,861 - 38,252	8.5% - 9.1%	99% - 106%
Hilton Garden Inn Riverhead	114	7.48%	70% - 75%	100.00%	29,127 - 31,208	6.9% - 7.4%	93% - 99%
CoStar Composite	*73*	*4.76%*	*75% - 80%*	*100.00%*	*19,984 - 21,316*	*4.7% - 5.1%*	*100% - 106%*
Totals / *Averages*	**1,525**	**100.00%**	***75.66%***	***100.00%***	**421,018**	**100.00%**	

The projected room night demand is multiplied by the subject property's fair share percentage and by the projected penetration factor to derive the number of room nights captured during each year. The number of room nights captured is then totaled and divided by the annual number of rooms available at the subject property to estimate the projected annual occupancy level.

A brief summary of the rationale used to project the penetration rates for the subject by market segment follows.

Commercial Penetration

The subject is anticipated to be a full-service, Tapestry by Hilton hotel, in excellent condition upon completion, with amenities inclusive of the Lobby Bar, business center, fitness center, sundry shop, spa and outdoor wading pool & whirlpool, and 7,443 square feet of meeting space. The subject market benefits from demand generated by Canon USA, Marchon Eyewear, Henry Schein, D'Addario, Estee Lauder, Symbol Technologies, and Leviton. Additionally, the Hilton Worldwide reservation system is anticipated to allow for the subject property to effectively penetrate the commercial market. The market benefits from airline crew business, which may be captured by the subject upon opening. Additionally, we anticipate that the one-bedroom and two-bedroom units will provide an upper upscale extended-stay offering for temporary employees and professionals such as those at the NYU Langone Medical Center (visiting nurses/physicians). Penetration levels for this segment are projected to incrementally increase as the property management team establishes relationships and local corporate negotiated accounts in the market in the initial projection years. Thus, we anticipate penetration levels to stabilize at approximately

55%, continuing throughout the remainder of the projection period Commercial business is expected to generate approximately 26% of the subject property's business-mix upon stabilization.

Of note, Long Island Community Hospital's recent merger with NYU Langone is expected to result in additional corporate demand for visiting nurses/physicians and other transient staff or suppliers. Additionally, the subject is expected to benefit from moderate corporate traffic attributed to housing traveling acts at the local Patchogue Theater for the Performing Arts; suppliers, affiliates, and vendors of the Blue Point Brewing Company; and other commercial travelers/salespersons visiting the many independently owner-operated businesses on Patchogue's Main Street.

However, as much of the competitive set is located proximate larger corporate demand generators such as Long Island MacArthur Airport and the Long Island Expressway, we do not anticipate the subject will receive its fair share of commercial demand.

Meeting & Group Penetration

The subject property is anticipated to feature approximately 7,443 square feet of meeting space upon completion. The subject is anticipated to be able to capture group demand from meetings and groups associated with nearby corporations. The subject is also expected to receive business from religious, educational and fraternal groups, inclusive of tour & travel. The area benefits from sports group business as well, namely from youth and collegiate sports, especially those making use of Baseball Heaven/LaSorda Park. The college/university presence also creates demand in this segment, namely from Stony Brook University and partly from Suffolk County Community College.

The Town of Patchogue has a number of venues which can accommodate small groups to over 1,000 attendees, however few of them share the waterfront view or proximity to the LIRR station as the subject. The same waterfront advantage applies to the subject over those hotels in the STR competitive set which are located inland closer to I-495. We have applied more-than-fair-share penetration for this segment as a result of the expected event business.

On a stabilized basis, we anticipate penetration levels to increase and stabilize at approximately 120%, continuing throughout the remainder of projection period. Meeting & group business is expected to generate approximately 22% of the subject property's business-mix upon stabilization.

Leisure Penetration

The subject is a full-service property that is anticipated to include the Lobby Bar, business center, fitness center, sundry shop, rooftop spa and outdoor wading pool & whirlpool, and 7,443 square feet of meeting space. The subject property is anticipated to benefit from its location in Patchogue, and its excellent visibility. The property will offer a unique mix of room types, including rooftop suites with water-views, which will appeal to a variety of travelers. Access to the property via West Avenue is considered to be excellent, and its visibility due to its five-story layout and corner location is expected to be excellent. Major demand drivers in the subject market include Fire Island National Seashore and associated natural areas and parks, Watch Hill saltmarsh and associated bird watching and marine activities, Blue Point Brewery headquarters and brewpub, Patchogue Theater for the Performing Arts, Lasorda Legacy Park Baseball, downtown Patchogue walking lifestyle shops/dining/entertainment, signature events and festivals such as 'Alive after Five' and concert series, and the Hamptons and south fork of Long Island.

Additionally, the subject benefits from its adjacency to the Watch Hill Ferry, one of three ferries on long Island which provide access to Fire Island. Fire Island National Seashore is the only National Seashore in the state of New York and is operated by the US Department of the Interior (Parks Service). The island experienced combined visitation of 53,207 visitors that either came by Ferry or by their own private boat (bridge traffic not included). The Ferry Operator reported transporting roughly 17,000 annual visitors to Watch Hill from the Patchogue Ferry location historically. The park will be opening a new food and events facility at Watch Hill this Memorial Day. With only AirBNB and independent offerings on Fire Island, the subject would be the nearest branded hotel to water transit to the island, including properties on the island itself.

We anticipate penetration levels to increase and stabilize at 120%, continuing throughout the remainder of the projection period. Leisure business is anticipated to generate approximately 52% of the subject property's business-mix upon stabilization.

Overall Penetration

Total penetration level for the subject property is estimated to be 92% at stabilization. Due to the anticipated condition, location, branding, and product offering of the subject property, we determine this to be a reasonable estimate.

The following table illustrates our estimated penetration rates over the projection period and resultant occupancy levels:

Proposed Tapestry Collection Hotel by Hilton Patchogue

	Historical	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033	12/31/2034	12/31/2035	12/31/2036
Subject Property's Fair Share												
Market Supply Room	1,525	1,525	1,525	1,616	1,647	1,647	1,647	1,647	1,647	1,647	1,647	1,647
Subject Property Room Count				92	122	122	122	122	122	122	122	122
Fair Share				5.7%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Room Nights Captured by Subject												
Commercial												
Fair Share				5.7%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Penetration Factor				40.0%	45.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
Market Share				2.3%	3.3%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Demand	185,749	183,892	187,570	194,399	195,435	195,435	195,435	195,979	195,435	195,435	195,435	195,979
Market Share				2.3%	3.3%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Capture				4,410	6,516	7,964	7,964	7,986	7,964	7,964	7,964	7,986
Meeting & Group												
Fair Share				5.7%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Penetration Factor				110.0%	115.0%	120.0%	120.0%	120.0%	120.0%	120.0%	120.0%	120.0%
Market Share				6.2%	8.5%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
Demand	71,484	70,769	72,185	76,273	76,871	76,871	76,871	77,082	76,871	76,871	76,871	77,082
Market Share				6.2%	8.5%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
Capture				4,758	6,550	6,835	6,835	6,853	6,835	6,835	6,835	6,853
Leisure												
Fair Share				5.7%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Penetration Factor				110.0%	115.0%	120.0%	120.0%	120.0%	120.0%	120.0%	120.0%	120.0%
Market Share				6.2%	8.5%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
Demand	163,785	162,147	165,390	175,386	176,962	176,962	176,962	177,446	176,962	176,962	176,962	177,446
Market Share				6.2%	8.5%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
Capture				10,942	15,078	15,734	15,734	15,777	15,734	15,734	15,734	15,777
Total Capture				20,110	28,144	30,533	30,533	30,617	30,533	30,533	30,533	30,617
Subject Property Projected Occupancy												
Room Nights Captured				20,110	28,144	30,533	30,533	30,617	30,533	30,533	30,533	
Available Room Nights	-	-	-	33,550	44,530	44,530	44,530	44,652	44,530	44,530	44,530	
Occupancy				60%	63%	69%	69%	69%	69%	69%	69%	
Fiscal Year Adjusted Room Nights Captured				30,533	30,616	30,533	30,533	30,533	30,616	30,533	30,533	
Fiscal Year Occupancy				69%	69%	69%	69%	69%	69%	69%	69%	
Overall Market Share				5%	7%	7%	7%	7%	7%	7%	7%	
Overall Penetration				92%	92%	92%	92%	92%	92%	92%	92%	

Average Daily Rate Projection

One of the most important considerations in developing an estimate of the value of a lodging facility is a supportable projection of its attainable average rate, which is more formally defined as the average rate per occupied room. Average rate can be calculated by dividing the total rooms revenue achieved during a specified period by the number of rooms sold during the same period. The average rate and the anticipated occupancy percentage are used to project rooms revenue, which in turn provides the basis for developing an opinion of most other income and expense categories. Although the average rate analysis presented here follows the occupancy projections, these two statistics are highly correlated; in reality, one cannot project occupancy without making specific assumptions regarding average rate. This relationship is best illustrated by RevPAR, which reflects a property's ability to maximize rooms revenue.

We examined the rate structure and achieved average room rates and RevPARs of the competitive hotels in the market, in concluding the subject property's average room rate. These are depicted in the following table.

Estimated Competitive ADR - 2025		
Property	***ADR***	***RevPAR***
SpringHill Suites Long Island Brookhaven	$150 - $160	$105 - $115
Residence Inn by Marriott Long Island Islip/Courthouse Complex	$190 - $200	$145 - $155
Courtyard by Marriott Long Island Islip/Courthouse Complex	$175 - $185	$130 - $140
Hampton Inn Long Island Brookhaven	$165 - $175	$125 - $135
Residence Inn Long Island Holtsville	$160 - $170	$125 - $135
Courtyard Long Island MacArthur Airport	$170 - $180	$125 - $135
Hilton Garden Inn Islip Long Island MacArthur Airport	$160 - $170	$125 - $135
Homewood Suites by Hilton Ronkonkoma	$170 - $180	$135 - $145
Hyatt Place Long Island East End	$190 - $200	$135 - $145
Residence Inn by Marriott Long Island East End	$200 - $210	$155 - $165
Hilton Garden Inn Riverhead	$215 - $225	$160 - $170
CoStar Composite	$175 - $185	$135 - $145
Market Average	***$181.34***	***$137.74***
Subject Positioned ADR as if 2025:	**$250.00**	

We have positioned the subject's average daily rate (ADR) as-if-year-end 2025 at $250.00 as the base for our analysis and applied 2.50% growth for the first three month(s) in consideration of the actual year-to-date performance of the market, and in order to align with the projection year, and then inflated the rate up to the base year April 1, 2028. This blended projected rate reflects the standard rate for the bulk of the hotel room inventory (83% of rooms will be King or Queen/Queen), as well as the premium rate captured for suites, rooftop units, and one-bedroom and two-bedroom oversized units which account for the remaining 17% of inventory.

ADR is forecast to increase at the underlying rate of inflation of 3.00% per year. A discussion of our inflation forecast is included in the Income Capitalization Approach section of this report. The projections are based on overall market trends and expectations of local operators, taking into account the subject's location, projected occupancy levels, anticipated condition, and Tapestry Collection by Hilton brand affiliation.

Additionally, please note we have accounted for discounting of the projected ADR, equal to 5.0% in the first year open to account for typical promotional rates and opening specials offered by new hotels as they ramp up and establish themselves in the market.

We anticipate for the subject property to be the rate leader in the market going forward, attributing such to its full-service branded offering catering to a seasonal higher-rate leisure demand base. This premium is well-supported by the subject's brand positioning and product quality relative to the identified competitors. The competitive set is comprised predominantly of upper-midscale and select-service brands including Hampton Inn, Courtyard by Marriott, SpringHill Suites, Residence Inn, Homewood Suites, and Hilton Garden Inn, none of which carry the lifestyle-oriented, design-forward profile of the Tapestry by Hilton brand. As a soft-branded upper upscale lifestyle product, the subject is expected to attract a traveler segment willing to pay a meaningful rate premium for a differentiated guest experience, which is consistent with Tapestry's national positioning.

Furthermore, even within the competitive set, the higher-performing comps provide meaningful rate support for the subject's positioning. The Hilton Garden Inn Riverhead is estimated at $215–$225, and the Residence Inn Long Island East End at $200–$210, both approaching the subject's targeted rate before accounting for the subject's brand and product quality advantages. The subject's location in Patchogue, a walkable, amenity-rich village with a strong food and beverage scene and proximity to Fire Island and the broader South Shore market, further supports the ability to achieve a lifestyle premium. When considered together, the Tapestry brand's upper upscale lifestyle positioning, the subject's new construction quality, and the favorable location overall support the $250.00 ADR as a reasonable and achievable rate relative to the above comparables.

Subject Projected ADR				
Year	ADR Growth	Projected ADR	Avg. Rate Discounting	Adjusted Projected ADR
Estimated ADR (2025)		**$250.00**		
TTM / Fiscal Year Adjustment	*2.5%*	$251.56		
4/1/2026 - 3/31/2027	3.0%	$259.11	0.0%	**$259.11**
4/1/2027 - 3/31/2028	3.0%	$266.88	0.0%	**$266.88**
4/1/2028 - 3/31/2029	3.0%	$274.89	**5.0%**	**$261.14**
4/1/2029 - 3/31/2030	3.0%	$283.14	0.0%	**$283.14**
4/1/2030 - 3/31/2031	3.0%	$291.63	0.0%	**$291.63**
4/1/2031 - 3/31/2032	3.0%	$300.38	0.0%	**$300.38**
4/1/2032 - 3/31/2033	3.0%	$309.39	0.0%	**$309.39**
4/1/2033 - 3/31/2034	3.0%	$318.67	0.0%	**$318.67**
4/1/2034 - 3/31/2035	3.0%	$328.23	0.0%	**$328.23**
4/1/2035 - 3/31/2036	3.0%	$338.08	0.0%	**$338.08**
4/1/2036 - 3/31/2037	3.0%	$348.22	0.0%	**$348.22**
4/1/2037 - 3/31/2038	3.0%	$358.67	0.0%	**$358.67**
4/1/2038 - 3/31/2039	3.0%	$369.43	0.0%	**$369.43**
4/1/2039 - 3/31/2040	3.0%	$380.51	0.0%	**$380.51**
4/1/2040 - 3/31/2041	3.0%	$391.93	0.0%	**$391.93**

A hotel's ability to raise room rates is affected by several factors as indicated below.

- *Supply and Demand Relationships* – The relationship between supply and demand is one of the factors that determine hotel occupancies and average rates. Strong markets where lodging demand is increasing faster than supply are often characterized by rate growth that exceeds inflation. Markets that are overbuilt or suffering from declining demand are unlikely to exhibit any significant increases in average rates.

- *Inflationary Pressures* – Price increases caused by inflation affect hotel room rates by eroding profit margins and encouraging operators to raise prices. This strategy is effective only in markets that are characterized by a healthy supply and demand relationship.

- *Improving the Competitive Standard* – When a new lodging facility enters a mature market, its rates may be set higher than the market-wide average in an effort to justify the development costs. This may allow other competitors to achieve corresponding gains by effectively raising the amount the market will bear. However, if the addition to supply has a severe impact on the occupancy levels of other hotels, price competition may ensue.

- *Property-Specific Improvements* – Changes that make a hotel more or less attractive to guests can have an impact on average rate. An expansion, renovation, upgrading, or the introduction of additional facilities and amenities may enable greater-than-inflationary room rate increases. Likewise, deferred maintenance may make a property less competitive, engendering a decline in room rates.

Occupancy and Average Daily Rate Conclusion

The operating performance of the subject hotel is projected in terms of annual guestroom occupancy and average daily room rate. Based on the previously concluded occupancy and average room rate, the subject's room revenue is projected as illustrated below.

Occupancy, ADR, RevPAR and Rooms Revenue Conclusions			
Projection Year:	1	2	3
Fiscal Year Ending March 31:	2029	2030	2031
Number of Days in Year:	365	365	365
Number of Rooms:	122	122	122
Annual Available Rooms:	44,530	44,530	44,530
Occupied Rooms:	27,163	28,945	30,726
Annual Occupancy:	61.00%	65.00%	69.00%
Average Rate:	$261.15	$283.14	$291.63
RevPAR:	$159.30	$184.04	$201.22
Rooms Revenue	$7,093,560	$8,195,230	$8,960,536

Given the hotel's location, the complementary demand generators and amenities within the area, and the quality and size of the property, it has been assumed that the 92% occupancy penetration is reasonable for the subject hotel upon stabilization. Hence, we stabilized the subject hotel's occupancy at 69% as of April 1, 2030. We also believe the subject's $291.63 stabilized ADR and $201.22 RevPAR in year three to be reasonable and appropriate given the subject's location, anticipated branding, size (key count), facilities, amenities and level of service.

Income & Expense Review

The subject's future occupancy has been projected by analyzing the marketplace and estimating the subject's penetration of its fair share of demand. The subject's future ADR has also been projected by selecting appropriate market growth rates.

A summary of the underlying rationale and assumptions used in developing the annual operating performance for the subject hotel is presented below. Fundamental to the opinions of operating results is the assumption of competent and efficient management at the property level, a well-coordinated marketing plan for the hotel, and a well-devised yield management strategy. Among the primary responsibilities of management are the maintenance of a quality facility, the execution of an adequate marketing effort, and operating in a cost-efficient manner.

Based on our analysis of comparable hotel income and expense statements and industry norms, we have derived base levels of income and expense. The units of comparison include percentage of departmental and/or total revenue, amount per available room, and amount per occupied room. These units of comparison are the basis for calculating the fixed and variable component relationships for each line item.

Review of Developer Proforma

Please note that we were provided with a financial pro-forma for the purpose of this assignment. According to ownership, the proforma was drafted by a prospective management company bidding to operate the hotel after opening. Although requested, breakouts for various departments such as the spa, or breakouts of banquet/catering revenues from dining revenues were unavailable. Additionally, although requested, we are unaware why the proforma suggests a significant decrease in other operated department revenues in the final year. Please note that the proforma was developed when the hotel was planned to be a Tempo by Hilton, before ownership planned the current brand of Tapestry by Hilton.

Proposed Tapestry Collection Hotel by Hilton Patchogue
Developer Pro Forma

	Budget - Year 1				Budget - Year 2				Budget - Year 3				Budget - Year 4				Budget - Year 5			
Year Ending December 31:	2029				2030				2031				2032				2033			
Number of Days in Year:	365				366				365				365				365			
Number of Rooms:	103				103				103				103				103			
Annual Available Rooms:	37,595				37,698				37,595				37,595				37,595			
Occupied Rooms:	28,430				31,661				32,638				32,549				32,549			
Annual Occupancy:	75.62%				83.99%				86.81%				86.58%				86.58%			
Average Rate:	$270.18				$294.42				$311.56				$320.91				$330.54			
RevPAR:	$204.31				$247.27				$270.48				$277.84				$286.17			
Revenue	**$ (000's)**	**Gross %**	**PAR**	**POR**	**$ (000's)**	**Gross %**	**PAR**	**POR**	**$ (000's)**	**Gross %**	**PAR**	**POR**	**$ (000's)**	**Gross %**	**PAR**	**POR**	**$ (000's)**	**Gross %**	**PAR**	**POR**
Rooms Revenue	7,681	60.7%	74,575	270.18	9,322	62.5%	90,503	294.42	10,169	63.3%	98,726	311.56	10,445	63.4%	101,410	320.91	10,759	65.2%	104,453	330.54
Food & Beverage Revenue	4,457	35.2%	43,271	156.77	5,013	33.6%	48,669	158.33	5,297	32.9%	51,425	162.29	5,414	32.8%	52,567	166.35	5,550	33.6%	53,881	170.50
Other Operated Departments Revenue	507	4.0%	4,920	17.82	578	3.9%	5,616	18.27	611	3.8%	5,934	18.73	625	3.8%	6,066	19.20	188	1.1%	1,829	5.79
Spa Revenue	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00
Retail Lease Income	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00
Food & Beverage Lease Income	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00
Total Revenue	**12,645**	**100.0%**	**122,766**	**444.77**	**14,913**	**100.0%**	**144,788**	**471.03**	**16,077**	**100.0%**	**156,086**	**492.58**	**16,484**	**100.0%**	**160,043**	**506.45**	**16,497**	**100.0%**	**160,162**	**506.83**
Departmental Expenses																				
Rooms Expense	1,347	17.5%	13,080	47.39	1,550	16.6%	15,051	48.96	1,657	16.3%	16,087	50.77	1,700	16.3%	16,500	52.21	1,747	16.2%	16,960	53.67
Food & Beverage Expense	3,184	71.4%	30,912	111.99	3,579	71.4%	34,748	113.04	3,781	71.4%	36,708	115.85	3,865	71.4%	37,524	118.74	3,962	71.4%	38,462	121.71
Other Operated Departments Expense	57	11.2%	550	1.99	65	11.2%	628	2.04	68	11.2%	663	2.09	70	11.2%	678	2.15	72	38.0%	695	2.20
Spa Expense	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00	-	0.0%	-	0.00
Total Departmental Expenses	**4,588**	**36.3%**	**44,542**	**161.37**	**5,194**	**34.8%**	**50,426**	**164.05**	**5,506**	**34.2%**	**53,459**	**168.71**	**5,634**	**34.2%**	**54,702**	**173.10**	**5,780**	**35.0%**	**56,117**	**177.58**
Departmental Income (Loss)	**8,057**	**63.7%**	**78,225**	**283.40**	**9,719**	**65.2%**	**94,362**	**306.98**	**10,571**	**65.8%**	**102,627**	**323.87**	**10,850**	**65.8%**	**105,341**	**333.35**	**10,717**	**65.0%**	**104,045**	**329.25**
Undistributed Operating Expenses																				
Administrative & General	1,074	8.5%	10,425	37.77	1,239	8.3%	12,025	39.12	1,325	8.2%	12,866	40.60	1,359	8.2%	13,191	41.74	1,366	8.3%	13,264	41.97
Information & Telecommunications Systems	104	0.8%	1,011	3.66	123	0.8%	1,193	3.88	133	0.8%	1,287	4.06	136	0.8%	1,320	4.18	136	0.8%	1,322	4.18
Sales & Marketing	551	4.4%	5,348	19.37	635	4.3%	6,168	20.07	680	4.2%	6,602	20.83	697	4.2%	6,769	21.42	701	4.2%	6,803	21.53
Franchise Fees	677	5.4%	6,568	23.80	821	5.5%	7,971	25.93	896	5.6%	8,696	27.44	920	5.6%	8,932	28.26	948	5.7%	9,200	29.11
Utility Costs	521	4.1%	5,055	18.32	615	4.1%	5,967	19.41	663	4.1%	6,435	20.31	680	4.1%	6,599	20.88	681	4.1%	6,609	20.91
Property Operation & Maintenance	557	4.4%	5,409	19.60	642	4.3%	6,232	20.27	687	4.3%	6,666	21.04	704	4.3%	6,835	21.63	708	4.3%	6,871	21.74
Total Undistributed Operating Expenses	**3,483**	**27.5%**	**33,817**	**122.52**	**4,074**	**27.3%**	**39,557**	**128.69**	**4,383**	**27.3%**	**42,552**	**134.29**	**4,496**	**27.3%**	**43,646**	**138.11**	**4,539**	**27.5%**	**44,070**	**139.46**
Gross Operating Profit (GOP)	**4,574**	**36.2%**	**44,408**	**160.89**	**5,645**	**37.9%**	**54,805**	**178.29**	**6,188**	**38.5%**	**60,076**	**189.59**	**6,355**	**38.5%**	**61,696**	**195.23**	**6,177**	**37.4%**	**59,975**	**189.79**
Fixed Charges																				
Management Fee	260	2.1%	2,528	9.16	307	2.1%	2,984	9.71	331	2.1%	3,218	10.15	340	2.1%	3,299	10.44	340	2.1%	3,305	10.46
Property Taxes	216	1.7%	2,097	7.60	238	1.6%	2,307	7.50	244	1.5%	2,364	7.46	250	1.5%	2,424	7.67	256	1.6%	2,484	7.86
Insurance	76	0.6%	734	2.66	77	0.5%	752	2.45	79	0.5%	771	2.43	81	0.5%	790	2.50	83	0.5%	810	2.56
Reserve for Replacement	521	4.1%	5,055	18.32	615	4.1%	5,967	19.41	663	4.1%	6,435	20.31	680	4.1%	6,599	20.88	681	4.1%	6,609	20.91
Total Fixed Charges	**1,073**	**8.5%**	**10,414**	**37.73**	**1,237**	**8.3%**	**12,010**	**39.07**	**1,317**	**8.2%**	**12,788**	**40.36**	**1,351**	**8.2%**	**13,112**	**41.49**	**1,360**	**8.2%**	**13,208**	**41.80**
Hotel Cash Flow	**3,501**	**27.7%**	**33,994**	**123.16**	**4,408**	**29.6%**	**42,795**	**139.22**	**4,871**	**30.3%**	**47,287**	**149.23**	**5,004**	**30.4%**	**48,584**	**153.74**	**4,817**	**29.2%**	**46,767**	**147.99**
NOI Adjusted for 3.00% Management & 4.00% Reserves	**3,397**	**26.9%**	**32,983**	**119.50**	**4,286**	**28.7%**	**41,610**	**135.37**	**4,739**	**29.5%**	**46,014**	**145.21**	**4,870**	**29.5%**	**47,279**	**149.61**	**4,683**	**28.4%**	**45,470**	**143.89**

**Please note, the developer proforma is based on a key count of 103 rooms. At the request of the client, we utilized a key count of 122 rooms which takes into account the anticipated extended stay suites on the fourth and rooftop floors of the property.*

Comparable Analysis – Industry Averages & Comparable Hotels

In order to bolster our forecast for the subject property, we have analyzed the operating performance of the subject versus hotel industry averages and various comparable hotels.

Illustrated on the following page are aggregate averages for four selected property descriptive categories from the 2024 Hotel Profitability Review, published by CoStar. This 2024 Hotel Profitability Review features data from the 2024 calendar year.

Those comparative categories that were analyzed include:

Service Type: Full Service
Affiliation: Chain-Affiliated
Geographic Region: Middle Atlantic
Location: Small Metro/Town
Price Category: Upper Upscale

HOST Report

Proposed Tapestry Collection Hotel by Hilton Patchogue
CoStar 2024 U.S. Hotel Profitability Review

Category	Host Weighted Average			Full Service			Chain-Affiliated			Middle Atlantic			Small Metro/Town			Upper Upscale		
Occupancy		68.9%			67.1%			69.8%			75.2%			64.8%			67.3%	
Average Daily Rate		239			$255.03			$203.50			$251.63			$217.89			$230.89	
RevPAR		$161.91			$171.19			$142.03			$189.26			$141.19			$155.38	
	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR
REVENUE																		
Rooms Revenue	66.9%	61,897	233.81	62.6%	65,315	255.03	68.5%	55,276	203.50	79.2%	71,698	251.63	57.8%	54,346	217.89	63.3%	59,108	230.89
Food & Beverage Revenue	23.7%	22,158	85.01	28.4%	29,608	115.61	23.3%	18,811	69.25	14.4%	13,050	45.80	25.7%	24,174	96.92	28.2%	26,269	102.61
Other Operated Departments Revenue	9.5%	8,857	34.07	9.0%	9,443	36.87	8.1%	6,553	24.12	6.4%	5,806	20.38	16.5%	15,567	62.41	8.5%	7,938	31.01
Total Revenue	**100.0%**	**92,912**	**352.89**	**100.0%**	**104,366**	**407.52**	**100.0%**	**80,640**	**296.88**	**100.0%**	**90,554**	**317.81**	**100.0%**	**94,087**	**377.22**	**100.0%**	**93,316**	**364.51**
DEPARTMENTAL EXPENSES																		
Rooms Expense	28.0%	17,518	65.82	27.1%	17,722	69.20	26.8%	14,799	54.48	33.4%	23,946	84.04	23.7%	12,895	51.70	27.3%	16,151	63.09
Food & Beverage Expense	76.8%	16,629	63.63	73.3%	21,690	84.69	73.2%	13,773	50.71	90.0%	11,748	41.23	75.3%	18,195	72.95	69.2%	18,184	71.03
Other Operated Departments Expense	61.6%	3,039	11.82	62.5%	3,266	12.75	59.8%	2,116	7.79	57.7%	1,019	3.58	68.4%	7,195	28.85	60.8%	2,319	9.06
Total Departmental Expenses	40.0%	37,186	141.27	40.9%	42,678	166.64	38.1%	30,688	112.98	40.5%	36,713	128.85	40.7%	38,285	153.49	39.3%	36,655	143.18
Total Departmental Profit	**60.0%**	**55,726**	**211.62**	**59.1%**	**61,688**	**240.87**	**61.9%**	**49,952**	**183.90**	**59.5%**	**53,841**	**188.96**	**59.3%**	**55,802**	**223.72**	**60.7%**	**56,661**	**221.33**
UNDISTRIBUTED OPERATING EXPENSES																		
Administrative & General	8.5%	7,906	30.00	8.2%	8,599	33.58	8.5%	6,821	25.11	8.9%	8,051	28.26	8.9%	8,329	33.39	8.1%	7,572	29.58
Information & Telecommunications Systems	1.5%	1,396	5.31	1.5%	1,557	6.08	1.5%	1,191	4.38	1.5%	1,324	4.65	1.7%	1,560	6.26	1.4%	1,344	5.25
Sales & Marketing	6.8%	6,290	23.92	7.0%	7,337	28.65	6.9%	5,575	20.53	6.4%	5,753	20.19	6.5%	6,102	24.47	7.1%	6,615	25.84
Franchise Fees	1.7%	1,579	5.95	1.4%	1,472	5.75	2.0%	1,610	5.93	2.1%	1,875	6.58	1.5%	1,387	5.56	1.6%	1,486	5.80
Utility Costs	3.2%	2,952	11.22	3.1%	3,233	12.63	3.3%	2,652	9.76	3.1%	2,786	9.78	3.3%	3,089	12.38	3.2%	2,991	11.69
Property Operation & Maintenance	4.6%	4,278	16.22	4.4%	4,567	17.83	4.6%	3,674	13.53	5.0%	4,512	15.84	4.6%	4,368	17.51	4.4%	4,145	16.19
Total Undistributed Operating Expenses	26.3%	24,401	92.62	25.6%	26,765	104.51	26.7%	21,523	79.24	26.8%	24,301	85.29	26.4%	24,834	99.57	25.9%	24,154	94.35
Gross Operating Profit (GOP)	**33.8%**	**31,325**	**119.00**	**33.5%**	**34,923**	**136.36**	**35.3%**	**28,429**	**104.66**	**32.6%**	**29,540**	**103.68**	**32.9%**	**30,967**	**124.16**	**34.8%**	**32,507**	**126.98**
Management Fee	3.4%	3,118	11.83	3.4%	3,516	13.73	3.3%	2,628	9.68	3.5%	3,166	11.11	3.1%	2,949	11.82	3.5%	3,224	12.59
Income Before Fixed Charges	**30.4%**	**28,207**	**107.17**	**30.1%**	**31,407**	**122.63**	**32.0%**	**25,800**	**94.99**	**29.1%**	**26,374**	**92.56**	**29.8%**	**28,018**	**112.33**	**31.4%**	**29,284**	**114.39**
Selected Fixed Charges																		
Non-Operating Income	0.6%	561	2.08	0.6%	585	2.28	0.5%	377	1.39	1.1%	1,037	3.64	0.3%	301	1.20	0.4%	357	1.40
Rent	1.2%	1,090	4.18	1.2%	1,204	4.70	1.0%	778	2.87	0.9%	815	2.86	1.7%	1,644	6.59	1.2%	1,083	4.23
Property Taxes	3.5%	3,208	12.01	3.2%	3,365	13.14	3.5%	2,788	10.27	5.2%	4,691	16.46	1.8%	1,686	6.76	3.2%	2,994	11.69
Insurance	1.6%	1,469	5.61	1.6%	1,718	6.71	1.7%	1,402	5.16	1.2%	1,093	3.83	1.8%	1,662	6.66	1.7%	1,541	6.02
Reserve For Replacement	1.9%	1,780	6.76	1.9%	1,941	7.58	1.8%	1,422	5.23	2.0%	1,809	6.35	2.0%	1,902	7.62	1.9%	1,786	6.98
Hotel Cash Flow	**21.0%**	**19,482**	**74.12**	**21.2%**	**22,158**	**86.52**	**23.3%**	**18,755**	**69.05**	**18.4%**	**16,633**	**58.38**	**20.0%**	**18,781**	**75.30**	**22.8%**	**21,307**	**83.23**

Expense Comparables

A table detailing the operating performance of five comparable hotels is presented below. The comparable statements were taken from our database of branded upscale and upper upscale full-service and select-service hotels in urban/small metro/suburban environments.

Proposed Tapestry Collection Hotel by Hilton Patchogue
Competitive Review

Category	Comp Weighted Average			Comp Hotel 1			Comp Hotel 2			Comp Hotel 3			Comp Hotel 4			Comp Hotel 5		
Annual Occupancy:		76%			84%			56%			76%			71%			77%	
Number of Rooms:		236			290 - 320			70 - 80			190 - 210			280 - 310			290 - 320	
Average Daily Rate:		$225			$259			$187			$173			$196			$254	
RevPAR:		$171			$218			$105			$131			$140			$195	
	Ratio to Sales	**PAR**	**POR**	**Ratio to Sales**	**PAR**	**POR**	**Ratio to Sales**	**PAR**	**POR**	**Ratio to Sales**	**PAR**	**POR**	**Ratio to Sales**	**PAR**	**POR**	**Ratio to Sales**	**PAR**	**POR**
Revenue																		
Rooms Revenue	74.3%	63,364	225.01	80.2%	79,434	259.00	74.9%	38,411	187.14	45.5%	47,733	172.98	70.3%	50,993	195.81	89.9%	71,337	254.07
Food & Beverage Revenue	21.6%	19,477	70.64	13.3%	13,184	42.99	23.9%	12,234	59.61	53.2%	55,743	202.01	22.5%	16,336	62.73	9.2%	7,316	26.06
Other Operated Departments Revenue	1.2%	1,060	3.72	1.8%	1,780	5.80	1.2%	635	3.09	1.3%	1,391	5.04	1.0%	730	2.80	0.5%	430	1.53
Total Revenue	**100.0%**	**86,384**	**308.11**	**100.0%**	**99,055**	**322.98**	**100.0%**	**51,280**	**249.84**	**100.0%**	**104,867**	**380.04**	**100.0%**	**72,578**	**278.69**	**100.0%**	**79,379**	**282.71**
Departmental Expenses																		
Rooms Expense	19.9%	12,258	43.91	15.7%	12,443	40.57	21.6%	8,298	40.43	25.7%	12,262	44.44	20.6%	10,485	40.26	20.1%	14,362	51.15
Food & Beverage Expense	69.4%	12,232	44.41	71.7%	9,448	30.81	70.6%	8,640	42.09	51.0%	28,422	103.00	77.5%	12,659	48.61	71.0%	5,195	18.50
Other Operated Departments Expense	29.5%	405	1.41	38.1%	678	2.21	10.7%	68	0.33	74.0%	1,029	3.73	14.0%	102	0.39	8.9%	38	0.14
Total Departmental Expenses	29.8%	25,819	92.92	24.9%	24,684	80.49	33.2%	17,006	82.85	39.8%	41,713	151.17	33.9%	24,580	94.38	24.7%	19,596	69.79
Departmental Income (Loss)	**70.2%**	**60,566**	**215.19**	**75.1%**	**74,371**	**242.49**	**66.8%**	**34,274**	**166.98**	**60.2%**	**63,154**	**228.87**	**66.1%**	**47,998**	**184.30**	**75.3%**	**59,783**	**212.92**
Undistributed Operating Expenses																		
Administrative & General	7.5%	6,519	23.44	6.0%	5,905	19.25	8.1%	4,157	20.25	10.0%	10,497	38.04	7.7%	5,557	21.34	7.5%	5,940	21.16
Information & Telecommunications Systems	0.8%	662	2.41	0.6%	626	2.04	0.9%	442	2.15	0.5%	561	2.03	1.5%	1,111	4.26	0.5%	403	1.44
Sales & Marketing	7.2%	6,461	22.80	8.5%	8,427	27.48	3.7%	1,905	9.28	9.7%	10,218	37.03	6.2%	4,476	17.19	5.7%	4,503	16.04
Franchise Fees	5.2%	4,484	15.96	5.6%	5,560	18.13	6.4%	3,265	15.91	4.5%	4,715	17.09	4.6%	3,339	12.82	5.5%	4,403	15.68
Utility Costs	3.5%	3,078	11.05	2.3%	2,231	7.27	2.8%	1,436	7.00	5.7%	5,940	21.53	2.7%	1,977	7.59	4.4%	3,465	12.34
Property Operation & Maintenance	3.5%	3,082	11.09	2.3%	2,253	7.34	2.5%	1,261	6.14	6.5%	6,851	24.83	3.3%	2,393	9.19	3.2%	2,530	9.01
Total Undistributed Operating Expenses	27.7%	24,287	86.75	25.2%	25,002	81.52	24.3%	12,466	60.73	37.0%	38,782	140.55	26.0%	18,853	72.39	26.8%	21,244	75.66
Gross Operating Profit (GOP)	**42.4%**	**36,279**	**128.45**	**49.8%**	**49,369**	**160.97**	**42.5%**	**21,808**	**106.25**	**23.2%**	**24,372**	**88.32**	**40.2%**	**29,145**	**111.91**	**48.6%**	**38,539**	**137.26**
Fixed Charges																		
Management Fee	1.4%	1,203	4.24	2.8%	2,729	8.90	3.0%	1,543	7.52	0.0%	-	0.00	2.0%	1,462	5.61	0.0%	-	0.00
Property Taxes	4.8%	4,065	14.50	3.7%	3,664	11.95	3.8%	1,947	9.49	4.1%	4,258	15.43	3.7%	2,706	10.39	7.5%	5,987	21.32
Insurance	2.3%	1,903	7.02	0.9%	938	3.06	1.1%	569	2.77	3.2%	3,363	12.19	5.3%	3,837	14.73	0.7%	528	1.88
Reserve for Replacement	2.2%	1,891	6.48	3.0%	2,973	9.69	0.0%	-	0.00	0.0%	-	0.00	0.0%	-	0.00	5.0%	3,954	14.08
Total Fixed Charges	**10.6%**	**9,061**	**32.23**	**10.4%**	**10,303**	**33.59**	**7.9%**	**4,059**	**19.78**	**7.3%**	**7,621**	**27.62**	**11.0%**	**8,005**	**30.74**	**13.2%**	**10,469**	**37.29**
Hotel Cash Flow	**30.8%**	**26,379**	**93.31**	**38.4%**	**38,055**	**124.08**	**34.6%**	**17,749**	**86.47**	**16.0%**	**16,751**	**60.70**	**29.1%**	**21,140**	**81.17**	**32.7%**	**25,977**	**92.52**
NOI Adjusted for 3.00% Management & 4.00% Reserves	**27.4%**	**23,426**	**82.46**	**37.2%**	**36,823**	**120.06**	**30.6%**	**15,702**	**76.50**	**9.0%**	**9,410**	**34.10**	**24.1%**	**17,522**	**67.28**	**30.7%**	**24,375**	**86.81**

Financial Analysis

A summary of the underlying rationale and assumptions used in developing the annual operating performance for the subject hotel is presented in the following text. Fundamental to the opinions of operating results is the assumption of competent and efficient management at the property level, a well-coordinated marketing plan for the hotel, and a well-devised yield management strategy. Among the primary responsibilities of management are the maintenance of a quality facility, the execution of an adequate marketing effort, and operating in a cost-efficient manner.

Our projections incorporate an opinion of general price inflation based upon economic projections from various sources (including the U.S. Congressional Budget Office), tempered by our observations and expectations derived from historical perspectives both locally and nationally. Accordingly, to portray price level changes, we assumed an average CPI inflation rate of 3.0 percent per year throughout the 10-year projection period. This assumption is intended only to portray an expected long-term trend in price movements, rather than for a specific interval of time.

Operating revenues and expenses for the subject are projected using a Microsoft Excel model developed for LW Hospitality Advisors®. This model was especially designed to reflect the operating characteristics of a hotel property. The Excel model is based upon the theory that hotel revenues and expenses have an independent fixed component and a dependent component that varies in proportion to occupancy and the overall use of the facility. An estimate of each revenue and expense line item can be made by calculating the fixed and variable percentage components of an established level of revenue or expense. The fixed component is held constant, while the variable component is adjusted for the future incremental changes in occupancy and utilization levels.

Based on our review of the subject's prospective operating performance, as well as our analysis of comparable hotel income and expense statements and industry norms, we derived base levels of income and expense. The units of comparison include percentage of departmental and/or total revenue, amount per available room, and amount per occupied room. These units of comparison are the basis for calculating the fixed and variable component relationships for each line item.

After reviewing U.S. hotel industry averages, and the performance of comparable hotels, we developed a 10-year projection of income and expense, with the first year beginning April 1, 2028. Considering the current state of the competitive hotel market, we believe the subject property will achieve stabilization, beginning April 1, 2030.

The projection of income and expense is intended to reflect the consultant's opinion of how a typical buyer would project the subject property's operating results. Depending on the dynamics of the local market, a typical buyer's projection may be adjusted upward or downward. We have attempted to incorporate these considerations into this analysis.

Departmental Revenues

Room Revenues were calculated by estimating annual occupancy and average daily rate per occupied room for the subject property for each year of our analysis period. The estimates of occupancy were multiplied by the estimated ADR and by the room count in each year to derive room revenues, as shown in our projections. We expect the hotel's occupancy and ADR to stabilize in year three.

Occupancy, ADR, RevPAR and Rooms Revenue Conclusions			
Projection Year:	1	2	3
Fiscal Year Ending March 31:	2029	2030	2031
Number of Days in Year:	365	365	365
Number of Rooms:	122	122	122
Annual Available Rooms:	44,530	44,530	44,530
Occupied Rooms:	27,163	28,945	30,726
Annual Occupancy:	61.00%	65.00%	69.00%
Average Rate:	$261.15	$283.14	$291.63
RevPAR:	$159.30	$184.04	$201.22
Rooms Revenue	$7,093,560	$8,195,230	$8,960,536

Food & Beverage Revenue are anticipated to include revenues from Lobby Bar & Lobby Soft Seating. Additionally, this line item is anticipated to include proceeds from banquets, catering, meeting room rental fees, audiovisual fees, attrition fees, and other food and beverage related income. The leased restaurant is not accounted for in this area of the P&L and is reported further below.

Revenue Projections

We considered our revenue projections relative to comparables and our own industry expertise. We analyzed the revenue projections based on what we believe the main driver to be for each outlet. For example, we typically consider restaurant revenues on a Per Seat basis given the revenue is closely tied to seat count, whereas a bar/lounge would typically be considered Per Square Foot given the patrons occupy both seats and standing room. Revenue sources such as in-room dining, minibar, or a coffee bar in the rear of the lobby are typically considered most accurately on a POR (Per Occupied Room) basis given the revenues are most likely driven by overnight guests of the hotel. Please note that all projections are compiled off of the usable square footage or seat count, which includes indoor space and outdoor space adjusted for seasonality.

Our projections are displayed alongside the comparables at the end of this section. Please note, we accounted for discounting of the revenue projections prior to stabilization as the outlets ramp up

Revenue projections are shown below. Although venue-level breakouts were requested for the proforma, none were provided. Additionally, clarification was unavailable from ownership if the proforma included revenues for the rooftop restaurant as-operated or as-leased. As a result, the proforma was given minimal weight in our projections. The projections are compiled based on a primary driver, and growth has been employed annually from the base year onward.

Food & Beverage Projections						
Projection Year	Positioned	1	2	3	4	5
Fiscal Year Ending:	12/31/2025	3/31/2029	3/31/2030	3/31/2031	3/31/2032	3/31/2033
Occupied Rooms:	***30,810***	***27,163***	***28,945***	***30,726***	***30,810***	***30,726***
Lobby Bar & Lobby Soft Seating	**$847,272**	**$822,233**	**$902,490**	**$986,909**	**$1,019,191**	**$1,046,825**
Seats (avg. usable)	197	197	197	197	197	197
Square Footage (avg. usable)	4,435	4,435	4,435	4,435	4,435	4,435
Per Seat	*$4,301*	*$4,174*	*$4,581*	*$5,010*	*$5,174*	*$5,314*
Per Square Foot	*$191*	*$185*	*$203*	*$223*	*$230*	*$236*
Per Occupied Room	*$27.50*	*$30.27*	*$31.18*	*$32.12*	*$33.08*	*$34.07*
Positioned Revenue **Per Occupied Room**	**$27.50**	**$30.27**	**$31.18**	**$32.12**	**$33.08**	**$34.07**
Annual Growth %		*10.1%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Days Open (projections prorated accordingly)		*365*	*365*	*365*	*366*	*365*
Lobby Bar & Lobby Soft Seating - Total Revenues	**$847,272**	**$822,233**	**$902,490**	**$986,909**	**$1,019,191**	**$1,046,825**

Please note the average usable seats include 150 indoor seats and 94 outdoor seats assumed usable 50% of the year.

Food & Beverage Projections						
Projection Year	Positioned	1	2	3	4	5
Fiscal Year Ending:	12/31/2025	3/31/2029	3/31/2030	3/31/2031	3/31/2032	3/31/2033
Occupied Rooms:	***30,810***	***27,163***	***28,945***	***30,726***	***30,810***	***30,726***
Meeting/Event Space	**$558,225**	**$617,769**	**$632,655**	**$654,984**	**$677,313**	**$699,642**
Square Footage (avg. usable)	7,443	7,443	7,443	7,443	7,443	7,443
Per Square Foot	*$75*	*$83*	*$85*	*$88*	*$91*	*$94*
Per Occupied Room	*$18.12*	*$22.74*	*$21.86*	*$21.32*	*$21.98*	*$22.77*
Positioned Revenue **Per Square Foot**	**$75**	**$83**	**$85**	**$88**	**$91**	**$94**
Annual Growth %		***10.1%***	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Days Open (projections prorated accordingly)		*365*	*365*	*365*	*366*	*365*
Discounting		15%	5%			
Meeting/Event Space - Total Revenues	**$558,225**	**$525,104**	**$601,022**	**$654,984**	**$677,313**	**$699,642**

Please note that we have used the total gross meeting space (indoor and outdoor) for purposes of calculating total revenues, and have selected a slightly lower positioning per-square-foot to account for overall seasonality.

Note, annual growth to Year 1 represents inflation (at 3.0% per year) from the base year through to projection Year 1

Revenue Comparables

Below please find revenue comparables considered, alongside our projections.

Food & Beverage Outlet Revenues - Comparable Analysis

Lobby Bar & Lobby Soft Seating

Comparable	Category	Revenue	Usable Seat Count/ Capacity	Revenue Per Seat	Usable Square Footage	Revenue PSF	Occupied Rooms	Revenue POR
Comparable 1	Bar/Lounge	**$342,870**	N/A	N/A	5,702	$60	21,713	$15.79
Comparable 2	Bar/Lounge	**$225,758**	188	$1,201	N/A	N/A	13,784	$16.38
Comparable 3	Bar/Lounge	**$575,175**	56	$10,271	3,410	$169	31,162	$18.46
Comparable 4	Bar/Lounge	**$323,185**	90	$3,591	2,386	$135	16,944	$19.07
Comparable 5	Bar/Lounge	**$704,780**	102	$6,910	2,137	$330	23,761	$29.66
Comparable 6	Bar/Lounge	**$552,003**	35	$15,772	N/A	N/A	15,576	$35.44
Comparable 7	Bar/Lounge	**$335,317**	N/A	N/A	N/A	N/A	11,311	$29.65
Comparable Averages		**$437,013**	**94**	**$5,055**	**3,409**	**$143**	**19,179**	**$22.79**
Subject Projections								
Year One		**$822,233**	197	$4,174	4,435	$185	27,163	$30.27
Year Two		**$902,490**	197	$4,581	4,435	$203	28,945	$31.18
Stabilized (Year 3)		**$986,909**	197	$5,010	4,435	$223	30,726	$32.12
Stabilized Year Deflated to Base Year		*$845,066*	*197*	*$4,290*	*4,435*	*$191*	*30,726*	*$27.50*

Meeting/Event Revenue Comparables

Meeting & Event Space Revenues - Comparable Analysis								
Meeting/Event Space								
Comparable	**Category**	**Revenue**	Usable Seat Count/ Capacity	**Revenue Per Seat**	Usable Square Footage	**Revenue PSF**	Occupied Rooms	**Revenue POR**
Comparable 1	Meeting/Event Space	**$662,067**	N/A	N/A	16,738	$40	50,925	$13.00
Comparable 2	Meeting/Event Space	**$3,876,922**	N/A	N/A	70,626	$55	53,631	$72.29
Comparable 3	Meeting/Event Space	**$1,327,255**	N/A	N/A	16,310	$81	38,537	$34.44
Comparable 4	Meeting/Event Space	**$293,772**	N/A	N/A	3,611	$81	58,473	$5.02
Comparable 5	Meeting/Event Space	**$952,199**	N/A	N/A	10,777	$88	36,866	$25.83
Comparable 6	Meeting/Event Space	**$412,256**	N/A	N/A	4,268	$97	80,470	$5.12
Comparable Averages		**$1,254,078**	**N/A**	**N/A**	**20,388**	**$62**	**53,150**	**$23.59**
Subject Projections								
Year One		**$525,104**	N/A	N/A	7,443	$71	27,163	$19.33
Year Two		**$601,022**	N/A	N/A	7,443	$81	28,945	$20.76
Stabilized (Year 3)		**$654,984**	N/A	N/A	7,443	$88	30,726	$21.32
Stabilized Year Deflated to Base Year		*$560,847*	*N/A*	*N/A*	*7,443*	*$75*	*30,726*	*$18.25*

Full Revenue Projections

Per the information presented in the preceding section, our full revenue projections are shown below. We have considered these projections alongside comparables, which are shown on the following pages.

Food & Beverage Projections					
Fiscal Year Ending March 31:	3/31/2029	3/31/2030	3/31/2031	3/31/2032	3/31/2033
Food & Beverage Revenue Projections					
Lobby Bar & Lobby Soft Seating	$822,233	$902,490	$986,909	$1,019,191	$1,046,825
Meeting/Event Space	$525,104	$601,022	$654,984	$677,313	$699,642
Total Revenue	**$1,347,337**	**$1,503,512**	**$1,641,893**	**$1,696,504**	**$1,746,467**

We estimated these revenues to be 14.6% of Total Revenue or $50.37 per occupied room (POR) in the stabilized year deflated to year one. The projections are within the range of the HOST averages and comparable properties on a POR and ratio basis.

Revenue Analysis: Food & Beverage Revenue						
Proforma	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	4,457	35.2%	43,271	156.77
2030	84.0%	294.42	5,013	33.6%	48,669	158.33
2031	86.8%	311.56	5,297	32.9%	51,425	162.29
2032	86.6%	320.91	5,414	32.8%	52,567	166.35
2033	86.6%	330.54	5,550	33.6%	53,881	170.50
Industry Averages						
Full Service	67.1%	171.19	NA	28.4%	29,608	115.61
Chain-Affiliated	69.8%	142.03	NA	23.3%	18,811	69.25
Middle Atlantic	75.2%	189.26	NA	14.4%	13,050	45.80
Small Metro/Town	64.8%	141.19	NA	25.7%	24,174	96.92
Upper Upscale	67.3%	155.38	NA	28.2%	26,269	102.61
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	4,034	13.3%	13,184	42.99
Comp Hotel 2	56.2%	187.14	918	23.9%	12,234	59.61
Comp Hotel 3	75.6%	172.98	11,037	53.2%	55,743	202.01
Comp Hotel 4	71.3%	195.81	4,819	22.5%	16,336	62.73
Comp Hotel 5	76.9%	254.07	2,224	9.2%	7,316	26.06
Projections						
DCF Year 1	61.0%	261.15	1,347	15.3%	11,044	49.60
DCF Stabilized	69.0%	291.63	1,642	14.6%	13,458	53.44
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*1,548*	*14.6%*	*12,686*	*50.37*

Other Operated Departments Revenue includes proceeds from miscellaneous departments, including sundry shop, telecommunications, laundry/valet service, attrition fees, commissions, and cancellation fees. A detail of which line items were included in the proforma (and if the spa was budgeted in this department) was not available, and thus the proforma has not been given any credence. Further, although requested, an explanation for the decrease in revenues for this department in year five was not provided.

We estimated these revenues to be 1.2% of Total Revenue or $4.06 per occupied room (POR) in the stabilized year deflated to year one. The projections are below the HOST averages, but within the range of the comparable properties on a POR basis. The projections are below the HOST averages, but within the range of the comparable properties on a ratio basis. The projections are in line with the provided pro-formas on a ratio basis.

Revenue Analysis: Other Operated Departments Revenue						
Proforma	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	507	4.0%	4,920	17.82
2030	84.0%	294.42	578	3.9%	5,616	18.27
2031	86.8%	311.56	611	3.8%	5,934	18.73
2032	86.6%	320.91	625	3.8%	6,066	19.20
2033	86.6%	330.54	188	1.1%	1,829	5.79
Industry Averages						
Full Service	67.1%	171.19	NA	9.0%	9,443	36.87
Chain-Affiliated	69.8%	142.03	NA	8.1%	6,553	24.12
Middle Atlantic	75.2%	189.26	NA	6.4%	5,806	20.38
Small Metro/Town	64.8%	141.19	NA	16.5%	15,567	62.41
Upper Upscale	67.3%	155.38	NA	8.5%	7,938	31.01
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	545	1.8%	1,780	5.80
Comp Hotel 2	56.2%	187.14	48	1.2%	635	3.09
Comp Hotel 3	75.6%	172.98	275	1.3%	1,391	5.04
Comp Hotel 4	71.3%	195.81	215	1.0%	730	2.80
Comp Hotel 5	76.9%	254.07	131	0.5%	430	1.53
Projections						
DCF Year 1	61.0%	261.15	118	1.3%	963	4.33
DCF Stabilized	69.0%	291.63	132	1.2%	1,085	4.31
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*125*	*1.2%*	*1,023*	*4.06*

Spa Revenue includes proceeds from the subject's proposed spa operation. The spa contains a total of 2,564 square feet. There are assumed to be two treatment rooms within the facility, based on discussions with ownership. Spa revenues were not broken out in the proforma.

We estimated these revenues to be 1.0% of Total Revenue or $3.58 per occupied room (POR) in the stabilized year deflated to year one.

Revenue Analysis: Spa Revenue						
	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	0	0.0%	0	0.00
2030	84.0%	294.42	0	0.0%	0	0.00
2031	86.8%	311.56	0	0.0%	0	0.00
2032	86.6%	320.91	0	0.0%	0	0.00
2033	86.6%	330.54	0	0.0%	0	0.00
Projections						
DCF Year 1	61.0%	261.15	110	1.3%	902	4.05
DCF Stabilized	69.0%	291.63	117	1.0%	957	3.80
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*110*	*1.0%*	*902*	*3.58*

Detailed projections are shown below:

Spa Comparables

We have considered the following spa revenue comparables in determining our projections for the subject property:

Spa Comparables									
Comparable	**Chain Scale**	**Service Type**	**Location Type**	**Region**	**Treatment Rooms**	**Total Occupied Rooms**	**Revenue**	Rev. / Treatment Room	Revenue POR
Comparable 1	Upper Upscale	Full-Service	Small Metro/Town	Middle Atlantic	2	8,095	**$26,729**	$13,365	$3.30
Comparable 2	Upscale	Full-Service	Small Metro/Town	Middle Atlantic	2	5,737	**$57,955**	$28,978	$10.10
Comparable 3	Upper Upscale	Full-Service	Suburban	Middle Atlantic	8	72,752	**$432,454**	$54,057	$5.91
Comparable 4	Upper Upscale	Full-Service	Suburban	New England	3	22,601	**$274,511**	$91,504	$12.16
Comparable 5	Upper Upscale	Full-Service	Resort	New England	6	23,585	**$354,392**	$59,065	$15.03
Comparable 6	Upscale	Full-Service	Resort	Middle Atlantic	4	3,108	**$81,630**	$20,408	$26.26
Comparable 7	Upscale	Full-Service	Resort	Middle Atlantic	4	16,619	**$374,321**	$93,580	$22.52
Totals / *Averages*					**29**	**152,497**	**$1,601,992**	***$55,241***	***$10.51***

Spa Detailed Revenue Projections

Full revenue projections are shown below. The projections are compiled based on a primary driver, and growth has been employed annually from the base year onward.

Spa Projections												
Projection Year		Base, as if	1	2	3	4	5	6	7	8	9	10
Fiscal Year Ending:		12/31/2025	3/31/2029	3/31/2030	3/31/2031	3/31/2032	3/31/2033	3/31/2034	3/31/2035	3/31/2036	3/31/2037	3/31/2038
Occupied Rooms:			***27,163***	***28,945***	***30,726***	***30,810***	***30,726***	***30,726***	***30,726***	***30,810***	***30,726***	***30,726***
Spa Revenues												
Spa Tapestry		**$100,000**	**$110,080**	**$113,382**	**$116,784**	**$120,288**	**$123,896**	**$127,612**	**$131,440**	**$135,384**	**$139,446**	**$143,630**
Square Feet		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Treatment Rooms		2	2	2	2	2	2	2	2	2	2	2
Per Square Foot		*$100*	*$110*	*$113*	*$117*	*$120*	*$124*	*$128*	*$131*	*$135*	*$139*	*$144*
Per Treatment Room		*$50,000*	*$55,040*	*$56,691*	*$58,392*	*$60,144*	*$61,948*	*$63,806*	*$65,720*	*$67,692*	*$69,723*	*$71,815*
Per Occupied Room		*N/A*	*$4.05*	*$3.92*	*$3.80*	*$3.90*	*$4.03*	*$4.15*	*$4.28*	*$4.39*	*$4.54*	*$4.67*
Positioned Revenue	**Per Treatment Room**	**$50,000**	**$55,040**	**$56,691**	**$58,392**	**$60,144**	**$61,948**	**$63,806**	**$65,720**	**$67,692**	**$69,723**	**$71,815**
Annual Growth %			***10.1%***	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Days Open *(projections prorated accordingly)*			*365*	*365*	*365*	*366*	*365*	*365*	*365*	*366*	*365*	*365*
Spa Tapestry - Total Revenues		**$100,000**	**$110,080**	**$113,382**	**$116,784**	**$120,288**	**$123,896**	**$127,612**	**$131,440**	**$135,384**	**$139,446**	**$143,630**
Total Spa Revenues			**$110,080**	**$113,382**	**$116,784**	**$120,288**	**$123,896**	**$127,612**	**$131,440**	**$135,384**	**$139,446**	**$143,630**

Retail Lease Income includes proceeds from the two street-level retail leases along Division Street with designated exterior access. We estimated these revenues to be 0.8% of Total Revenue or $2.71 per occupied room (POR) in the stabilized year deflated to year one.

Revenue Analysis: Retail Lease Income						
	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
Projections						
DCF Year 1	61.0%	261.15	55	0.6%	454	2.04
DCF Stabilized	69.0%	291.63	88	0.8%	725	2.88
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*83*	*0.8%*	*683*	*2.71*

A detailed projection is shown below with comparables:

Retail Lease Comparables

We considered several retail lease comparables in assessing the reasonableness of the terms of the subject agreements. The comparables ranged from standalone buildings to in-line strip retail spaces which could serve office or retail use with minimal tenant improvements and therefore were comparable for the subject's layout, square footage, and location.

Retail Comparables

							Rentable SF		
Comparable	**Lease Type**	**Store Frontage**	**Visibility / Access**	**Condition of Space**	**Lease Start Date**	**Term (# Years)**	**Square Ft.**	**Location**	***Base Rent PSF***
Comparable 1	Office - MG	12	Excellent	Excellent	4/15/2026	1	450	2nd Floor	***$38.67***
Comparable 2	Retail - NNN	N/A	Excellent	Excellent	4/23/2026	N/R	1,124	Street	***$31.50***
Comparable 3	Office - MG	12	Excellent	Excellent	4/15/2026	1	1,100	1st Floor	***$30.00***
Comparable 4	Retail - NNN	N/A	Excellent	Excellent	3/1/2026	5	1,500	Freestanding	***$26.00***
Comparable 5	Office/Retail - NNN	N/A	Excellent	Excellent	7/11/2024	1	300	Street	***$25.00***

Retail Lease Total Projections

Based on the comparables above, and our discussions with market participants, we projected income accordingly. We have positioned the subject's base rent as-if 2025 at $27.50 per square foot (triple-net), and scaled it to the base year, then accounted for vacancy & collection losses, as well as the brokerage costs associated with lease-up prior to opening. We have accounted for 3.0% annual escalations in rent, and renewal of the same tenant after an initial five year term, which appears typical for the market.

A summary of the retail lease projections is shown below. A detailed projection is shown later in this section.

Retail Lease Projections

Fiscal Year Ending March 31:	3/31/2029	3/31/2030	3/31/2031	3/31/2032	3/31/2033	3/31/2034	3/31/2035	3/31/2036	3/31/2037	3/31/2038
Grade Retail A	$30,029	$46,532	$47,928	$49,366	$50,847	$52,373	$53,944	$55,562	$57,229	$58,946
Grade Retail B	$25,386	$39,338	$40,519	$41,734	$42,986	$44,276	$45,604	$46,972	$48,381	$49,833
Total Retail Lease Projections	**$55,415**	**$85,871**	**$88,447**	**$91,100**	**$93,833**	**$96,648**	**$99,548**	**$102,534**	**$105,610**	**$108,779**

Retail Lease Detailed Projections

Retail Lease - Grade Retail A												
Lease Year Ending March			**Base Rent**	***Base Rent PSF***	**Gross Rent**	Vacancy & Collection Loss %	Vacancy & Collection Loss	Brokerage Fee %	Brokerage Fee Payable against:	***Total Deductions***	Net Rent	***Total Fiscal Rent PSF***
2028	-	2029	**$47,555**	***$29.17***	**$47,555**	5.0%	$2,378	6.0%	$252,475	***$17,526***	$30,029	***$18***
2029	-	2030	**$48,981**	***$30.05***	**$48,981**	5.0%	$2,449			***$2,449***	$46,532	***$29***
2030	-	2031	**$50,451**	***$30.95***	**$50,451**	5.0%	$2,523			***$2,523***	$47,928	***$29***
2031	-	2032	**$51,964**	***$31.88***	**$51,964**	5.0%	$2,598			***$2,598***	$49,366	***$30***
2032	-	2033	**$53,523**	***$32.84***	**$53,523**	5.0%	$2,676			***$2,676***	$50,847	***$31***
2033	-	2034	**$55,129**	***$33.82***	**$55,129**	5.0%	$2,756			***$2,756***	$52,373	***$32***
2034	-	2035	**$56,783**	***$34.84***	**$56,783**	5.0%	$2,839			***$2,839***	$53,944	***$33***
2035	-	2036	**$58,486**	***$35.88***	**$58,486**	5.0%	$2,924			***$2,924***	$55,562	***$34***
2036	-	2037	**$60,241**	***$36.96***	**$60,241**	5.0%	$3,012			***$3,012***	$57,229	***$35***
2037	-	2038	**$62,048**	***$38.07***	**$62,048**	5.0%	$3,102			***$3,102***	$58,946	***$36***
2038	-	2039	**$63,910**	***$39.21***	**$63,910**	5.0%	$3,195			***$3,195***	$60,714	***$37***
2039	-	2040	**$65,827**	***$40.38***	**$65,827**	5.0%	$3,291			***$3,291***	$62,536	***$38***
2040	-	2041	**$67,802**	***$41.60***	**$67,802**	5.0%	$3,390			***$3,390***	$64,412	***$40***
2041	-	2042	**$69,836**	***$42.84***	**$69,836**	5.0%	$3,492			***$3,492***	$66,344	***$41***
2042	-	2043	**$71,931**	***$44.13***	**$71,931**	5.0%	$3,597			***$3,597***	$68,334	***$42***
2043	-	2044	**$74,089**	***$45.45***	**$74,089**	5.0%	$3,704			***$3,704***	$70,384	***$43***

Retail Lease - Grade Retail B												
Lease Year Ending March			**Base Rent**	***Base Rent PSF***	**Gross Rent**	Vacancy & Collection Loss %	Vacancy & Collection Loss	Brokerage Fee %	Brokerage Fee Payable against:	***Total Deductions***	Net Rent	***Total Fiscal Rent PSF***
2028	-	2029	**$40,203**	***$29.17***	**$40,203**	5.0%	$2,010	6.0%	$213,442	***$14,817***	$25,386	***$18***
2029	-	2030	**$41,409**	***$30.05***	**$41,409**	5.0%	$2,070			***$2,070***	$39,338	***$29***
2030	-	2031	**$42,651**	***$30.95***	**$42,651**	5.0%	$2,133			***$2,133***	$40,519	***$29***
2031	-	2032	**$43,931**	***$31.88***	**$43,931**	5.0%	$2,197			***$2,197***	$41,734	***$30***
2032	-	2033	**$45,249**	***$32.84***	**$45,249**	5.0%	$2,262			***$2,262***	$42,986	***$31***
2033	-	2034	**$46,606**	***$33.82***	**$46,606**	5.0%	$2,330			***$2,330***	$44,276	***$32***
2034	-	2035	**$48,004**	***$34.84***	**$48,004**	5.0%	$2,400			***$2,400***	$45,604	***$33***
2035	-	2036	**$49,444**	***$35.88***	**$49,444**	5.0%	$2,472			***$2,472***	$46,972	***$34***
2036	-	2037	**$50,928**	***$36.96***	**$50,928**	5.0%	$2,546			***$2,546***	$48,381	***$35***
2037	-	2038	**$52,456**	***$38.07***	**$52,456**	5.0%	$2,623			***$2,623***	$49,833	***$36***
2038	-	2039	**$54,029**	***$39.21***	**$54,029**	5.0%	$2,701			***$2,701***	$51,328	***$37***
2039	-	2040	**$55,650**	***$40.38***	**$55,650**	5.0%	$2,783			***$2,783***	$52,868	***$38***
2040	-	2041	**$57,320**	***$41.60***	**$57,320**	5.0%	$2,866			***$2,866***	$54,454	***$40***
2041	-	2042	**$59,039**	***$42.84***	**$59,039**	5.0%	$2,952			***$2,952***	$56,087	***$41***
2042	-	2043	**$60,810**	***$44.13***	**$60,810**	5.0%	$3,041			***$3,041***	$57,770	***$42***
2043	-	2044	**$62,635**	***$45.45***	**$62,635**	5.0%	$3,132			***$3,132***	$59,503	***$43***

Food & Beverage Lease Income includes proceeds from the rooftop food & beverage lease. We estimated these revenues to be 2.7% of Total Revenue or $9.37 per occupied room (POR) in the stabilized year deflated to year one.

Revenue Analysis: Food & Beverage Lease Income						
	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
Projections						
DCF Year 1	61.0%	261.15	79	0.9%	651	2.92
DCF Stabilized	69.0%	291.63	305	2.7%	2,503	9.94
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*288*	*2.7%*	*2,359*	*9.37*

Food & Beverage Lease Comparables

We considered several local food and beverage lease comparables in assessing the reasonableness of the terms of the projected subject agreement(s). We have positioned the subject's base rent as-if 2025 at $35 per square foot (triple-net), and scaled it to the base year, then accounted for vacancy & collection losses, as well as the brokerage costs associated with lease-up prior to opening. We have accounted for 3.0% annual escalations in rent, and renewal of the same tenant after an initial ten year term, which appears typical for the market.

Food & Beverage Lease Comparables

							Rentable SF		
Comparable	**Lease Type**	**Store Frontage**	**Visibility / Access**	**Condition of Space**	**Lease Start Date**	**Term (# Years)**	**Square Ft.**	**Location**	***Base Rent PSF***
Comparable 1	Restaurant, NN	99 Feet	Excellent	Excellent	2/20/2026	10	6,000	Standalone	***$34.00***
Comparable 2	Tasting Room, NNN	54 Feet	Excellent	Excellent	9/8/2025	10	4,200	Street	***$32.00***
Comparable 3	Restaurant, NNN	63 Feet	Excellent	Excellent	12/15/2023	10	3,440	Plaza Endcap	***$35.00***
Comparable 4	Dessert Shop, MG	80 Feet	Excellent	Excellent	5/3/2023	5	1,750	Street	***$36.40***

F&B Lease - Rooftop Bar

Lease Year Ending March	**Base Rent**	***Base Rent PSF***	**Gross Rent**	Vacancy & Collection Loss @ 5.0% of Gross Rent	Brokerage Fee %	Brokerage Fee Payable against:	***Total Deductions***	Net Rent	***Total Fiscal Rent PSF***
2028 - 2029	**$302,993**	***$37***	**$302,993**	$15,150	6.0%	$3,473,476	***$223,558***	$79,435	***$10***
2029 - 2030	**$312,083**	***$38***	**$312,083**	$15,604			***$15,604***	$296,479	***$36***
2030 - 2031	**$321,445**	***$39***	**$321,445**	$16,072			***$16,072***	$305,373	***$37***
2031 - 2032	**$331,089**	***$41***	**$331,089**	$16,554			***$16,554***	$314,534	***$39***
2032 - 2033	**$341,021**	***$42***	**$341,021**	$17,051			***$17,051***	$323,970	***$40***
2033 - 2034	**$351,252**	***$43***	**$351,252**	$17,563			***$17,563***	$333,689	***$41***
2034 - 2035	**$361,790**	***$44***	**$361,790**	$18,089			***$18,089***	$343,700	***$42***
2035 - 2036	**$372,643**	***$46***	**$372,643**	$18,632			***$18,632***	$354,011	***$43***
2036 - 2037	**$383,823**	***$47***	**$383,823**	$19,191			***$19,191***	$364,631	***$45***
2037 - 2038	**$395,337**	***$48***	**$395,337**	$19,767			***$19,767***	$375,570	***$46***
2038 - 2039	**$407,197**	***$50***	**$407,197**	$20,360			***$20,360***	$386,837	***$47***
2039 - 2040	**$419,413**	***$51***	**$419,413**	$20,971			***$20,971***	$398,443	***$49***
2040 - 2041	**$431,996**	***$53***	**$431,996**	$21,600			***$21,600***	$410,396	***$50***
2041 - 2042	**$444,955**	***$55***	**$444,955**	$22,248			***$22,248***	$422,708	***$52***

Departmental Expenses

Rooms Expense includes both payroll related and other departmental expenditures. Room department expenses consist of salaries and wages, uniforms, travel agent commissions, guest supplies, paper goods, cleaning, laundry, linen, and other items for maintaining guestrooms. Given the wide variation from year to year in the proforma, we have given limited credence to the proforma.

We estimated these expenses to be 20.0% of Rooms Revenue or $55.05 per occupied room (POR) in the stabilized year deflated to year one. The projections are above the comparable properties, but within the range of the HOST averages on a POR basis. The projections are below the HOST averages, but within the range of the comparable properties on a ratio basis. The projections are in line with the provided pro-forma on a POR basis.

Expense Analysis: Rooms Expense						
Proforma	Occ %	ADR	$ 1000's	% of Department Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	1,347	17.5%	13,080	47.39
2030	84.0%	294.42	1,550	16.6%	15,051	48.96
2031	86.8%	311.56	1,657	16.3%	16,087	50.77
2032	86.6%	320.91	1,700	16.3%	16,500	52.21
2033	86.6%	330.54	1,747	16.2%	16,960	53.67
Industry Averages						
Full Service	67.1%	171.19	NA	27.1%	17,722	69.20
Chain-Affiliated	69.8%	142.03	NA	26.8%	14,799	54.48
Middle Atlantic	75.2%	189.26	NA	33.4%	23,946	84.04
Small Metro/Town	64.8%	141.19	NA	23.7%	12,895	51.70
Upper Upscale	67.3%	155.38	NA	27.3%	16,151	63.09
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	3,808	15.7%	12,443	40.57
Comp Hotel 2	56.2%	187.14	622	21.6%	8,298	40.43
Comp Hotel 3	75.6%	172.98	2,428	25.7%	12,262	44.44
Comp Hotel 4	71.3%	195.81	3,093	20.6%	10,485	40.26
Comp Hotel 5	76.9%	254.07	4,366	20.1%	14,362	51.15
Projections						
DCF Year 1	61.0%	261.15	1,574	22.2%	12,899	57.93
DCF Stabilized	69.0%	291.63	1,794	20.0%	14,707	58.40
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*1,691*	*20.0%*	*13,863*	*55.05*

Food & Beverage Expense includes the cost of sales and other operational expenses from the sale of food & beverages at the subject hotel.

We estimated these expenses to be 74.0% of Food & Beverage Revenue or $37.28 per occupied room (POR) in the stabilized year deflated to year one. The projections are below the HOST averages, but within the range of the comparable properties on a POR basis. The projections are within the range of the comparable properties and HOST averages on a ratio basis. The projections are in line with the provided pro-formas on a ratio basis.

Expense Analysis: Food & Beverage Expense						
Proforma	Occ %	ADR	$ 1000's	% of Department Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	3,184	71.4%	30,912	111.99
2030	84.0%	294.42	3,579	71.4%	34,748	113.04
2031	86.8%	311.56	3,781	71.4%	36,708	115.85
2032	86.6%	320.91	3,865	71.4%	37,524	118.74
2033	86.6%	330.54	3,962	71.4%	38,462	121.71
Industry Averages						
Full Service	67.1%	171.19	NA	73.3%	21,690	84.69
Chain-Affiliated	69.8%	142.03	NA	73.2%	13,773	50.71
Middle Atlantic	75.2%	189.26	NA	90.0%	11,748	41.23
Small Metro/Town	64.8%	141.19	NA	75.3%	18,195	72.95
Upper Upscale	67.3%	155.38	NA	69.2%	18,184	71.03
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	2,891	71.7%	9,448	30.81
Comp Hotel 2	56.2%	187.14	648	70.6%	8,640	42.09
Comp Hotel 3	75.6%	172.98	5,628	51.0%	28,422	103.00
Comp Hotel 4	71.3%	195.81	3,734	77.5%	12,659	48.61
Comp Hotel 5	76.9%	254.07	1,579	71.0%	5,195	18.50
Projections						
DCF Year 1	61.0%	261.15	1,066	79.2%	8,742	39.26
DCF Stabilized	69.0%	291.63	1,215	74.0%	9,961	39.55
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*1,146*	*74.0%*	*9,389*	*37.28*

Food & Beverage Expense Projections

Considering the comparables reviewed, and our knowledge of typical food and beverage operations, we compiled expenses projections going forward. We factored in the nature of the subject outlets, and the corresponding labor needs and profit margins of the offerings. For example, a fine dining restaurant is typically a less efficient operation than that of a beverage-focused bar/lounge, given the profit margins and staffing requirements. Furthermore, meetings and events typically achieve higher profit margins than dining outlets given the efficiencies gained from staffing levels, inventory control, and volume.

Please note, we have accounted for atypically high expenses in years one and two as the revenues ramp up. As the revenues normalize, we anticipate expenses will normalize as well.

Our projections are shown below:

Total Revenue				**$1,347,337**	**$1,503,512**	**$1,641,893**	**$1,696,504**	**$1,746,467**
Operating Expenses - Percent of Revenue								
	Yr. 1	**Yr. 2**	**Yr. 3**					
Lobby Bar & Lobby Soft Seating	**85.0%**	**80.0%**	**80.0%**	$698,898	$721,992	$789,528	$815,353	$837,460
Meeting/Event Space	**70.0%**	**65.0%**	**65.0%**	$367,573	$390,664	$425,740	$440,253	$454,767
Total Operating Expenses				**$1,066,471**	**$1,112,656**	**$1,215,267**	**$1,255,606**	**$1,292,227**

Food & Beverage Expense Comparables

We considered several food and beverage comparables in preparing our projections. These comparables are shown below:

Food & Beverage Outlet Expenses - Comparable Analysis

Lobby Bar & Lobby Soft Seating

Comparable	Category	Revenue	Expense	Expense Ratio	Expense POR
Comparable 1	Bar/Lounge	**$70,434**	**$45,716**	**65%**	$1.45
Comparable 2	Bar/Lounge	**$233,459**	**$172,665**	**74%**	$5.17
Comparable 3	Restaurant	**$360,067**	**$270,773**	**75%**	$6.32
Comparable 4	Restaurant	**$690,246**	**$534,571**	**77%**	$16.73
Comparable 5	Restaurant	**$306,234**	**$255,123**	**83%**	$11.12
Comparable 6	Restaurant	**$657,028**	**$571,522**	**87%**	$6.49
Comparable 7	Restaurant	**$113,064**	**$101,218**	**90%**	$3.22
Comparable Averages		**$347,219**	**$278,798**	**79%**	**$7.21**
Subject Projections					
Year One		**$822,233**	**$698,898**	**85.0%**	$25.73
Year Two		**$902,490**	**$721,992**	**80.0%**	$24.94
Stabilized (Year 3)		**$986,909**	**$789,528**	**80.0%**	$25.70
Stabilized Year Deflated to Base Year		*$845,066*	*$676,053*	*80.0%*	*$22.00*

Meeting/Event Expense Comparables

Meeting & Event Space Expenses - Comparable Analysis

Meeting/Event Space

Comparable	Category	Revenue	Expense	Expense Ratio	Expense POR
Comparable 1	Meeting/Event Space	**$1,807,697**	**$958,080**	**53%**	$19.83
Comparable 2	Meeting/Event Space	**$718,534**	**$441,763**	**61%**	$5.28
Comparable 3	Meeting/Event Space	**$2,000,000**	**$1,500,000**	**75%**	$73.66
Comparable 4	Meeting/Event Space	**$2,000,000**	**$1,500,000**	**75%**	$46.51
Comparable Averages		**$1,631,558**	**$1,099,961**	**66%**	**$36.32**
Subject Projections					
Year One		**$525,104**	**$367,573**	**70.0%**	$13.53
Year Two		**$601,022**	**$390,664**	**65.0%**	$13.50
Stabilized (Year 3)		**$654,984**	**$425,740**	**65.0%**	$13.86
Stabilized Year Deflated to Base Year		*$560,847*	*$364,550*	*65.0%*	*$11.86*

Other Operated Departments Expense includes expenses associated with the provision of miscellaneous departments, including sundry shop, telecommunications, and laundry/valet service.

We estimated these expenses to be 25.0% of Other Operated Departments Revenue or $1.02 per occupied room (POR) in the stabilized year deflated to year one. The projections are below the HOST averages, but within the range of the comparable properties on a POR basis. The projections are below the HOST averages, but within the range of the comparable properties on a ratio basis. The projections are in line with the provided pro-formas on a ratio basis.

Expense Analysis: Other Operated Departments Expense						
Proforma	Occ %	ADR	$ 1000's	% of Department Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	57	11.2%	550	1.99
2030	84.0%	294.42	65	11.2%	628	2.04
2031	86.8%	311.56	68	11.2%	663	2.09
2032	86.6%	320.91	70	11.2%	678	2.15
2033	86.6%	330.54	72	38.0%	695	2.20
Industry Averages						
Full Service	67.1%	171.19	NA	62.5%	3,266	12.75
Chain-Affiliated	69.8%	142.03	NA	59.8%	2,116	7.79
Middle Atlantic	75.2%	189.26	NA	57.7%	1,019	3.58
Small Metro/Town	64.8%	141.19	NA	68.4%	7,195	28.85
Upper Upscale	67.3%	155.38	NA	60.8%	2,319	9.06
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	208	38.1%	678	2.21
Comp Hotel 2	56.2%	187.14	5	10.7%	68	0.33
Comp Hotel 3	75.6%	172.98	204	74.0%	1,029	3.73
Comp Hotel 4	71.3%	195.81	30	14.0%	102	0.39
Comp Hotel 5	76.9%	254.07	12	8.9%	38	0.14
Projections						
DCF Year 1	61.0%	261.15	30	25.8%	248	1.12
DCF Stabilized	69.0%	291.63	33	25.0%	271	1.08
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*31*	*25.0%*	*256*	*1.02*

Spa Expense includes expenses related to the subject's spa operation.

We estimated these expenses to be 80.0% of Spa Revenue or $2.87 per occupied room (POR) in the stabilized year deflated to year one.

Expense Analysis: Spa Expense						
	Occ %	ADR	$ 1000's	% of Department Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	0	0.0%	0	0.00
2030	84.0%	294.42	0	0.0%	0	0.00
2031	86.8%	311.56	0	0.0%	0	0.00
2032	86.6%	320.91	0	0.0%	0	0.00
2033	86.6%	330.54	0	0.0%	0	0.00
Projections						
DCF Year 1	61.0%	261.15	94	85.0%	767	3.44
DCF Stabilized	69.0%	291.63	93	80.0%	766	3.04
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*88*	*80.0%*	*722*	*2.87*

Spa Expense Comparables

We considered several spa comparables in preparing our projections. These comparables are shown below:

Spa Comparables			
Comparable	**Expenses**	Expense Ratio	Expense POR
Comparable 1	**$19,584**	73.3%	$2.42
Comparable 2	**$23,506**	40.6%	$4.10
Comparable 3	**$360,730**	83.4%	$4.96
Comparable 4	**$245,400**	89.4%	$10.86
Comparable 5	**$354,253**	100.0%	$15.02
Comparable 6	**$136,261**	166.9%	$43.84
Comparable 7	**$357,256**	95.4%	$21.50
Totals / Averages	**$1,496,990**	***92.7%***	***$9.82***

Spa Expense Projections

Our projections below are based on a primary driver, which then fluctuates with both inflation and revenue production. We considered the size of the facility, the quality and condition, and the occupancy of the property. The full projections are shown below:

Spa Expenses - *Year Ending*		*12/31/2025*	*3/31/2029*	*3/31/2030*	*3/31/2031*	*3/31/2032*	*3/31/2033*	*3/31/2034*	*3/31/2035*	*3/31/2036*	*3/31/2037*	*3/31/2038*
Spa Tapestry												
Expense Driver:	***Percent of Revenue***	**85%**	85.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Percent of Revenue	*Per Occupied Room*	*N/A*	*$3.44*	*$3.13*	*$3.04*	*$3.12*	*$3.23*	*$3.32*	*$3.42*	*$3.52*	*$3.63*	*$3.74*
Spa Tapestry - Total Expenses			**$93,568**	**$90,706**	**$93,427**	**$96,230**	**$99,117**	**$102,090**	**$105,152**	**$108,307**	**$111,557**	**$114,904**

Undistributed Operating Expenses

Administrative & General represent payroll costs and other expenses for management and administrative staff, including the manager's office, accounting office and personnel department, legal fees, credit card commissions, printing, stationery, and postage costs.

We estimated these expenses to be 6.6% of Total Revenue or $5,715 per available room (PAR) in the stabilized year deflated to year one. The projections are below the HOST averages, but within the range of the comparable properties on a PAR basis. The projections are below the HOST averages, but within the range of the comparable properties on a ratio basis.

Expense Analysis: Administrative & General						
Proforma	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	1,074	8.5%	10,425	37.77
2030	84.0%	294.42	1,239	8.3%	12,025	39.12
2031	86.8%	311.56	1,325	8.2%	12,866	40.60
2032	86.6%	320.91	1,359	8.2%	13,191	41.74
2033	86.6%	330.54	1,366	8.3%	13,264	41.97
Industry Averages						
Full Service	67.1%	171.19	NA	8.2%	8,599	33.58
Chain-Affiliated	69.8%	142.03	NA	8.5%	6,821	25.11
Middle Atlantic	75.2%	189.26	NA	8.9%	8,051	28.26
Small Metro/Town	64.8%	141.19	NA	8.9%	8,329	33.39
Upper Upscale	67.3%	155.38	NA	8.1%	7,572	29.58
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	1,807	6.0%	5,905	19.25
Comp Hotel 2	56.2%	187.14	312	8.1%	4,157	20.25
Comp Hotel 3	75.6%	172.98	2,078	10.0%	10,497	38.04
Comp Hotel 4	71.3%	195.81	1,639	7.7%	5,557	21.34
Comp Hotel 5	76.9%	254.07	1,806	7.5%	5,940	21.16
Projections						
DCF Year 1	61.0%	261.15	670	7.6%	5,492	24.67
DCF Stabilized	69.0%	291.63	740	6.6%	6,063	24.08
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*697*	*6.6%*	*5,715*	*22.69*

Information & Telecommunications Systems includes expenses associated with information system and technology costs, including internet, administrative-related telecom, and computer systems.

We estimated these expenses to be 0.6% of Total Revenue or $551 per available room (PAR) in the stabilized year deflated to year one. The projections are below the HOST averages, but within the range of the comparable properties on a PAR basis. The projections are below the HOST averages, but within the range of the comparable properties on a ratio basis.

Expense Analysis: Information & Telecommunications Systems						
Proforma	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	104	0.8%	1,011	3.66
2030	84.0%	294.42	123	0.8%	1,193	3.88
2031	86.8%	311.56	133	0.8%	1,287	4.06
2032	86.6%	320.91	136	0.8%	1,320	4.18
2033	86.6%	330.54	136	0.8%	1,322	4.18
Industry Averages						
Full Service	67.1%	171.19	NA	1.5%	1,557	6.08
Chain-Affiliated	69.8%	142.03	NA	1.5%	1,191	4.38
Middle Atlantic	75.2%	189.26	NA	1.5%	1,324	4.65
Small Metro/Town	64.8%	141.19	NA	1.7%	1,560	6.26
Upper Upscale	67.3%	155.38	NA	1.4%	1,344	5.25
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	192	0.6%	626	2.04
Comp Hotel 2	56.2%	187.14	33	0.9%	442	2.15
Comp Hotel 3	75.6%	172.98	111	0.5%	561	2.03
Comp Hotel 4	71.3%	195.81	328	1.5%	1,111	4.26
Comp Hotel 5	76.9%	254.07	123	0.5%	403	1.44
Projections						
DCF Year 1	61.0%	261.15	66	0.7%	538	2.42
DCF Stabilized	69.0%	291.63	71	0.6%	584	2.32
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*67*	*0.6%*	*551*	*2.19*

Sales & Marketing includes sales and marketing payroll, direct advertising costs, cooperative advertising, dues and subscriptions, entertainment, trade shows and travel.

We estimated these expenses to be 5.0% of Total Revenue or $4,373 per available room (PAR) in the stabilized year deflated to year one. The projections are below the HOST averages, but within the range of the comparable properties on a PAR basis. The projections are below the HOST averages, but within the range of the comparable properties on a ratio basis. Please note that we have also analyzed Sales & Marketing and Franchise Fee expense categories on a combined basis.

Expense Analysis: Sales & Marketing						
Proforma	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	551	4.4%	5,348	19.37
2030	84.0%	294.42	635	4.3%	6,168	20.07
2031	86.8%	311.56	680	4.2%	6,602	20.83
2032	86.6%	320.91	697	4.2%	6,769	21.42
2033	86.6%	330.54	701	4.2%	6,803	21.53
Industry Averages						
Full Service	67.1%	171.19	NA	7.0%	7,337	28.65
Chain-Affiliated	69.8%	142.03	NA	6.9%	5,575	20.53
Middle Atlantic	75.2%	189.26	NA	6.4%	5,753	20.19
Small Metro/Town	64.8%	141.19	NA	6.5%	6,102	24.47
Upper Upscale	67.3%	155.38	NA	7.1%	6,615	25.84
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	2,579	8.5%	8,427	27.48
Comp Hotel 2	56.2%	187.14	143	3.7%	1,905	9.28
Comp Hotel 3	75.6%	172.98	2,023	9.7%	10,218	37.03
Comp Hotel 4	71.3%	195.81	1,320	6.2%	4,476	17.19
Comp Hotel 5	76.9%	254.07	1,369	5.7%	4,503	16.04
Projections						
DCF Year 1	61.0%	261.15	508	5.8%	4,167	18.72
DCF Stabilized	69.0%	291.63	566	5.0%	4,640	18.42
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*534*	*5.0%*	*4,373*	*17.36*

Franchise Fees typically range from 6.00% to 10.00% of gross rooms revenues. This appraisal assumes that the property will continue to operate as a full-service, Tapestry Collection by Hilton hotel throughout the projection period. The following charts summarizes the subject's franchise agreement for informational purposes:

Synopsis of Franchise Agreement		
Effective Date	-	September 27, 2023
Franchisor	-	Hilton Franchise Holding LLC
Franchisee	-	West Ave Partners, LLC (Affiliate of AVGI)
Term	-	25 Years from Opening Date
Fees	-	Monthly Royalty Fees: 2.00% in Year 1, 3.00% in Years 2-4, and 5.00% of Rooms Revenue in Year 5, continuing throughout the remainder of the projection period.
	-	Program/Marketing Fees of 4.00% of Rooms Revenue
Reserves for Replacement	-	Not specified
Termination	-	May be terminated with liquidated damages
Compiled by LW Hospitality Advisors®		

Expense Analysis: Franchise Fees						
Proforma	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	677	5.4%	6,568	23.80
2030	84.0%	294.42	821	5.5%	7,971	25.93
2031	86.8%	311.56	896	5.6%	8,696	27.44
2032	86.6%	320.91	920	5.6%	8,932	28.26
2033	86.6%	330.54	948	5.7%	9,200	29.11
Industry Averages						
Full Service	67.1%	171.19	NA	1.4%	1,472	5.75
Chain-Affiliated	69.8%	142.03	NA	2.0%	1,610	5.93
Middle Atlantic	75.2%	189.26	NA	2.1%	1,875	6.58
Small Metro/Town	64.8%	141.19	NA	1.5%	1,387	5.56
Upper Upscale	67.3%	155.38	NA	1.6%	1,486	5.80
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	1,701	5.6%	5,560	18.13
Comp Hotel 2	56.2%	187.14	245	6.4%	3,265	15.91
Comp Hotel 3	75.6%	172.98	934	4.5%	4,715	17.09
Comp Hotel 4	71.3%	195.81	985	4.6%	3,339	12.82
Comp Hotel 5	76.9%	254.07	1,339	5.5%	4,403	15.68
Projections						
DCF Year 1	61.0%	261.15	426	4.8%	3,489	15.67
DCF Stabilized	69.0%	291.63	627	5.6%	5,141	20.41
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*591*	*5.6%*	*4,846*	*19.24*

A detailed calculation of ramping-up franchise fees is shown below:

Franchise Fee Projections										
Projection Year:	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Fiscal Year Ending March 31:	*2029*	*2030*	*2031*	*2032*	*2033*	*2034*	*2035*	*2036*	*2037*	*2038*
Based on:										
Rooms Revenue	$7,093,560	$8,195,230	$8,960,536	$9,254,641	$9,506,224	$9,791,420	$10,085,158	$10,416,173	$10,699,334	$11,020,325
Percentage of:										
Rooms Revenue	6.00%	7.00%	7.00%	7.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Total Franchise Fees	**$425,614**	**$573,666**	**$627,238**	**$647,825**	**$855,560**	**$881,228**	**$907,664**	**$937,456**	**$962,940**	**$991,829**

Utility Costs includes the cost of fuel, electricity, chilled water and other utilities.

We estimated these expenses to be 4.0% of Total Revenue or $3,483 per available room (PAR) in the stabilized year deflated to year one. The projections are above the HOST averages, but within the range of the comparable properties on a PAR basis. The projections are above the HOST averages, but within the range of the comparable properties on a ratio basis. The projections are in line with the provided pro-forma on a ratio basis.

Expense Analysis: Utility Costs						
Proforma	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	521	4.1%	5,055	18.32
2030	84.0%	294.42	615	4.1%	5,967	19.41
2031	86.8%	311.56	663	4.1%	6,435	20.31
2032	86.6%	320.91	680	4.1%	6,599	20.88
2033	86.6%	330.54	681	4.1%	6,609	20.91
Industry Averages						
Full Service	67.1%	171.19	NA	3.1%	3,233	12.63
Chain-Affiliated	69.8%	142.03	NA	3.3%	2,652	9.76
Middle Atlantic	75.2%	189.26	NA	3.1%	2,786	9.78
Small Metro/Town	64.8%	141.19	NA	3.3%	3,089	12.38
Upper Upscale	67.3%	155.38	NA	3.2%	2,991	11.69
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	683	2.3%	2,231	7.27
Comp Hotel 2	56.2%	187.14	108	2.8%	1,436	7.00
Comp Hotel 3	75.6%	172.98	1,176	5.7%	5,940	21.53
Comp Hotel 4	71.3%	195.81	583	2.7%	1,977	7.59
Comp Hotel 5	76.9%	254.07	1,053	4.4%	3,465	12.34
Projections						
DCF Year 1	61.0%	261.15	418	4.8%	3,430	15.40
DCF Stabilized	69.0%	291.63	451	4.0%	3,695	14.67
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*425*	*4.0%*	*3,483*	*13.83*

Property Operation & Maintenance includes the payroll costs of the maintenance and engineering staffs, elevator maintenance, waste removal, supplies and maintenance contracts.

We estimated these expenses to be 3.0% of Total Revenue or $2,610 per available room (PAR) in the stabilized year deflated to year one. The projections are below the HOST averages, but within the range of the comparable properties on a PAR basis. The projections are below the HOST averages, but within the range of the comparable properties on a ratio basis.

Expense Analysis: Property Operation & Maintenance						
Proforma	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	557	4.4%	5,409	19.60
2030	84.0%	294.42	642	4.3%	6,232	20.27
2031	86.8%	311.56	687	4.3%	6,666	21.04
2032	86.6%	320.91	704	4.3%	6,835	21.63
2033	86.6%	330.54	708	4.3%	6,871	21.74
Industry Averages						
Full Service	67.1%	171.19	NA	4.4%	4,567	17.83
Chain-Affiliated	69.8%	142.03	NA	4.6%	3,674	13.53
Middle Atlantic	75.2%	189.26	NA	5.0%	4,512	15.84
Small Metro/Town	64.8%	141.19	NA	4.6%	4,368	17.51
Upper Upscale	67.3%	155.38	NA	4.4%	4,145	16.19
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	689	2.3%	2,253	7.34
Comp Hotel 2	56.2%	187.14	95	2.5%	1,261	6.14
Comp Hotel 3	75.6%	172.98	1,356	6.5%	6,851	24.83
Comp Hotel 4	71.3%	195.81	706	3.3%	2,393	9.19
Comp Hotel 5	76.9%	254.07	769	3.2%	2,530	9.01
Projections						
DCF Year 1	61.0%	261.15	301	3.4%	2,466	11.08
DCF Stabilized	69.0%	291.63	338	3.0%	2,769	11.00
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*318*	*3.0%*	*2,610*	*10.36*

Gross Operating Profit (GOP) is the income after departmental and undistributed operating expenses.

We estimated Gross Operating Profit (GOP) to be 47.3% of Total Revenue or $41,075 per available room (PAR) in the stabilized year deflated to year one. The projections are above the HOST averages, but within the range of the comparable properties on a PAR basis. The projections are above the HOST averages, but within the range of the comparable properties on a ratio basis. The projections are in line with the provided pro-forma on a PAR basis.

Income Analysis: Gross Operating Profit (GOP)						
Proforma	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	4,574	36.2%	44,408	160.89
2030	84.0%	294.42	5,645	37.9%	54,805	178.29
2031	86.8%	311.56	6,188	38.5%	60,076	189.59
2032	86.6%	320.91	6,355	38.5%	61,696	195.23
2033	86.6%	330.54	6,177	37.4%	59,975	189.79
Industry Averages						
Full Service	67.1%	171.19	NA	33.5%	34,923	136.36
Chain-Affiliated	69.8%	142.03	NA	35.3%	28,429	104.66
Middle Atlantic	75.2%	189.26	NA	32.6%	29,540	103.68
Small Metro/Town	64.8%	141.19	NA	32.9%	30,967	124.16
Upper Upscale	67.3%	155.38	NA	34.8%	32,507	126.98
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	15,107	49.8%	49,369	160.97
Comp Hotel 2	56.2%	187.14	1,636	42.5%	21,808	106.25
Comp Hotel 3	75.6%	172.98	4,826	23.2%	24,372	88.32
Comp Hotel 4	71.3%	195.81	8,598	40.2%	29,145	111.91
Comp Hotel 5	76.9%	254.07	11,716	48.6%	38,539	137.26
Projections						
DCF Year 1	61.0%	261.15	3,650	41.5%	29,921	134.39
DCF Stabilized	69.0%	291.63	5,316	47.3%	43,576	173.03
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*5,011*	*47.3%*	*41,075*	*163.09*

Fixed Expenses

Management Fees are calculated based on market-oriented hotel management agreement percentages, when, combined with incentive management fees, range from 3.00% to 5.00% of Total Revenue. The projection of income and expense assumes competent management by a professional management company. We have projected typical management fees of 3.0% of Total Revenue throughout the projection period.

Expense Analysis: Management Fee						
Proforma	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	260	2.1%	2,528	9.16
2030	84.0%	294.42	307	2.1%	2,984	9.71
2031	86.8%	311.56	331	2.1%	3,218	10.15
2032	86.6%	320.91	340	2.1%	3,299	10.44
2033	86.6%	330.54	340	2.1%	3,305	10.46
Industry Averages						
Full Service	67.1%	171.19	NA	3.4%	3,516	13.73
Chain-Affiliated	69.8%	142.03	NA	3.3%	2,628	9.68
Middle Atlantic	75.2%	189.26	NA	3.5%	3,166	11.11
Small Metro/Town	64.8%	141.19	NA	3.1%	2,949	11.82
Upper Upscale	67.3%	155.38	NA	3.5%	3,224	12.59
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	835	2.8%	2,729	8.90
Comp Hotel 2	56.2%	187.14	116	3.0%	1,543	7.52
Comp Hotel 4	71.3%	195.81	431	2.0%	1,462	5.61
Projections						
DCF Year 1	61.0%	261.15	264	3.0%	2,165	9.72
DCF Stabilized	69.0%	291.63	337	3.0%	2,765	10.98
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*318*	*3.0%*	*2,607*	*10.35*

Property Taxes have been calculated based on the analysis below:

Based upon our review and estimate of the subject's assessment and applicable tax rates, the subject's estimated total tax expense for the first projection year is projected to be $672,617, $797,756 in the second projection year, $821,848 in the third projection year, and $846,668 in the fourth projection year. Going forward, we have increased the subject's tax liability by 3.0% per annum throughout the remainder of the projection period.

The subject property is currently identified in the Village of Patchogue as Parcel ID: 13-9-1.1.

Properties in the Village of Patchogue are subject to school district/county/town and other taxes administrated through the Town of Brookhaven. Additionally, properties are subject to village taxes which are administered by the Village of Patchogue. Personal property is not taxed in the state of New York.

The tax cycle in the Town of Brookhaven is based on a fiscal year commencing December 1st of the current calendar year to November 30th of the following year. The Town of Brookhaven reassesses property annually with a date of value on March 1st. Reassessment also takes place upon transfer or when there has been a major improvement to the structure or an appeal has been filed. A tentative assessment roll is published on May 1st, and a final assessment roll is published on July 1st for purposes of calculating the next year's taxes. Between the tentative and final assessment rolls, property owners may apply for an appeal in May before Grievance Day which falls on the third Tuesday in May. For each reassessment, the assessor utilizes the cost approach, income capitalization approach and sales comparison approach to determine value. Taxes are payable in two installments. Assessments are calculated as a uniform percentage of market value.

The tax cycle in the Village of Patchogue is based on a fiscal year commencing June 1st of the current calendar year to May 31st of the following year. The Village of Patchogue assesses property with a taxable status date of December 31st, a valuation date of April 1st, and it issues bills which are due in full July 1st. Property owners may apply for an appeal in February before Grievance Day which falls on the third Tuesday in February. Assessments are calculated as a uniform percentage of market value.

In order to determine the subject's prospective real property assessment, we have reviewed several real property tax comparables relative to the subject property and analyzed them on an assessment per room basis.

Ad Valorem Real Property Tax Comparables						
	1	2	3	4	5	6
	SpringHill Suites Long Island Brookhaven	Hampton Inn Long Island Brookhaven	Residence Inn Long Island Holtsville	Courtyard Long Island MacArthur Airport	Fairfield Inn Medford Long Island	Homewood Suites by Hilton Ronkonkoma
Year Built	1976	2002	2004	2002	2008	2019
No. of Rooms	128	161	124	154	72	124
Tax Year	2025/2026	2025/2026	2025/2026	2025/2026	2025/2026	2025/2026
Land	$2,350	$2,200	$2,425	$3,500	$1,300	$2,450
Improvement	$130,650	$123,800	$95,775	$96,250	$35,520	$127,550
Total Real Property Value	**$133,000**	**$126,000**	**$98,200**	**$99,750**	**$36,820**	**$130,000**
Total Real Property Value Per Room	*$1,039*	*$783*	*$792*	*$648*	*$511*	*$1,048*
Land Value Per Room	*$18*	*$14*	*$20*	*$23*	*$18*	*$20*
Improvement Value Per Room	*$1,021*	*$769*	*$772*	*$625*	*$493*	*$1,029*
Effective Assessed Value @ 35.0%	$46,550	$44,100	$34,370	$34,913	$12,887	$45,500
Combined Tax Rate Per $100	405.956	397.126	387.079	382.999	455.162	382.999
Total Taxes	**$188,973**	**$175,133**	**$133,039**	**$133,715**	**$58,657**	**$174,265**
Per Room	*$1,476*	*$1,088*	*$1,073*	*$868*	*$815*	*$1,405*

The above comparables exhibit assessment values ranging from $783 to $1,048 per room, with the average assessed value per room of approximately $804. Note, comparables 1-3 are taxable in Brookhaven like the subject, though not in Patchogue. All comparables are located in Suffolk County.

We have projected the subject's land assessment to remain constant going forward. Given the subject's will be newly built as well as the subject's location, anticipated product-type, ADR-positioning, amenities, and facilities, we positioned the subject's improvement assessment above the SpringHill Suites Long Island Brookhaven and Homewood Suites by Hilton Ronkonkoma. In essence, given the overall age and anticipated condition of the property, we anticipate the improvement assessment on a per room basis will be above the comparable properties.

We positioned the full service improvements at $1,250 per room as if open and operational in tax year 2025. We inflated these amounts by 2.00% per annum until opening, resulting in a rounded 2028/2029 tax year assessments.

The rounded 2028/2029 tax year county/town assessments for the full service scenario are projected at $140,131, or approximately $1,361 per key. Given that the subject property is anticipated to open on April 1, 2028, we have assumed the subject hotel will be fully assessed during the 2028/2029 tax year given the assessment date.

In discussions with the developer and its partners, the subject is anticipated to benefit from agreement with the Suffolk County Industrial Development Agency (IDA) which would impact the property taxes for the proposed hotel. As discussed in the assumptions of this report, due to the lack of existing agreement or proposed schedule, we have projected full taxes for purposes of our analysis.

Ad Valorem Tax Information

Taxing Authority	Suffolk County										
	Actual	Actual	Tentative	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Tax Year	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034	2034/2035
Parcel / ID											
Real Property 13-9-1.1	**Improvement Percentage Complete:**		0%	50%	100%	100%	100%	100%	100%	100%	100%
Uniform Percentage Value	*0.54%*	*0.53%*									
School/County/Town/Other Market Value	**$3,000,000**	**$1,735,849**									
Land	$3,500	$3,500	$3,500	$3,500	$3,500						
Improvement	$12,700	$5,700	$0	$79,331	$161,834						
School/County/Town/Other Property Value	**$16,200**	**$9,200**	**$3,500**	**$82,831**	**$165,334**	**$168,641**	**$172,014**	**$175,454**	**$178,963**	**$182,542**	**$186,193**
Percentage Change		*-43.2%*	*-62.0%*	*2266.6%*	*99.6%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
Uniform Percentage Value	*4.68%*	*4.68%*	*3.05%*								
Village Market Value	**$2,042,735**	**$2,042,735**	**$576,393**								
Land Assessment	$17,580	$17,580	$17,580	$17,580	$17,580						
Improvement Assessment	$78,020	$78,020	$0	$79,331	$161,834						
Village Property Value	**$95,600**	**$95,600**	**$17,580**	**$96,911**	**$179,414**	**$183,003**	**$186,663**	**$190,396**	**$194,204**	**$198,088**	**$202,050**
Percentage Change		*0.0%*	*-81.6%*	*451.3%*	*85.1%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
Property Tax Rate(s)	**Actual**	**Actual**	**Tentative**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**
Tax Rates (per $100 A.V.)											
School/County/Town/Other Tax Rate	420.361	432.652	436.979	441.348	445.762	450.219	454.722	459.269	463.862	468.500	473.185
Percentage Change		*2.9%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*
Village/Business District/Sewer Tax Rate	23.090	23.660	23.897	24.136	24.377	24.621	24.867	25.116	25.367	25.620	25.877
Percentage Change		*2.5%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*
Effective Property Tax Liabilities	**Actual**	**Actual**	**Tentative**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**	**Estimate**
School/County/Town/Other Tax Liability	$68,098	$39,804	$15,294	$365,571	$736,997	$759,254	$782,184	$805,805	$830,141	$855,211	$881,038
Village/Business District/Sewer Tax Liability	$22,074	$22,619	$4,201	$23,390	$43,736	$45,056	$46,417	$47,819	$49,263	$50,751	$52,284
Total Tax Liability Without PILOT			$19,495	$388,961	$780,732	$804,311	$828,601	$853,624	$879,404	$905,962	$933,322
Total Projected Fiscalized Tax Liability Without PILOT			**$39,436**	**$287,000**	**$672,617**	**$797,756**	**$821,848**	**$846,668**	**$872,237**	**$898,579**	**$925,716**

Expense Analysis: Property Taxes						
Proforma	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	216	1.7%	2,097	7.60
2030	84.0%	294.42	238	1.6%	2,307	7.50
2031	86.8%	311.56	244	1.5%	2,364	7.46
2032	86.6%	320.91	250	1.5%	2,424	7.67
2033	86.6%	330.54	256	1.6%	2,484	7.86
Industry Averages						
Full Service	67.1%	171.19	NA	3.2%	3,365	13.14
Chain-Affiliated	69.8%	142.03	NA	3.5%	2,788	10.27
Middle Atlantic	75.2%	189.26	NA	5.2%	4,691	16.46
Small Metro/Town	64.8%	141.19	NA	1.8%	1,686	6.76
Upper Upscale	67.3%	155.38	NA	3.2%	2,994	11.69
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	1,121	3.7%	3,664	11.95
Comp Hotel 2	56.2%	187.14	146	3.8%	1,947	9.49
Comp Hotel 3	75.6%	172.98	843	4.1%	4,258	15.43
Comp Hotel 4	71.3%	195.81	798	3.7%	2,706	10.39
Comp Hotel 5	76.9%	254.07	1,820	7.5%	5,987	21.32
Projections						
DCF Year 1	61.0%	261.15	673	7.6%	5,513	24.76
DCF Stabilized	69.0%	291.63	822	7.3%	6,736	26.75
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*775*	*7.3%*	*6,350*	*25.21*

Insurance consists of the cost of insuring the property and its contents against damage or destruction. We estimated these expenses to be 0.8% of Total Revenue or $699 per available room (PAR) in the stabilized year deflated to year one. The projections are below the HOST averages, but within the range of the comparable properties on a PAR basis. The projections are below the HOST averages, but within the range of the comparable properties on a ratio basis. The projections are in line with the provided pro-forma on a PAR basis.

Expense Analysis: Insurance						
Proforma	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	76	0.6%	734	2.66
2030	84.0%	294.42	77	0.5%	752	2.45
2031	86.8%	311.56	79	0.5%	771	2.43
2032	86.6%	320.91	81	0.5%	790	2.50
2033	86.6%	330.54	83	0.5%	810	2.56
Industry Averages						
Full Service	67.1%	171.19	NA	1.6%	1,718	6.71
Chain-Affiliated	69.8%	142.03	NA	1.7%	1,402	5.16
Middle Atlantic	75.2%	189.26	NA	1.2%	1,093	3.83
Small Metro/Town	64.8%	141.19	NA	1.8%	1,662	6.66
Upper Upscale	67.3%	155.38	NA	1.7%	1,541	6.02
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	287	0.9%	938	3.06
Comp Hotel 2	56.2%	187.14	43	1.1%	569	2.77
Comp Hotel 3	75.6%	172.98	666	3.2%	3,363	12.19
Comp Hotel 4	71.3%	195.81	1,132	5.3%	3,837	14.73
Comp Hotel 5	76.9%	254.07	161	0.7%	528	1.88
Projections						
DCF Year 1	61.0%	261.15	85	1.0%	699	3.14
DCF Stabilized	69.0%	291.63	91	0.8%	742	2.95
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*85*	*0.8%*	*699*	*2.78*

Reserve for Replacement is typically 3.00% to 5.00% of total revenue to provide for the timely replacement of furniture, fixtures and equipment. We have assumed a ramp-up in reserves for replacement typical for a newly constructed hotel consisting of 2.00% of total revenue in Year 1, 3.00% of total revenue in Year 2, and 4.00% of total revenue for the remainder of the projection period. Going forward, we anticipate reserves for replacement to cover all future capital expenditures.

Expense Analysis: Reserve for Replacement						
Proforma	Occ %	ADR	$ 1000's	% of Total Revenue	$ per Available Room	$ per Occupied Room
2029	75.6%	270.18	521	4.1%	5,055	18.32
2030	84.0%	294.42	615	4.1%	5,967	19.41
2031	86.8%	311.56	663	4.1%	6,435	20.31
2032	86.6%	320.91	680	4.1%	6,599	20.88
2033	86.6%	330.54	681	4.1%	6,609	20.91
Industry Averages						
Full Service	67.1%	171.19	NA	1.9%	1,941	7.58
Chain-Affiliated	69.8%	142.03	NA	1.8%	1,422	5.23
Middle Atlantic	75.2%	189.26	NA	2.0%	1,809	6.35
Small Metro/Town	64.8%	141.19	NA	2.0%	1,902	7.62
Upper Upscale	67.3%	155.38	NA	1.9%	1,786	6.98
Comparable Hotels						
Comp Hotel 1	84.0%	259.00	910	3.0%	2,973	9.69
Comp Hotel 5	76.9%	254.07	1,202	5.0%	3,954	14.08
Projections						
DCF Year 1	61.0%	261.15	176	2.0%	1,443	6.48
DCF Stabilized	69.0%	291.63	450	4.0%	3,687	14.64
DCF Stabilized (Deflated)	*69.0%*	*274.89*	*424*	*4.0%*	*3,475*	*13.80*

A detailed calculation of reserves for replacement is shown below:

Reserves for Replacement										
Projection Year:	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Fiscal Year Ending March 31:	*2029*	*2030*	*2031*	*2032*	*2033*	*2034*	*2035*	*2036*	*2037*	*2038*
Based on:										
Total Revenue	$8,803,361	$10,319,259	$11,245,400	$11,613,592	$11,934,819	$12,294,147	$12,663,552	$13,075,135	$13,434,056	$13,835,744
Total Revenue	2.00%	3.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Total Reserve for Replacement	**$176,067**	**$309,578**	**$449,816**	**$464,544**	**$477,393**	**$491,766**	**$506,542**	**$523,005**	**$537,362**	**$553,430**

Ten-Year Projection of Income and Expense

The following ten-year projection of income and expense reflects the subject property's anticipated performance on a fiscal basis beginning April 1, 2028. Stabilization is anticipated to occur in year three of the projection period. The statements are expressed in inflated dollars for each projection year.

Proposed Tapestry Collection Hotel by Hilton Patchogue
10 Year Summary

Projection Year	1	2	3	4	5	6	7	8	9	10	11
Fiscal Year Ending March 31:	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Days in Year	365	365	365	366	365	365	365	366	365	365	365
Number of Rooms	122	122	122	122	122	122	122	122	122	122	122
Rooms Available	44,530	44,530	44,530	44,652	44,530	44,530	44,530	44,652	44,530	44,530	44,530
Occupied Rooms	27,163	28,945	30,726	30,810	30,726	30,726	30,726	30,810	30,726	30,726	30,726
Occupancy	61.00%	65.00%	69.00%	69.00%	69.00%	69.00%	69.00%	69.00%	69.00%	69.00%	69.00%
Average Rate	261.15	283.14	291.63	300.38	309.39	318.67	328.23	338.08	348.22	358.67	369.43
RevPAR	159.30	184.04	201.22	207.26	213.48	219.88	226.48	233.27	240.27	247.48	254.91

	$ (000's)	Gross %	$ (000's)	Gross %	$ (000's)	Gross %	$ (000's)	Gross %	$ (000's)	Gross %	$ (000's)	Gross %	$ (000's)	Gross %	$ (000's)	Gross %	$ (000's)	Gross %	$ (000's)	Gross %	$ (000's)	Gross %
REVENUE																						
Rooms Revenue	7,094	80.6%	8,195	79.4%	8,961	79.7%	9,255	79.7%	9,506	79.7%	9,791	79.6%	10,085	79.6%	10,416	79.7%	10,699	79.6%	11,020	79.7%	11,351	79.7%
Food & Beverage Revenue	1,347	15.3%	1,504	14.6%	1,642	14.6%	1,697	14.6%	1,746	14.6%	1,800	14.6%	1,855	14.6%	1,913	14.6%	1,967	14.6%	2,025	14.6%	2,083	14.6%
Other Operated Departments Revenue	118	1.3%	125	1.2%	132	1.2%	137	1.2%	140	1.2%	145	1.2%	149	1.2%	154	1.2%	158	1.2%	163	1.2%	168	1.2%
Spa Revenue	110	1.3%	113	1.1%	117	1.0%	120	1.0%	124	1.0%	128	1.0%	131	1.0%	135	1.0%	139	1.0%	144	1.0%	148	1.0%
Retail Lease Income	55	0.6%	86	0.8%	88	0.8%	91	0.8%	94	0.8%	97	0.8%	100	0.8%	103	0.8%	106	0.8%	109	0.8%	112	0.8%
Food & Beverage Lease Income	79	0.9%	296	2.9%	305	2.7%	315	2.7%	324	2.7%	334	2.7%	344	2.7%	354	2.7%	365	2.7%	376	2.7%	387	2.7%
Total Revenue	**8,803**	**100%**	**10,319**	**100%**	**11,245**	**100%**	**11,614**	**100%**	**11,935**	**100%**	**12,294**	**100%**	**12,664**	**100%**	**13,075**	**100%**	**13,434**	**100%**	**13,836**	**100%**	**14,249**	**100%**
DEPARTMENTAL EXPENSES																						
Rooms Expense	1,574	22.2%	1,681	20.5%	1,794	20.0%	1,850	20.0%	1,904	20.0%	1,961	20.0%	2,020	20.0%	2,082	20.0%	2,143	20.0%	2,207	20.0%	2,273	20.0%
Food & Beverage Expense	1,066	79.2%	1,113	74.0%	1,215	74.0%	1,256	74.0%	1,292	74.0%	1,332	74.0%	1,372	74.0%	1,416	74.0%	1,455	74.0%	1,498	74.0%	1,542	74.0%
Other Operated Departments Expense	30	25.8%	32	25.4%	33	25.0%	34	25.0%	35	25.0%	36	25.0%	37	25.0%	38	25.0%	40	25.0%	41	25.0%	42	25.0%
Spa Expense	94	85.0%	91	80.0%	93	80.0%	96	80.0%	99	80.0%	102	80.0%	105	80.0%	108	80.0%	112	80.0%	115	80.0%	118	80.0%
Total Departmental Expenses	2,764	31.4%	2,916	28.3%	3,136	27.9%	3,236	27.9%	3,330	27.9%	3,431	27.9%	3,534	27.9%	3,645	27.9%	3,749	27.9%	3,860	27.9%	3,975	27.9%
Total Departmental Profit	**6,039**	**68.6%**	**7,403**	**71.7%**	**8,109**	**72.1%**	**8,377**	**72.1%**	**8,605**	**72.1%**	**8,863**	**72.1%**	**9,130**	**72.1%**	**9,430**	**72.1%**	**9,685**	**72.1%**	**9,975**	**72.1%**	**10,274**	**72.1%**
UNDISTRIBUTED OPERATING EXPENSES																						
Administrative & General	670	7.6%	709	6.9%	740	6.6%	764	6.6%	785	6.6%	808	6.6%	833	6.6%	860	6.6%	883	6.6%	910	6.6%	937	6.6%
Information & Telecommunications Systems	66	0.7%	69	0.7%	71	0.6%	74	0.6%	76	0.6%	78	0.6%	80	0.6%	83	0.6%	85	0.6%	88	0.6%	90	0.6%
Sales & Marketing	508	5.8%	541	5.2%	566	5.0%	585	5.0%	601	5.0%	619	5.0%	637	5.0%	658	5.0%	676	5.0%	696	5.0%	717	5.0%
Franchise Fees	426	4.8%	574	5.6%	627	5.6%	648	5.6%	856	7.2%	881	7.2%	908	7.2%	937	7.2%	963	7.2%	992	7.2%	1,022	7.2%
Utility Costs	418	4.8%	436	4.2%	451	4.0%	466	4.0%	478	4.0%	493	4.0%	507	4.0%	524	4.0%	538	4.0%	554	4.0%	571	4.0%
Property Operation & Maintenance	301	3.4%	322	3.1%	338	3.0%	349	3.0%	358	3.0%	369	3.0%	380	3.0%	393	3.0%	403	3.0%	416	3.0%	428	3.0%
Total Undistributed Operating Expenses	2,389	27.1%	2,650	25.7%	2,793	24.8%	2,885	24.8%	3,153	26.4%	3,248	26.4%	3,346	26.4%	3,455	26.4%	3,549	26.4%	3,656	26.4%	3,765	26.4%
GROSS OPERATING PROFIT	**3,650**	**41.5%**	**4,752**	**46.1%**	**5,316**	**47.3%**	**5,493**	**47.3%**	**5,451**	**45.7%**	**5,615**	**45.7%**	**5,784**	**45.7%**	**5,975**	**45.7%**	**6,136**	**45.7%**	**6,320**	**45.7%**	**6,509**	**45.7%**
Management Fee	264	3.0%	310	3.0%	337	3.0%	348	3.0%	358	3.0%	369	3.0%	380	3.0%	392	3.0%	403	3.0%	415	3.0%	427	3.0%
INCOME BEFORE FIXED CHARGES	**3,386**	**38.5%**	**4,443**	**43.1%**	**4,979**	**44.3%**	**5,144**	**44.3%**	**5,093**	**42.7%**	**5,247**	**42.7%**	**5,404**	**42.7%**	**5,583**	**42.7%**	**5,733**	**42.7%**	**5,905**	**42.7%**	**6,081**	**42.7%**
Selected Fixed Charges																						
Property Taxes	673	7.6%	798	7.7%	822	7.3%	847	7.3%	872	7.3%	899	7.3%	926	7.3%	953	7.3%	982	7.3%	1,012	7.3%	1,042	7.3%
Insurance	85	1.0%	88	0.9%	91	0.8%	93	0.8%	96	0.8%	99	0.8%	102	0.8%	105	0.8%	108	0.8%	111	0.8%	115	0.8%
Reserve for Replacement	176	2.0%	310	3.0%	450	4.0%	465	4.0%	477	4.0%	492	4.0%	507	4.0%	523	4.0%	537	4.0%	553	4.0%	570	4.0%
Net Operating Income	**2,452**	**27.9%**	**3,248**	**31.5%**	**3,617**	**32.2%**	**3,740**	**32.2%**	**3,648**	**30.6%**	**3,757**	**30.6%**	**3,870**	**30.6%**	**4,001**	**30.6%**	**4,105**	**30.6%**	**4,228**	**30.6%**	**4,355**	**30.6%**

Detailed Projections of Income and Expense

Proposed Tapestry Collection Hotel by Hilton Patchogue
Cash Flow Detail

	DCF Year 1				DCF Year 2				Stabilized DCF Year 3			
Projected Fiscal Year Ending March 31:	2029				2030				2031			
Number of Days in Year:	365				365				365			
Number of Rooms:	122				122				122			
Annual Available Rooms:	44,530				44,530				44,530			
Occupied Rooms:	27,163				28,945				30,726			
Annual Occupancy:	61.00%				65.00%				69.00%			
Average Rate:	261.15				283.14				291.63			
RevPAR:	159.30				184.04				201.22			
Revenue	**Amount**	**Gross %**	**PAR**	**POR**	**Amount**	**Gross %**	**PAR**	**POR**	**Amount**	**Gross %**	**PAR**	**POR**
Rooms Revenue	7,093,560	80.6%	58,144	261.15	8,195,230	79.4%	67,174	283.14	8,960,536	79.7%	73,447	291.63
Food & Beverage Revenue	1,347,337	15.3%	11,044	49.60	1,503,512	14.6%	12,324	51.94	1,641,893	14.6%	13,458	53.44
Other Operated Departments Revenue	117,535	1.3%	963	4.33	124,786	1.2%	1,023	4.31	132,366	1.2%	1,085	4.31
Spa Revenue	110,080	1.3%	902	4.05	113,382	1.1%	929	3.92	116,784	1.0%	957	3.80
Retail Lease Income	55,415	0.6%	454	2.04	85,871	0.8%	704	2.97	88,447	0.8%	725	2.88
Food & Beverage Lease Income	79,435	0.9%	651	2.92	296,479	2.9%	2,430	10.24	305,373	2.7%	2,503	9.94
Total Revenue	**8,803,361**	**100.0%**	**72,159**	**324.09**	**10,319,259**	**100.0%**	**84,584**	**356.52**	**11,245,400**	**100.0%**	**92,175**	**365.99**
Departmental Expenses												
Rooms Expense	1,573,639	22.2%	12,899	57.93	1,681,443	20.5%	13,782	58.09	1,794,301	20.0%	14,707	58.40
Food & Beverage Expense	1,066,471	79.2%	8,742	39.26	1,112,656	74.0%	9,120	38.44	1,215,267	74.0%	9,961	39.55
Other Operated Departments Expense	30,288	25.8%	248	1.12	31,662	25.4%	260	1.09	33,092	25.0%	271	1.08
Spa Expense	93,568	85.0%	767	3.44	90,706	80.0%	743	3.13	93,427	80.0%	766	3.04
Total Departmental Expenses	**2,763,965**	**31.4%**	**22,655**	**101.75**	**2,916,466**	**28.3%**	**23,905**	**100.76**	**3,136,087**	**27.9%**	**25,706**	**102.07**
Departmental Income (Loss)	**6,039,396**	**68.6%**	**49,503**	**222.34**	**7,402,793**	**71.7%**	**60,679**	**255.76**	**8,109,313**	**72.1%**	**66,470**	**263.93**
Undistributed Operating Expenses												
Administrative & General	670,057	7.6%	5,492	24.67	709,123	6.9%	5,812	24.50	739,739	6.6%	6,063	24.08
Information & Telecommunications Systems	65,650	0.7%	538	2.42	68,705	0.7%	563	2.37	71,301	0.6%	584	2.32
Sales & Marketing	508,424	5.8%	4,167	18.72	541,183	5.2%	4,436	18.70	566,042	5.0%	4,640	18.42
Franchise Fees	425,614	4.8%	3,489	15.67	573,666	5.6%	4,702	19.82	627,238	5.6%	5,141	20.41
Utility Costs	418,424	4.8%	3,430	15.40	435,529	4.2%	3,570	15.05	450,837	4.0%	3,695	14.67
Property Operation & Maintenance	300,852	3.4%	2,466	11.08	322,132	3.1%	2,640	11.13	337,832	3.0%	2,769	11.00
Total Undistributed Operating Expenses	**2,389,020**	**27.1%**	**19,582**	**87.95**	**2,650,338**	**25.7%**	**21,724**	**91.57**	**2,792,989**	**24.8%**	**22,893**	**90.90**
Gross Operating Profit (GOP)	**3,650,375**	**41.5%**	**29,921**	**134.39**	**4,752,455**	**46.1%**	**38,955**	**164.19**	**5,316,324**	**47.3%**	**43,576**	**173.03**
Fixed Charges												
Management Fee	264,101	3.0%	2,165	9.72	309,578	3.0%	2,538	10.70	337,362	3.0%	2,765	10.98
Property Taxes	672,617	7.6%	5,513	24.76	797,756	7.7%	6,539	27.56	821,848	7.3%	6,736	26.75
Insurance	85,320	1.0%	699	3.14	87,879	0.9%	720	3.04	90,516	0.8%	742	2.95
Reserve for Replacement	176,067	2.0%	1,443	6.48	309,578	3.0%	2,538	10.70	449,816	4.0%	3,687	14.64
Total Fixed Charges	**1,198,104**	**13.6%**	**9,821**	**44.11**	**1,504,791**	**14.6%**	**12,334**	**51.99**	**1,699,542**	**15.1%**	**13,931**	**55.31**
Hotel Cash Flow	**2,452,271**	**27.9%**	**20,101**	**90.28**	**3,247,665**	**31.5%**	**26,620**	**112.20**	**3,616,783**	**32.2%**	**29,646**	**117.71**
NOI Adjusted for 3.00% Management & 4.00% Reserves	**2,276,204**	**25.9%**	**18,657**	**83.80**	**3,144,472**	**30.5%**	**25,774**	**108.64**				

Addendum

Definitions

Market Value	As defined by the Office of the Comptroller of Currency (OCC) under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions, the Board of Governors of the Federal Reserve System (FRS) and the Federal Deposit Insurance Corporation in compliance with Title XI of FIRREA, as well as by the Uniform Standards of Appraisal Practice as promulgated by the Appraisal Foundation, is as follows. Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby, 1. Buyer and seller are typically motivated; 2. Both parties are well informed or well advised, and acting in what they consider their own best interest; 3. A reasonable time is allowed for exposure in the open market; 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
Fair Value	Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB Statement No. 157, 2007)
Investment Value	The value of property to a particular investor, or a class of investors, for identified investment objectives. This subjective concept relates specific property to a specific investor, group of investors, or entity with identifiable investment objectives and/or criteria.
Fee Simple Estate	Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.
Leasehold Interest	The interest held by the lessee (the renter or tenant) through a lease transferring the rights of use and occupancy for a stated term under certain conditions.
Leased Fee Interest	An ownership interest held by a landlord with the rights of use and occupancy conveyed by a lease to others. The rights of the lessor (the

leased fee owner) and the leased fee are specified by contract terms contained within the lease.

Marketing Time

1. The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.

2. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time).

Exposure Time

1. The time a property remains on the market.

2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (Appraisal Standards Board of The Appraisal Foundation, Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions").

Market value estimates imply that an adequate marketing effort and reasonable time for exposure occurred prior to the effective date of the appraisal. In the case of disposition value, the time frame allowed for marketing the property rights is somewhat limited, but the marketing effort is orderly and adequate. With liquidation value, the time frame for marketing the property rights is so severely limited that an adequate marketing program cannot be implemented. (The Report of the Appraisal Institute Special Task Force on Value Definitions qualifies exposure time in terms of the three above-mentioned values). See also marketing time.

As Is Value

The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists

	and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.
As Complete Value	The prospective value of a property after all construction or renovation has been completed. This value reflects all expenditures for lease-up and occupancy that may be expected to have occurred at that point in time, which may or may not put the property at stabilized value.
Stabilized Value	A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods, when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale prices may fall short of long-term value.
Retrospective Value	A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

Assumptions & Limiting Conditions

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties analyzed is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. LW Hospitality Advisors® (LWHA®) is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. LWHA®, however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. LWHA® professionals are not engineers and are not competent to judge matters of an engineering nature. LWHA® has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of LWHA® by ownership or management; LWHA® inspected less than 100 percent of the entire interior and exterior portions of the improvements; and LWHA® was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported. Accordingly, if negative findings are reported by engineering consultants, LWHA® reserves the right to amend the conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the consultant(s). LWHA® has no knowledge of the existence of such materials on or in the property. LWHA®, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

   Our inspections of land are conducted thoroughly as possible by observation; however, it is impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the report.
4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a skillful manner according to standard practices based upon the information submitted to LWHA®. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. The opinion is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in this report. Unless otherwise specifically noted in this report, LWHA® has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, LWHA® reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant

calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify LWHA® of any questions or errors.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This analysis is based on market conditions existing as of the date of this report. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, LWHA® will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. LWHA® assumes no private deed restrictions, limiting the use of the subject in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
9. LWHA® is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of opinion, which may be defined within the body of this report, is subject to change with market fluctuations over time. The opinion is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. LWHA® does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of LWHA®.
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of LWHA® to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is analyzed assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
14. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
15. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
16. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
17. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate consultant(s). Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to LWHA® unless otherwise stated within the body of this report. If LWHA® has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. LWHA® assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

18. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the consultant(s) nor LWHA® assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
19. LWHA® assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.
20. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in this report.
21. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
22. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, LWHA® has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since LWHA® has no specific information relating to this issue, nor is LWHA® qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
23. Client shall not indemnify consultant(s) or hold consultant(s) harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate results to others, which acts of the Client approximately result in damage to consultant(s). Notwithstanding the foregoing, consultant(s) shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by consultant(s). Client shall indemnify and hold consultant(s) harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of this report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover, from the other, reasonable attorney fees and costs.
24. The report is for the sole use of the client; however, client may provide only complete, final copies of this report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. consultant(s) is not required to explain or testify as to results other than to respond to the client for routine and customary questions. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.

Investment Rate Surveys

The latest Q1 2026 Real Estate Investor Survey published by PwC for luxury, full service, limited service and select service properties is illustrated in the following table, as well as the comparison to the Q4 2025, Q3 2025, Q2 2025, Q1 2025, Q4 2024, and Q3 2024 survey results. As reported, the U.S. lodging industry continues to regain strength, however, risk remains related to macro-economic factors. Availability of labor is also noted as an ongoing challenge for many owners.

Hotel Investor Survey						
	Discount Rate		*Overall Cap Rate*		*Residual Cap Rate*	
Type	*Range*	*Average*	*Range*	*Average*	*Range*	*Average*
PwC Hotels						
Luxury/Upper-Upscale						
Q1 2026	8.00% - 13.00%	10.31%	6.00% - 10.00%	8.25%	7.00% - 10.00%	8.63%
Q4 2025	8.00% - 13.00%	10.00%	6.00% - 10.00%	8.08%	6.50% - 10.00%	8.67%
Q3 2025	7.50% - 12.00%	9.81%	5.00% - 10.00%	7.57%	6.00% - 10.00%	7.91%
Q2 2025	7.50% - 12.00%	9.94%	6.00% - 10.00%	8.38%	6.50% - 11.00%	8.84%
Q1 2025	7.50% - 11.00%	9.63%	6.00% - 9.00%	8.00%	6.50% - 10.00%	8.09%
Q4 2024	7.50% - 11.00%	9.63%	6.00% - 9.00%	8.00%	6.25% - 10.00%	8.00%
Q3 2024	7.50% - 12.00%	9.81%	6.00% - 10.00%	8.25%	6.25% - 10.00%	8.13%
Full Service						
Q1 2026	8.00% - 12.00%	10.42%	5.50% - 9.50%	7.88%	4.50% - 10.50%	8.67%
Q4 2025	8.00% - 12.00%	10.40%	5.50% - 9.50%	7.80%	4.50% - 10.50%	8.75%
Q3 2025	8.00% - 12.00%	10.20%	6.50% - 10.00%	8.58%	4.50% - 10.50%	8.65%
Q2 2025	8.00% - 12.00%	10.65%	7.00% - 10.00%	8.68%	4.50% - 10.50%	8.65%
Q1 2025	8.00% - 12.00%	10.05%	7.00% - 9.50%	8.48%	5.00% - 10.50%	8.30%
Q4 2024	8.00% - 11.00%	9.98%	7.00% - 9.50%	8.50%	5.75% - 10.50%	8.38%
Q3 2024	9.00% - 12.00%	10.55%	6.00% - 10.50%	8.65%	6.00% - 10.50%	8.70%
Limited Service*						
Q1 2026	9.50% - 13.00%	11.42%	8.00% - 11.00%	8.92%	8.50% - 10.00%	9.08%
Q4 2025	9.50% - 13.00%	11.50%	8.00% - 11.00%	8.92%	8.50% - 10.00%	9.17%
Q3 2025	9.50% - 13.00%	11.25%	8.00% - 11.00%	9.38%	8.50% - 10.00%	9.25%
Q2 2025	9.50% - 13.00%	11.38%	8.00% - 11.00%	9.38%	8.50% - 10.00%	9.25%
Q1 2025	8.50% - 14.00%	11.00%	7.50% - 12.00%	9.50%	7.50% - 11.00%	9.25%
Q4 2024	8.50% - 14.00%	10.63%	7.50% - 12.00%	9.50%	8.00% - 11.00%	9.38%
Q3 2024	10.00% - 14.00%	11.75%	8.50% - 12.00%	10.13%	9.00% - 11.00%	10.00%
Select Service**						
Q1 2026	10.00% - 12.00%	11.00%	8.00% - 11.00%	9.45%	8.00% - 11.00%	9.25%
Q4 2025	10.00% - 12.00%	11.00%	8.00% - 11.00%	9.45%	8.00% - 11.00%	9.30%
Q3 2025	10.00% - 12.00%	11.00%	8.50% - 11.00%	9.81%	8.00% - 11.00%	9.56%
Q2 2025	10.00% - 12.00%	11.00%	8.50% - 11.00%	9.81%	8.00% - 11.00%	9.56%
Q1 2025	8.00% - 12.00%	10.31%	7.50% - 10.50%	9.04%	7.00% - 11.00%	9.00%
Q4 2024	8.00% - 12.50%	10.56%	7.50% - 10.50%	8.94%	7.00% - 11.00%	9.06%
Q3 2024	9.00% - 14.00%	11.50%	8.00% - 10.50%	9.00%	8.00% - 11.00%	9.56%

** Limited Service includes midscale and economy lodging with rooms only*
*** Select Service includes upscale and upper-midscale lodging with rooms only*
Source: PwC Real Estate Investor Survey - Q1 2026

The latest Q1 2026 Hotel Real Estate Survey published by RERC is presented below, which illustrates a rate comparison of First, Second and Third-Tier investment properties on a regional basis.

Hotel Investor Survey						
	Pre-Tax Yield (IRR)		*Going-In Cap Rate*		*Terminal Cap Rate*	
Type	*Range*	*Average*	*Range*	*Average*	*Range*	*Average*
RERC						
First-Tier Properties*						
West	9.0% - 10.0%	9.6%	7.0% - 8.5%	8.0%	7.5% - 9.0%	8.5%
Midwest	9.0% - 10.5%	9.9%	8.2% - 9.0%	8.5%	8.7% - 10.0%	9.2%
South	9.0% - 10.5%	9.6%	7.5% - 8.5%	8.2%	8.5% - 9.0%	8.8%
East	9.0% - 12.0%	10.1%	8.0% - 10.0%	8.6%	8.0% - 10.5%	9.0%
Second-Tier Properties**						
West	10.0% - 10.9%	10.4%	8.0% - 9.4%	8.8%	8.5% - 10.0%	9.4%
Midwest	9.6% - 11.5%	10.8%	8.5% - 10.5%	9.5%	9.0% - 11.3%	10.1%
South	9.3% - 11.5%	10.3%	8.1% - 9.5%	8.9%	8.8% - 10.0%	9.4%
East	9.7% - 13.0%	11.1%	8.2% - 11.0%	9.6%	8.9% - 11.5%	10.0%
Third-Tier Properties***						
West	11.0% - 11.5%	11.3%	8.8% - 10.0%	9.6%	9.3% - 11.0%	10.1%
Midwest	10.2% - 12.5%	11.5%	8.8% - 11.0%	10.2%	9.3% - 11.8%	10.8%
South	9.6% - 12.5%	11.4%	8.1% - 11.5%	9.7%	8.8% - 12.0%	10.3%
East	9.9% - 14.0%	11.8%	8.4% - 12.0%	10.2%	9.1% - 12.5%	10.7%

** First-tier investment properties are defined as new or newer quality construction in prime to good locations*
*** Second-tier investment properties are defined as aging, former first-tier properties, in good to average locations*
****Third-tier investment properties are defined as older properties with function inadequacies and/or in marginal locations*
Source: Situs RERC Real Estate Report - Q1 2026

SCHEDULE A DESCRIPTION

ALL that certain plot piece or parcel of land, situate, lying and being in the Village of Patchogue, Township of Brookhaven, County of Suffolk and State of New York, and bounded and described as follows:

BEGINNING at a concrete monument set at the corner formed by the intersection of the southerly side of Division Street with the westerly side of West Avenue; and

RUNNING THENCE South 15 degrees 29 minutes 10 seconds East, along the westerly side of West Avenue, 468.63 feet to a concrete monument; and

CONTINUING THENCE South 19 degrees 18 minutes 48 seconds East, still along the westerly side of West Avenue, 47.25 feet to a locust stake and land now or formerly of Frederick R. and Fannie M. Johnson; and

RUNNING THENCE South 76 degrees 20 minutes 15 seconds West, by and with said land now or formerly of Frederick R. and Fannie M. Johnson, 117 feet to a locust stake; and

RUNNING THENCE South 19 degrees 18 minutes 48 seconds East, still by and with said land now or formerly of Frederick R. and Fannie M. Johnson, 58.39 feet; and

RUNNING THENCE South 17 degrees 57 minutes 20 seconds East, by and with land now or formerly of Flora A. Batey, 41.52 feet to a locust stake and land now or formerly of Gilbert M. Smith; and

RUNNING THENCE South 76 degrees 20 minutes 15 seconds West, by and with said land now or formerly of Gilbert M. Smith, 442.32 feet to the easterly bank of Patchogue River; and

RUNNING THENCE North 2 degrees 55 minutes 30 seconds West, by and with the easterly bank of the Patchogue River and the general line of bulkhead, 599.94 feet to a point; and

RUNNING THENCE South 85 degrees 17 minutes 30 seconds West, still by and with the easterly bank of the Patchogue River and the general line of bulkhead 87.62 feet to a point;

RUNNING THENCE North 5 degrees 10 minutes 30 seconds West, still by and with the easterly bank of the Patchogue River and the general line of bulkhead 65.96 feet to a point in the southerly side of Division Street; and

RUNNING THENCE North 84 degrees 49 minutes 30 seconds East, along the southerly side of Division Street, 395.61 feet to a concrete monument; and

CONTINUING THENCE North 74 degrees 41 minutes 16 seconds East, still along the southerly side of Division Street, 104.89 feet to the concrete monument set at the corner formed by the intersection of the southerly side of Division Street, with the westerly side of West Avenue, the point and place of BEGINNING.

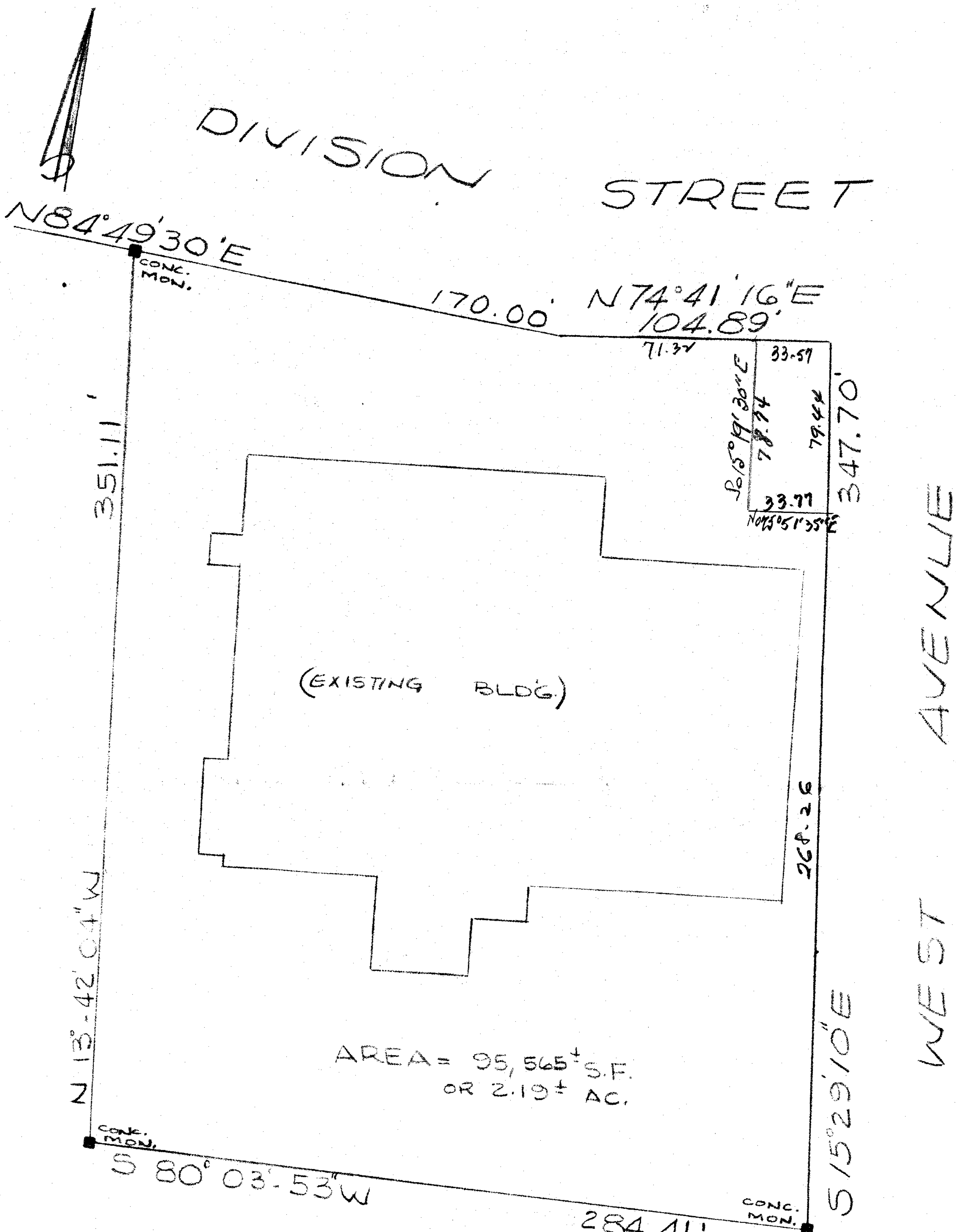
Tax ID: District 0204 Section 013.00 Block 09.00 Lot 001.001

Being and intended to be the same premises as conveyed to the party of the first part by deed dated 4/29/1958 and recorded 7/16/1958 in the Office Clerk of the County of Suffolk in Liber 4485 Page 494.

FOR INFORMATION ONLY:

Premises: 138 West Avenue, Patchogue, NY 11772,

BUILDER'S JOB NO. TITLE NO.



THIS SURVEY WAS PREPARED IN ACCORDANCE WITH THE EXISTING CODE OF PRACTICE FOR LAND SURVEYS ADOPTED BY THE NEW YORK STATE ASSOCIATION OF PROFESSIONAL LAND SURVEYORS.

UNAUTHORIZED ALTERATION OR ADDITION TO THIS SURVEY IS A VIOLATION OF SECTION 7209 SUBDIVISION 2 OF THE NEW YORK STATE EDUCATION LAW. COPIES OF THIS SURVEY MAP NOT BEARING THE LAND SURVEYOR'S INKED SEAL OR EMBOSSED SEAL SHALL NOT BE CONSIDERED TO BE A VALID TRUE COPY. CERTIFICATIONS INDICATED HEREON SHALL RUN ONLY TO THE PERSON FOR WHOM THE SURVEY IS PREPARED, AND ON HIS BEHALF TO THE TITLE COMPANY, GOVERNMENTAL AGENCY AND LENDING INSTITUTION LISTED HEREON AND TO THE ASSIGNEES OF THE LENDING INSTITUTION. CERTIFICATIONS ARE NOT TRANSFERABLE TO ADDITIONAL INSTITUTIONS OR SUBSEQUENT OWNERS.

SUFFOLK COUNTY TAX MAP DIST.— SECT.— BLK.— LOT—

MAP NO. DATE:

LOTS BLOCK

MAP OF SKETCH ONLY

LOCATION: PATCHOGUE, SUFFOLK CO.

TOWN OF:

BURTON & HAND
CONSULTING ENGINEERS
AND
LAND SURVEYORS
144 MEDFORD AVE.
PATCHOGUE. N. Y.
11772

SURVEYED:

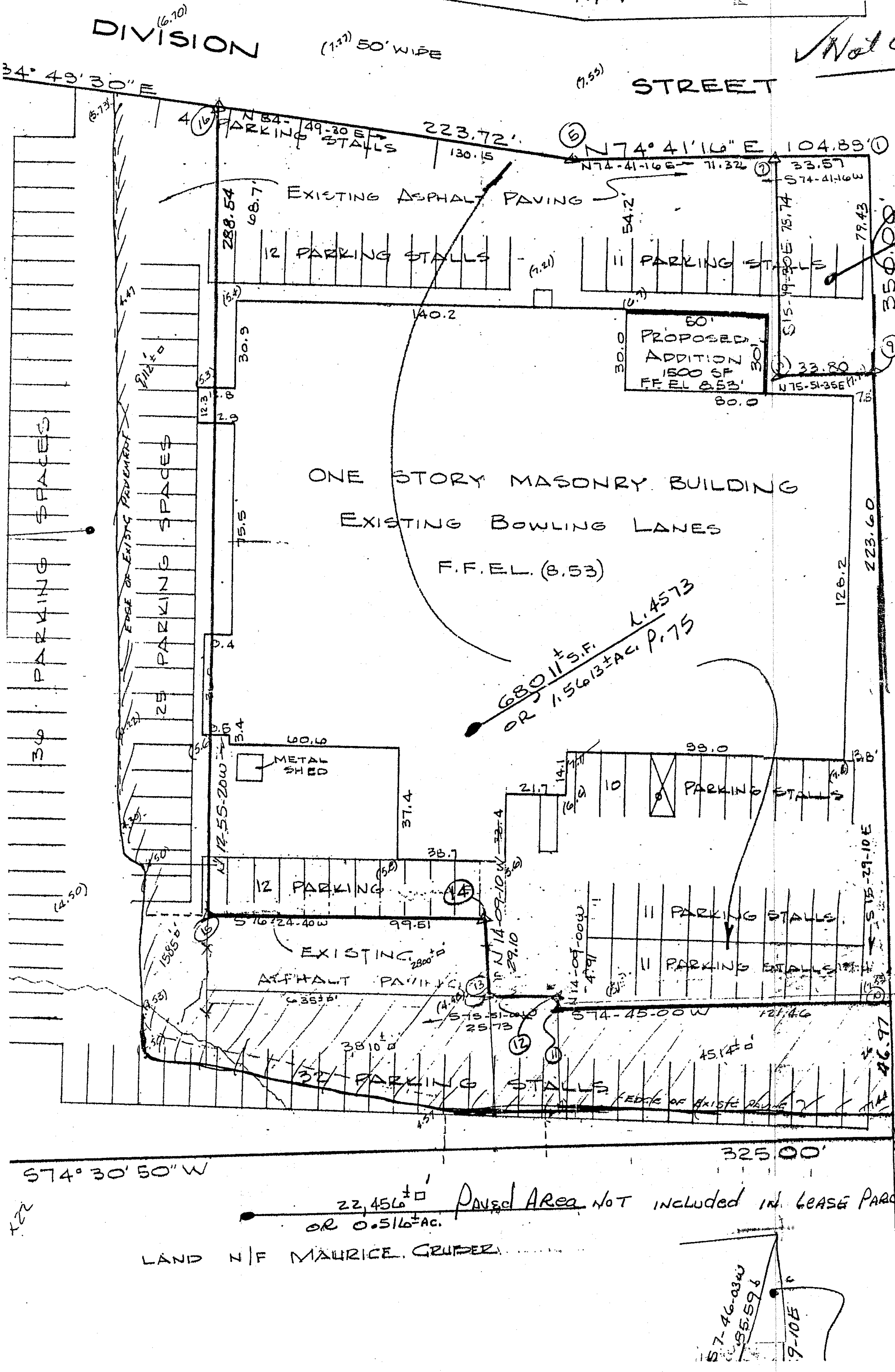
CERTIFIED TO:

SCALE: 1"=50'

FILE NO. 77-528

HOWARD SUTTON CO., N. Y. C. 46098

New addition
10/9/79



Period	Inventory Rooms	Existing Buildings	Avg Rooms Per Building	12 Mo Delivered Rooms	12 Mo Inventory Growth
Feb 2026	1,452	11	132	0	0.0%
Jan 2026	1,452	11	132	0	0.0%
Dec 2025	1,452	11	132	0	0.0%
Nov 2025	1,452	11	132	0	0.0%
Oct 2025	1,452	11	132	0	0.0%
Sep 2025	1,452	11	132	0	0.0%
Aug 2025	1,452	11	132	0	0.0%
Jul 2025	1,452	11	132	0	0.0%
Jun 2025	1,452	11	132	0	0.0%
May 2025	1,452	11	132	0	0.0%
Apr 2025	1,452	11	132	0	0.0%
Mar 2025	1,452	11	132	0	0.0%
Feb 2025	1,452	11	132	0	0.0%
Jan 2025	1,452	11	132	0	0.0%
Dec 2024	1,452	11	132	0	0.0%
Nov 2024	1,452	11	132	0	0.0%
Oct 2024	1,452	11	132	0	0.0%
Sep 2024	1,452	11	132	0	0.0%
Aug 2024	1,452	11	132	0	0.0%
Jul 2024	1,452	11	132	0	0.0%
Jun 2024	1,452	11	132	0	0.0%
May 2024	1,452	11	132	0	0.0%
Apr 2024	1,452	11	132	0	0.0%
Mar 2024	1,452	11	132	0	0.0%
Feb 2024	1,452	11	132	0	0.0%
Jan 2024	1,452	11	132	0	0.0%
Dec 2023	1,452	11	132	0	0.0%
Nov 2023	1,452	11	132	0	0.0%
Oct 2023	1,452	11	132	0	0.0%
Sep 2023	1,452	11	132	0	0.0%
Aug 2023	1,452	11	132	0	0.0%
Jul 2023	1,452	11	132	0	0.0%
Jun 2023	1,452	11	132	0	0.0%
May 2023	1,452	11	132	0	0.0%
Apr 2023	1,452	11	132	0	0.0%
Mar 2023	1,452	11	132	0	0.0%
Feb 2023	1,452	11	132	0	0.0%
Jan 2023	1,452	11	132	0	0.0%
Dec 2022	1,452	11	132	0	0.0%
Nov 2022	1,452	11	132	0	0.0%
Oct 2022	1,452	11	132	0	0.0%
Sep 2022	1,452	11	132	0	0.0%
Aug 2022	1,452	11	132	0	0.0%
Jul 2022	1,452	11	132	0	0.0%
Jun 2022	1,452	11	132	0	0.0%
May 2022	1,452	11	132	0	0.0%
Apr 2022	1,452	11	132	0	0.0%
Mar 2022	1,452	11	132	0	0.0%
Feb 2022	1,452	11	132	0	0.0%
Jan 2022	1,452	11	132	0	0.0%
Dec 2021	1,452	11	132	0	0.0%
Nov 2021	1,452	11	132	0	0.0%
Oct 2021	1,452	11	132	0	0.0%
Sep 2021	1,452	11	132	0	0.0%
Aug 2021	1,452	11	132	0	0.0%
Jul 2021	1,452	11	132	0	0.0%
Jun 2021	1,452	11	132	0	0.1%
May 2021	1,452	11	132	0	0.1%
Apr 2021	1,452	11	132	0	0.1%
Mar 2021	1,452	11	132	0	0.1%
Feb 2021	1,452	11	132	0	0.1%
Jan 2021	1,452	11	132	0	0.1%
Dec 2020	1,452	11	132	0	0.1%
Nov 2020	1,452	11	132	0	0.1%
Oct 2020	1,452	11	132	0	0.1%
Sep 2020	1,452	11	132	0	0.1%
Aug 2020	1,452	11	132	0	0.1%
Jul 2020	1,452	11	132	0	0.1%
Jun 2020	1,451	11	132	124	9.3%
May 2020	1,451	11	132	124	9.3%
Apr 2020	1,451	11	132	124	9.3%
Mar 2020	1,451	11	132	124	9.3%
Feb 2020	1,451	11	132	124	9.3%
Jan 2020	1,451	11	132	124	9.3%
Dec 2019	1,451	11	132	124	9.3%
Nov 2019	1,451	11	132	124	9.3%
Oct 2019	1,451	11	132	124	9.3%
Sep 2019	1,451	11	132	124	9.3%
Aug 2019	1,451	11	132	124	9.3%
Jul 2019	1,451	11	132	124	9.3%
Jun 2019	1,327	10	133	0	0.0%
May 2019	1,327	10	133	0	0.0%
Apr 2019	1,327	10	133	0	0.0%
Mar 2019	1,327	10	133	0	0.0%
Feb 2019	1,327	10	133	0	0.0%
Jan 2019	1,327	10	133	0	0.0%
Dec 2018	1,327	10	133	0	10.4%
Nov 2018	1,327	10	133	256	23.9%
Oct 2018	1,327	10	133	256	23.9%
Sep 2018	1,327	10	133	256	23.9%
Aug 2018	1,327	10	133	256	23.9%
Jul 2018	1,327	10	133	256	23.9%
Jun 2018	1,327	10	133	256	23.9%
May 2018	1,327	10	133	256	23.9%
Apr 2018	1,327	10	133	256	23.9%
Mar 2018	1,327	10	133	256	23.9%
Feb 2018	1,327	10	133	256	23.9%
Jan 2018	1,327	10	133	256	23.9%
Dec 2017	1,202	9	134	256	12.2%
Nov 2017	1,071	8	134	0	0.0%
Oct 2017	1,071	8	134	0	0.0%
Sep 2017	1,071	8	134	0	0.0%
Aug 2017	1,071	8	134	0	0.0%
Jul 2017	1,071	8	134	0	0.1%
Jun 2017	1,071	8	134	0	0.1%
May 2017	1,071	8	134	0	0.1%
Apr 2017	1,071	8	134	0	0.1%
Mar 2017	1,071	8	134	0	0.1%
Feb 2017	1,071	8	134	0	0.1%
Jan 2017	1,071	8	134	0	0.1%
Dec 2016	1,071	8	134	0	0.1%
Nov 2016	1,071	8	134	0	0.1%
Oct 2016	1,071	8	134	0	0.1%
Sep 2016	1,071	8	134	0	0.1%
Aug 2016	1,071	8	134	0	0.1%
Jul 2016	1,070	8	134	0	0.0%
Jun 2016	1,070	8	134	0	0.0%
May 2016	1,070	8	134	0	0.0%
Apr 2016	1,070	8	134	0	0.0%
Mar 2016	1,070	8	134	0	0.0%
Feb 2016	1,070	8	134	0	0.0%
Jan 2016	1,070	8	134	0	0.0%
Dec 2015	1,070	8	134	0	0.0%
Nov 2015	1,070	8	134	0	0.0%
Oct 2015	1,070	8	134	0	0.0%
Sep 2015	1,070	8	134	0	0.0%
Aug 2015	1,070	8	134	0	0.0%
Jul 2015	1,070	8	134	0	0.0%
Jun 2015	1,070	8	134	0	0.0%
May 2015	1,070	8	134	0	0.0%
Apr 2015	1,070	8	134	0	0.0%
Mar 2015	1,070	8	134	0	0.0%
Feb 2015	1,070	8	134	0	0.0%
Jan 2015	1,070	8	134	0	0.0%
Dec 2014	1,070	8	134	0	0.0%
Nov 2014	1,070	8	134	125	13.2%
Oct 2014	1,070	8	134	125	13.2%
Sep 2014	1,070	8	134	125	13.2%
Aug 2014	1,070	8	134	125	13.2%
Jul 2014	1,070	8	134	125	13.2%
Jun 2014	1,070	8	134	125	13.2%
May 2014	1,070	8	134	125	13.2%
Apr 2014	1,070	8	134	125	13.2%
Mar 2014	1,070	8	134	125	13.2%
Feb 2014	1,070	8	134	125	13.2%
Jan 2014	1,070	8	134	125	13.2%
Dec 2013	1,070	8	134	125	13.2%
Nov 2013	945	7	135	0	0.0%
Oct 2013	945	7	135	0	0.0%
Sep 2013	945	7	135	0	0.0%
Aug 2013	945	7	135	0	0.0%
Jul 2013	945	7	135	0	0.0%
Jun 2013	945	7	135	0	0.0%
May 2013	945	7	135	0	0.0%
Apr 2013	945	7	135	0	0.0%
Mar 2013	945	7	135	0	0.0%
Feb 2013	945	7	135	0	0.0%
Jan 2013	945	7	135	0	0.0%
Dec 2012	945	7	135	0	0.0%
Nov 2012	945	7	135	0	0.0%
Oct 2012	945	7	135	0	0.0%
Sep 2012	945	7	135	0	0.0%
Aug 2012	945	7	135	0	0.0%
Jul 2012	945	7	135	0	0.0%
Jun 2012	945	7	135	100	11.8%
May 2012	945	7	135	100	11.8%
Apr 2012	945	7	135	100	11.8%
Mar 2012	945	7	135	100	11.8%
Feb 2012	945	7	135	100	11.8%
Jan 2012	945	7	135	100	11.8%
Dec 2011	945	7	135	100	11.8%
Nov 2011	945	7	135	100	11.8%
Oct 2011	945	7	135	100	11.8%
Sep 2011	945	7	135	100	11.8%
Aug 2011	945	7	135	100	11.8%
Jul 2011	945	7	135	100	11.8%
Jun 2011	845	6	141	0	0.0%
May 2011	845	6	141	128	17.9%
Apr 2011	845	6	141	128	17.9%
Mar 2011	845	6	141	128	17.9%
Feb 2011	845	6	141	128	17.9%
Jan 2011	845	6	141	128	17.9%
Dec 2010	845	6	141	128	17.9%
Nov 2010	845	6	141	128	17.9%
Oct 2010	845	6	141	128	17.9%
Sep 2010	845	6	141	128	17.9%
Aug 2010	845	6	141	128	17.9%
Jul 2010	845	6	141	128	17.9%
Jun 2010	845	6	141	128	17.9%
May 2010	717	5	143	0	0.0%
Apr 2010	717	5	143	0	0.0%
Mar 2010	717	5	143	0	0.0%
Feb 2010	717	5	143	0	0.0%
Jan 2010	717	5	143	0	0.0%
Dec 2009	717	5	143	0	0.0%
Nov 2009	717	5	143	0	0.0%
Oct 2009	717	5	143	0	0.0%
Sep 2009	717	5	143	0	0.0%
Aug 2009	717	5	143	0	0.0%
Jul 2009	717	5	143	0	0.0%
Jun 2009	717	5	143	114	18.9%
May 2009	717	5	143	114	18.9%
Apr 2009	717	5	143	114	18.9%
Mar 2009	717	5	143	114	18.9%
Feb 2009	717	5	143	114	18.9%
Jan 2009	717	5	143	114	18.9%
Dec 2008	717	5	143	114	18.9%
Nov 2008	717	5	143	114	18.9%
Oct 2008	717	5	143	114	18.9%
Sep 2008	717	5	143	114	18.9%
Aug 2008	717	5	143	114	18.9%
Jul 2008	717	5	143	114	18.9%
Jun 2008	603	4	151	0	0.0%
May 2008	603	4	151	0	0.0%
Apr 2008	603	4	151	0	0.0%
Mar 2008	603	4	151	0	0.0%
Feb 2008	603	4	151	0	0.0%
Jan 2008	603	4	151	0	0.0%
Dec 2007	603	4	151	0	0.0%
Nov 2007	603	4	151	0	0.0%
Oct 2007	603	4	151	0	0.0%
Sep 2007	603	4	151	0	0.0%
Aug 2007	603	4	151	0	0.0%
Jul 2007	603	4	151	0	0.0%
Jun 2007	603	4	151	0	0.0%
May 2007	603	4	151	0	0.0%
Apr 2007	603	4	151	0	0.0%
Mar 2007	603	4	151	0	0.0%
Feb 2007	603	4	151	0	0.0%
Jan 2007	603	4	151	0	0.0%
Dec 2006	603	4	151	0	0.0%
Nov 2006	603	4	151	0	0.0%
Oct 2006	603	4	151	0	0.0%
Sep 2006	603	4	151	0	0.0%
Aug 2006	603	4	151	0	0.0%
Jul 2006	603	4	151	0	0.0%
Jun 2006	603	4	151	0	0.0%
May 2006	603	4	151	0	0.0%
Apr 2006	603	4	151	0	0.0%
Mar 2006	603	4	151	0	0.0%
Feb 2006	603	4	151	0	0.0%
Jan 2006	603	4	151	0	0.0%
Dec 2005	603	4	151	0	0.0%
Nov 2005	603	4	151	0	0.0%
Oct 2005	603	4	151	0	0.0%

PREPARED FOR:

Town of Brookhaven Industrial Development Agency
One Independence Hill
Farmingville, NY 11738

Reasonableness Assessment for Financial Assistance

RAIL REALTY

APRIL 2026

PREPARED BY:

camoin associates

CONTENTS

EXECUTIVE SUMMARY

Project Description

The Town of Brookhaven Industrial Development Agency (Agency) received an application from Rail Realty (Applicant) to extend the existing Payment In Lieu of Taxes (PILOT) Agreement beyond the initial 10 years. When the applicant first received the PILOT, the Agency offered 10 years for land only, with no affordability requirements. With this most recent request, the Agency will follow current protocol and require a certain percentage of the units to be reserved for low- and moderate-income individuals. The following study is intended to consider the financial viability of five scenarios:

1. 10 Year PILOT: Including a requirement to set aside 10% for 80% AMI and 10% for 120% AMI
2. 10 Year PILOT: Including a requirement to set aside 20% for 80% AMI
3. 5 Year PILOT: Including a requirement to set aside 10% for 80% AMI and 10% for 120% AMI
4. 5 Year PILOT: Including a requirement to set aside 20% for 80% AMI
5. No PILOT: No requirement or oversight by the Agency, and therefore assumes no set aside for affordable units.

The Applicant has indicated that this request is associated with a minor renovation totaling $600,000, while continuing to repay a loan originally obtained 10 years ago. This loan matures on August 31, 2027, at which point the rate is expected to increase by approximately $33,400,

Purpose of this Analysis

An objective, third-party review of a project's assumptions and estimated operating and financial performance helps Industrial Development Agencies perform a complete evaluation of a proposed Project. Camoin Associates was engaged to analyze the Project and deliver an analysis and opinion to answer three questions:

- Are the operating assumptions, such as rent, vacancy, and expenses, within regional norms?
- Is the assistance necessary for the Project to be financially feasible and, therefore, undertaken by the Applicant?
- If assistance is awarded, will the Applicant’s rate of return on investment be similar to market expectations for similar projects in the region and, therefore, reasonable?

Findings: This analysis concludes that the answer to each of these questions is as follows:

- ***Certain assumptions fall within standard norms, such as market rent and vacancy rate. However, operating expenses are more efficient than the benchmarks.***
- ***The average equity dividend rate benchmark is achieved under all PILOT scenarios and is met in the No PILOT and market apartment scenario. A PILOT of some length will be necessary to incentivize the inclusion of affordable units in the development.***

1. OPERATING ASSUMPTIONS

The applicant is already operating this 74-unit residential building in Brookhaven and has achieved reasonable occupancy rates while charging market-rate prices. If the applicant accepts a PILOT, they would need to set aside units for residents meeting established income limits and charge the designated rental rates. Since they are not planning to create new market-rate units and the other units will be monitored, comparing rental rates to Suffolk County standards is unnecessary.

The following table shows the current rental rates charged for the 74 units. If a PILOT is approved, 20% of the units will need to be set aside for households within certain income limits.

RESIDENTIAL UNITS

	Unit Type	Number of Units	Rent per Month	Rent per Year
Market Rate	Studio	3	$ 2,500	$ 240,000
	1BR	64	$ 2,800	$ 235,200
	2BR	7	$ 3,400	$ 285,600

Source: Applicant

2. PILOT ANALYSIS

Camoin Associates developed two PILOT schedules aligned with the Agency's Uniform Tax Exemption Policy (UTEP). These schedules would gradually fully assess the property's value over 5 or 10 years. The Applicant will start paying full taxes in year 6 or 11, based on the PILOT agreement. These tables and this analysis use a 10-year span to effectively compare the scenarios.

PILOT Schedule - 5 Year Agency Proposed

		Plus: Improvements				
Year	Property Without Project (1)	Projected Improvement Tax (2)	Proposed Exemption (1)	Total PILOT and Taxes (1)	Estimated PILOT Savings (2)	Project w/out PILOT (2)
PILOT/Tax Year 1	$19,760	$426,036	80%	$104,967	$340,829	$445,796
PILOT/Tax Year 2	$20,155	$434,557	60%	$193,978	$260,734	$454,712
PILOT/Tax Year 3	$20,558	$443,248	40%	$286,507	$177,299	$463,806
PILOT/Tax Year 4	$20,969	$452,113	20%	$382,660	$90,423	$473,082
PILOT/Tax Year 5	$21,389	$461,155	10%	$436,428	$46,116	$482,544
Tax Year 6	*$21,817*	*$470,378*	*0%*	*$492,195*	*$0*	*$492,195*
Tax Year 7	*$22,253*	*$479,786*	*0%*	*$502,039*	*$0*	*$502,039*
Tax Year 8	*$22,698*	*$489,381*	*0%*	*$512,079*	*$0*	*$512,079*
Tax Year 9	*$23,152*	*$499,169*	*0%*	*$522,321*	*$0*	*$522,321*
Tax Year 10	*$23,615*	*$509,152*	*0%*	*$532,767*	*$0*	*$532,767*
Total	**$216,366**			**$3,965,942**	**$915,400**	**$4,881,342**

(1) Source: Town of Brookhaven

(2) Source: Applicant

Note: Property will pay full property taxes starting in year 6 (shown in italics). Ten years are shown in the table to allow for consistent comparison with the 10 year PILOT.

PILOT Schedule - 10 Year Requested

		Plus: Improvements				
Year	Property Without Project (1)	Projected Improvement Tax (2)	Proposed Exemption (1)	Total PILOT (1)	Estimated PILOT Savings (2)	Project w/out PILOT (2)
PILOT/Tax Year 1	$19,760	$426,036	90%	$62,364	$383,432	$445,796
PILOT/Tax Year 2	$20,155	$434,557	80%	$107,067	$347,645	$454,712
PILOT/Tax Year 3	$20,558	$443,248	70%	$153,533	$310,273	$463,806
PILOT/Tax Year 4	$20,969	$452,113	60%	$201,815	$271,268	$473,082
PILOT/Tax Year 5	$21,389	$461,155	50%	$251,966	$230,578	$482,544
PILOT/Tax Year 6	$21,817	$470,378	40%	$304,044	$188,151	$492,195
PILOT/Tax Year 7	$22,253	$479,786	30%	$358,103	$143,936	$502,039
PILOT/Tax Year 8	$22,698	$489,381	20%	$414,203	$97,876	$512,079
PILOT/Tax Year 9	$23,152	$499,169	10%	$472,404	$49,917	$522,321
PILOT/Tax Year 10	$23,615	$509,152	5%	$507,310	$25,458	$532,767
Total	**$216,366**			**$2,832,808**	**$2,048,534**	**$4,881,342**

(1) Source: Town of Brookhaven

(2) Source: Applicant

The 10-year PILOT agreement will abate 42.0% of the Applicant's taxes, resulting in $2.0 million in foregone tax revenue (benefit to the Project) to the municipality over the next 10 years.

The 5-year PILOT agreement will abate 18.8% of the Applicant's taxes, resulting in $915,400 in foregone tax revenue (benefit to the Project) to the municipality over the next 10 years.

Real Property Tax Comparison

	10 Year PILOT, Affordable Units	5 Year PILOT, Affordable Units	10 Year No PILOT, Market Rate Units
Comparison of Taxes on Full Value of Project and with PILOT			
Taxes without PILOT	$4,881,342	$4,881,342	$4,881,342
Less: PILOT/Tax Payments	($2,832,808)	($3,965,942)	($4,881,342)
Foregone Revenue (Benefits to Project)	$2,048,534	$915,400	$0
Abatement Percent	42.0%	18.8%	0.0%
Net New Taxes Compared with No Project			
PILOT/Tax Payments	$2,832,808	$3,965,942	$4,881,342
Less: Estimated Taxes without Project	($216,366)	($216,366)	($216,366)
Estimated New Tax Revenue (Benefits to Municipalities)	$2,616,441	$3,749,575	$4,664,975

3. OPERATING PERFORMANCE

The project's year 5 operating performance is measured, which is the mid-year of the pro forma period studied. The Applicant assumes that gross revenue and expenses will increase by 3% and 2% per year, respectively, and that the vacancy rate will stabilize at 4%, within the range for Suffolk County, NY. Operating expenses are lower than the benchmarks for all scenarios. Without a PILOT, real property taxes absorb 17% of project income, while debt service absorbs 34%, resulting in a positive cash flow of nearly $338,000.

With a 10-year PILOT and related affordable housing requirements, property taxes absorb 9% of gross operating income and have a positive cash flow between $524,000 and $552,800.

With a 5-year PILOT and related affordable housing requirements, property taxes absorb 15% - 16% of gross operating income and have a positive cash flow between $339,500 and $367,400.

Operations Snapshot

	10 Year PILOT, 80%/120% AMI (Year 5)		**10 Year PILOT, 80% AMI (Year 5)**		**5 Year PILOT, 80%/120% AMI (Year 5)**		**5 Year PILOT, 80% AMI (Year 5)**		**10 Year No PILOT, Market (Year 5)**		**Benchmark Performance (2)**	
	Project Performance (1)	Share of Gross Operating Income	Project Performance (1)	Share of Gross Operating Income	Project Performance (1)	Share of Gross Operating Income	Project Performance (1)	Share of Gross Operating Income	Project Performance (1)	Share of Gross Operating Income	Benchmark Exepctation (2)	Evaluation
Calculation of Net Operating Income Residential												
Gross Operating Income	$2,795,358	99%	$2,766,604	99%	$2,795,358	99%	$2,766,604	99%	$2,812,644	99%	n/a	n/a
Vacancy Rate and Concessions	4%	n/a	4%	n/a	4%	n/a	4%	n/a	4%	n/a	5.6%	Within range
Calculation of Net Operating Income, Non-Residential												
Gross Operating Income	$28,094	1%	$28,094	1%	$28,094	1%	$28,094	1%	$28,094	1%	n/a	n/a
Vacancy Rate	0%	n/a	0%	n/a	0%	n/a	0%	n/a	0%	n/a	n/a	n/a
Effective Gross Income (EGI), All Uses (3)	$2,739,592	97%	$2,711,700	97%	$2,739,592	97%	$2,711,700	97%	$2,756,359	97%	94%	Within range
Less: Operating Expenses and Reserve	($951,726)	34%	($951,726)	34%	($951,726)	34%	($951,726)	34%	($951,726)	34%	54%	More efficient
Less: Real Property Taxes	($251,966)	9%	($251,966)	9%	($436,428)	15%	($436,428)	16%	($482,544)	17%	n/a	n/a
Net Operating Income	$1,535,899	54%	$1,508,008	54%	$1,351,437	48%	$1,323,546	47%	$1,322,090	47%	43%	More efficient/ Within range
Less: Debt Service	($984,051)	35%	($984,051)	35%	($984,051)	35%	($984,051)	35%	($984,051)	35%	n/a	n/a
Cashflow after Operating Costs, Taxes, Debt	$551,848	20%	$523,956	19%	$367,386	13%	$339,494	12%	$338,038	12%	n/a	n/a

(1) Source: Applicant

(2) Source: RealtyRates Q4 2025 for Northeast Region

(3) Net of vacancy and concessions

4. FINANCING PLAN

- The Sources and Uses of Funds show the total project costs and debt and equity capital structure.
- The Applicant will not be receiving a new loan for any portion of this Project but originally contributed $4.05 million in equity. They continue to pay off the original loan.
- The Applicant has indicated that this request is associated with a minor renovation totaling $600,000, while continuing to repay a loan originally obtained 10 years ago to develop the property. Notably, this loan matures on August 31, 2027, at which point the rate is expected to reset. Based on an assumed interest rate of 5.50% and a 25-year amortization, the rate reset would increase annual debt service by approximately $33,400, reducing 2027 cash flow accordingly. However, given recent interest rate increases, the actual rate at reset remains uncertain, and 2027 cash flow projections should be treated with caution.

Sources and Uses of Funds

Sources of Funds	Amount (1)	Share
Bank Financing	$0	0%
Equity and Working Capital	$600,000	100%
Total Sources	$600,000	100%
Uses of Funds		
Acquisition and Transaction Costs	$0	0%
Construction Costs	$600,000	100%
Total Uses	$600,000	100%

(1) Source: Applicant

5. RATE OF RETURN

An estimated return on investment is calculated using the Applicant's operating pro forma and capital structure. This analysis measures whether the financial assistance is necessary and reasonable.

Three metrics are used to evaluate outcomes:

- Equity Dividend Rate – Net cash flow for each year, divided by the initial equity investment. Equity Dividend Rates are benchmarked using current market information from RealtyRates.com for similar projects in the region. Equity Dividend Rates close to the benchmarks indicate a Project outcome in line with the current market, which means the Applicant is earning a reasonable return.

  Based on an initial equity investment of $4,050,000, the Project's average equity dividend exceeds average benchmarks in all PILOT scenarios and meets benchmarks in the No PILOT scenario.

- Cash Flow – Shows the applicant's net cash flow over time. There are currently no cash flow benchmarks available. The investment for the current project ($600,000) is recouped before year 3 in all scenarios.

- Debt Service Coverage – Estimates how well the Project's net income, after taxes, supports debt repayment. The benchmark range is 1.00 to 1.85 with an average of 1.43. In year 1, Debt Service Coverage exceeded the benchmark in all scenarios.

Comparison of Return on Investment

	10 Year PILOT, 80%/120% AMI	10 Year PILOT, 80% AMI	5 Year PILOT, 80%/120% AMI	5 Year PILOT, 80% AMI	10 Year No PILOT, Market	Benchmarks (1)
Equity Dividend Rates						
Average (10 years)	14.22%	13.52%	11.42%	10.72%	9.58%	4.67% to 13.51% Ave: 9.53%
Minimum (10 years)	13.39%	12.74%	9.05%	8.38%	6.12%	
Maximum (10 years)	15.74%	15.11%	14.56%	13.95%	14.60%	
Average (5 years)	14.38%	13.73%	11.28%	10.63%	7.15%	
Year Benchmarks Met	1	1	1	1	1	
Cash Flow						
Average	$575,805	$547,395	$462,491	$434,082	$388,030	
Minimum	$542,346	$516,055	$366,354	$339,274	$247,877	
Maximum	$637,448	$611,923	$589,596	$564,814	$591,330	n/a
Cumulative	$5,758,047	$5,473,954	$4,624,913	$4,340,820	$3,880,302	
Year Investment Recouped	1	1	1	2	3	
Debt Service Coverage						
Average	1.60	1.57	1.48	1.45	1.40	1.00 to 1.85
Minimum	1.55	1.52	1.37	1.34	1.25	
Maximum	1.72	1.69	1.67	1.64	1.60	
Years Benchmarks Met	1	1	1	1	1	Ave: 1.43

(1) Source: RealtyRates for Q4 2025

ATTACHMENT 1: PRO FORMAS

Rail Realty LLC **Date** As of 4/15/2026

Annual Cashflows (Pro Forma)

	Construction	Year 2026	Year 2027	Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	Year 2035
Operating Cash Flow											
Residential Income											
Gross Operating Income (100% Market Rate Units)	$ -	$ 2,498,998	$ 2,573,968	$ 2,651,187	$ 2,730,723	$ 2,812,644	$ 2,897,024	$ 2,983,935	$ 3,073,453	$ 3,165,656	$ 3,260,626
Less: Vacancy Allowance (enter as a negative number)	$ -	$ (74,970)	$ (77,219)	$ (79,536)	$ (81,922)	$ (84,379)	$ (86,911)	$ (89,518)	$ (92,204)	$ (94,970)	$ (97,819)
Net Rental Income, Residential	$ -	$ 2,424,028	$ 2,496,749	$ 2,571,652	$ 2,648,801	$ 2,728,265	$ 2,810,113	$ 2,894,417	$ 2,981,249	$ 3,070,686	$ 3,162,807
Commercial/Industrial Income											
Gross Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Vacancy Allowance (enter as a negative number)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Rental Income, Commercial/Industrial	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income											
Parking Income	$ -	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749
Pet Income	$ -	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881
Storage Income	$ -	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345
Net Income, Other	$ -	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094
Effective Gross Income (EGI)	**$ -**	**$ 2,452,123**	**$ 2,524,843**	**$ 2,599,746**	**$ 2,676,895**	**$ 2,756,359**	**$ 2,838,207**	**$ 2,922,511**	**$ 3,009,343**	**$ 3,098,781**	**$ 3,190,901**
Operating Expenses (enter positive numbers)											
Salaries and Wages	$ -	$ 95,038	$ 96,939	$ 98,878	$ 100,855	$ 102,872	$ 104,930	$ 107,029	$ 109,169	$ 111,352	$ 113,580
Maintenance	$ -	$ 514,651	$ 530,091	$ 545,994	$ 562,374	$ 579,245	$ 596,622	$ 614,521	$ 632,956	$ 651,945	$ 671,503
Deposit to replacement reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Insurance	$ -	$ 249,077	$ 254,058	$ 259,139	$ 264,322	$ 269,609	$ 275,001	$ 280,501	$ 286,111	$ 291,833	$ 297,670
Other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Expenses	**$ -**	**$ 858,766**	**$ 881,088**	**$ 904,011**	**$ 927,551**	**$ 951,726**	**$ 976,553**	**$ 1,002,050**	**$ 1,028,236**	**$ 1,055,131**	**$ 1,082,753**
Pre-Tax Operating Income (Revenue less Operating Expenses)	**$ -**	**$ 1,593,356**	**$ 1,643,755**	**$ 1,695,735**	**$ 1,749,344**	**$ 1,804,634**	**$ 1,861,655**	**$ 1,920,461**	**$ 1,981,107**	**$ 2,043,650**	**$ 2,108,149**
Real Property Taxes (assuming no PILOT)	$ -	$ 445,796	$ 454,712	$ 463,806	$ 473,082	$ 482,544	$ 492,195	$ 502,039	$ 512,079	$ 522,321	$ 532,767
Net Operating Income (NOI) after Taxes	**$ -**	**$ 1,147,560**	**$ 1,189,043**	**$ 1,231,929**	**$ 1,276,262**	**$ 1,322,090**	**$ 1,369,460**	**$ 1,418,422**	**$ 1,469,028**	**$ 1,521,329**	**$ 1,575,381**
Loan or Mortgage (Debt Service)											
Interest Payment	$ -	$ 457,879	$ 457,879	$ 726,000	$ 711,807	$ 696,834	$ 681,037	$ 664,371	$ 646,789	$ 628,239	$ 608,669
Principal Payment	$ -	$ 426,016	$ 426,016	$ 258,051	$ 272,244	$ 287,218	$ 303,015	$ 319,681	$ 337,263	$ 355,812	$ 375,382
Debt Service	$ -	$ 883,895	$ 883,895	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051
Cash Flow After Financing and Reserve	**$ -**	**$ 263,665**	**$ 305,148**	**$ 247,877**	**$ 292,211**	**$ 338,038**	**$ 385,408**	**$ 434,371**	**$ 484,976**	**$ 537,278**	**$ 591,330**
Debt Service Coverage Ratio (DSCR)		1.30	1.35	1.25	1.30	1.34	1.39	1.44	1.49	1.55	1.60
Equity Dividend Rate		7%	8%	6%	7%	8%	10%	11%	12%	13%	15%

Rail Realty LLC	**Date**	As of 4/15/2026									
						Annual Cashflows (Pro Forma)					
Operating Cash Flow	**Construction**	**Year 2026**	**Year 2027**	**Year 2028**	**Year 2029**	**Year 2030**	**Year 2031**	**Year 2032**	**Year 2033**	**Year 2034**	**Year 2035**
Residential Income											
Gross Operating Income (10% @ 80% AMI and 10% @ 120% AMI)	$ -	$ 2,483,639	$ 2,558,149	$ 2,634,893	$ 2,713,940	$ 2,795,358	$ 2,879,219	$ 2,965,595	$ 3,054,563	$ 3,146,200	$ 3,240,586
Less: Vacancy Allowance (enter as a negative number)	$ -	$ (74,509)	$ (76,744)	$ (79,047)	$ (81,418)	$ (83,861)	$ (86,377)	$ (88,968)	$ (91,637)	$ (94,386)	$ (97,218)
Net Rental Income, Residential	$ -	$ 2,409,130	$ 2,481,404	$ 2,555,846	$ 2,632,522	$ 2,711,497	$ 2,792,842	$ 2,876,628	$ 2,962,926	$ 3,051,814	$ 3,143,369
Commercial/Industrial Income											
Gross Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Vacancy Allowance (enter as a negative number)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Rental Income, Commercial/Industrial	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income											
Parking Income	$ -	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749
Pet Income	$ -	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881
Storage Income	$ -	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345
Net Income, Other	$ -	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094
Effective Gross Income (EGI)	**$ -**	**$ 2,437,225**	**$ 2,509,498**	**$ 2,583,941**	**$ 2,660,616**	**$ 2,739,592**	**$ 2,820,937**	**$ 2,904,722**	**$ 2,991,021**	**$ 3,079,908**	**$ 3,171,463**
Operating Expenses (enter positive numbers)											
Salaries and Wages	$ -	$ 95,038	$ 96,939	$ 98,878	$ 100,855	$ 102,872	$ 104,930	$ 107,029	$ 109,169	$ 111,352	$ 113,580
Maintenance	$ -	$ 514,651	$ 530,091	$ 545,994	$ 562,374	$ 579,245	$ 596,622	$ 614,521	$ 632,956	$ 651,945	$ 671,503
Deposit to replacement reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Insurance	$ -	$ 249,077	$ 254,058	$ 259,139	$ 264,322	$ 269,609	$ 275,001	$ 280,501	$ 286,111	$ 291,833	$ 297,670
Other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Expenses	**$ -**	**$ 858,766**	**$ 881,088**	**$ 904,011**	**$ 927,551**	**$ 951,726**	**$ 976,553**	**$ 1,002,050**	**$ 1,028,236**	**$ 1,055,131**	**$ 1,082,753**
Pre-Tax Operating Income (Revenue less Operating Expenses)	**$ -**	**$ 1,578,458**	**$ 1,628,410**	**$ 1,679,930**	**$ 1,733,065**	**$ 1,787,866**	**$ 1,844,384**	**$ 1,902,672**	**$ 1,962,784**	**$ 2,024,778**	**$ 2,088,710**
Real Property Taxes (assuming 10 year PILOT)	$ -	$ 62,364	$ 107,067	$ 153,533	$ 201,815	$ 251,966	$ 304,044	$ 358,103	$ 414,203	$ 472,404	$ 507,310
Net Operating Income (NOI) after Taxes	**$ -**	**$ 1,516,095**	**$ 1,521,344**	**$ 1,526,397**	**$ 1,531,250**	**$ 1,535,899**	**$ 1,540,340**	**$ 1,544,569**	**$ 1,548,581**	**$ 1,552,374**	**$ 1,581,400**
Loan or Mortgage (Debt Service)											
Interest Payment	$ -	$ 457,879	$ 457,879	$ 726,000	$ 711,807	$ 696,834	$ 681,037	$ 664,371	$ 646,789	$ 628,239	$ 608,669
Principal Payment	$ -	$ 426,016	$ 426,016	$ 258,051	$ 272,244	$ 287,218	$ 303,015	$ 319,681	$ 337,263	$ 355,812	$ 375,382
Debt Service	$ -	$ 883,895	$ 883,895	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051
Cash Flow After Financing and Reserve	**$ -**	**$ 632,199**	**$ 637,448**	**$ 542,346**	**$ 547,199**	**$ 551,848**	**$ 556,289**	**$ 560,517**	**$ 564,530**	**$ 568,322**	**$ 597,349**
Debt Service Coverage Ratio (DSCR)		1.72	1.72	1.55	1.56	1.56	1.57	1.57	1.57	1.58	1.61
Equity Dividend Rate		16%	16%	13%	14%	14%	14%	14%	14%	14%	15%

Rail Realty LLC **Date** As of 4/15/2026

Annual Cashflows (Pro Forma)

Operating Cash Flow	Construction	Year 2026	Year 2027	Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	Year 2035
Residential Income											
Gross Operating Income (20% @ 80% AMI)	$ -	$ 2,458,091	$ 2,531,834	$ 2,607,789	$ 2,686,023	$ 2,766,604	$ 2,849,602	$ 2,935,090	$ 3,023,142	$ 3,113,837	$ 3,207,252
Less: Vacancy Allowance (enter as a negative number)	$ -	$ (73,743)	$ (75,955)	$ (78,234)	$ (80,581)	$ (82,998)	$ (85,488)	$ (88,053)	$ (90,694)	$ (93,415)	$ (96,218)
Net Rental Income, Residential	$ -	$ 2,384,349	$ 2,455,879	$ 2,529,556	$ 2,605,442	$ 2,683,605	$ 2,764,114	$ 2,847,037	$ 2,932,448	$ 3,020,422	$ 3,111,034
Commercial/Industrial Income											
Gross Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Vacancy Allowance (enter as a negative number)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Rental Income, Commercial/Industrial	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income											
Parking Income	$ -	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749
Pet Income	$ -	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881
Storage Income	$ -	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345
Net Income, Other	$ -	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094
Effective Gross Income (EGI)	**$ -**	**$ 2,412,443**	**$ 2,483,973**	**$ 2,557,650**	**$ 2,633,536**	**$ 2,711,700**	**$ 2,792,208**	**$ 2,875,131**	**$ 2,960,542**	**$ 3,048,516**	**$ 3,139,129**
Operating Expenses (enter positive numbers)											
Salaries and Wages	$ -	$ 95,038	$ 96,939	$ 98,878	$ 100,855	$ 102,872	$ 104,930	$ 107,029	$ 109,169	$ 111,352	$ 113,580
Maintenance	$ -	$ 514,651	$ 530,091	$ 545,994	$ 562,374	$ 579,245	$ 596,622	$ 614,521	$ 632,956	$ 651,945	$ 671,503
Deposit to replacement reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Insurance	$ -	$ 249,077	$ 254,058	$ 259,139	$ 264,322	$ 269,609	$ 275,001	$ 280,501	$ 286,111	$ 291,833	$ 297,670
Other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Expenses	**$ -**	**$ 858,766**	**$ 881,088**	**$ 904,011**	**$ 927,551**	**$ 951,726**	**$ 976,553**	**$ 1,002,050**	**$ 1,028,236**	**$ 1,055,131**	**$ 1,082,753**
Pre-Tax Operating Income (Revenue less Operating Expenses)	**$ -**	**$ 1,553,677**	**$ 1,602,885**	**$ 1,653,639**	**$ 1,705,985**	**$ 1,759,974**	**$ 1,815,655**	**$ 1,873,081**	**$ 1,932,306**	**$ 1,993,385**	**$ 2,056,376**
Real Property Taxes (assuming 10 year PILOT)	$ -	$ 62,364	$ 107,067	$ 153,533	$ 201,815	$ 251,966	$ 304,044	$ 358,103	$ 414,203	$ 472,404	$ 507,310
Net Operating Income (NOI) after Taxes	**$ -**	**$ 1,491,313**	**$ 1,495,819**	**$ 1,500,106**	**$ 1,504,171**	**$ 1,508,008**	**$ 1,511,612**	**$ 1,514,978**	**$ 1,518,103**	**$ 1,520,981**	**$ 1,549,066**
Loan or Mortgage (Debt Service)											
Interest Payment	$ -	$ 457,879	$ 457,879	$ 726,000	$ 711,807	$ 696,834	$ 681,037	$ 664,371	$ 646,789	$ 628,239	$ 608,669
Principal Payment	$ -	$ 426,016	$ 426,016	$ 258,051	$ 272,244	$ 287,218	$ 303,015	$ 319,681	$ 337,263	$ 355,812	$ 375,382
Debt Service	$ -	$ 883,895	$ 883,895	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051
Cash Flow After Financing and Reserve	**$ -**	**$ 607,418**	**$ 611,923**	**$ 516,055**	**$ 520,119**	**$ 523,956**	**$ 527,560**	**$ 530,927**	**$ 534,052**	**$ 536,930**	**$ 565,015**
Debt Service Coverage Ratio (DSCR)		1.69	1.69	1.52	1.53	1.53	1.54	1.54	1.54	1.55	1.57
Equity Dividend Rate		15%	15%	13%	13%	13%	13%	13%	13%	13%	14%

Rail Realty LLC **Date** As of 4/15/2026

Annual Cashflows (Pro Forma)

	Construction	Year 2026	Year 2027	Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	Year 2035
Operating Cash Flow											
Residential Income											
Gross Operating Income (10% @ 80% AMI and 10% @ 120% AMI)	$ -	$ 2,483,639	$ 2,558,149	$ 2,634,893	$ 2,713,940	$ 2,795,358	$ 2,879,219	$ 2,965,595	$ 3,054,563	$ 3,146,200	$ 3,240,586
Less: Vacancy Allowance (enter as a negative number)	$ -	$ (74,509)	$ (76,744)	$ (79,047)	$ (81,418)	$ (83,861)	$ (86,377)	$ (88,968)	$ (91,637)	$ (94,386)	$ (97,218)
Net Rental Income, Residential	$ -	$ 2,409,130	$ 2,481,404	$ 2,555,846	$ 2,632,522	$ 2,711,497	$ 2,792,842	$ 2,876,628	$ 2,962,926	$ 3,051,814	$ 3,143,369
Commercial/Industrial Income											
Gross Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Vacancy Allowance (enter as a negative number)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Rental Income, Commercial/Industrial	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income											
Parking Income	$ -	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749
Pet Income	$ -	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881
Storage Income	$ -	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345
Net Income, Other	$ -	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094
Effective Gross Income (EGI)	**$ -**	**$ 2,437,225**	**$ 2,509,498**	**$ 2,583,941**	**$ 2,660,616**	**$ 2,739,592**	**$ 2,820,937**	**$ 2,904,722**	**$ 2,991,021**	**$ 3,079,908**	**$ 3,171,463**
Operating Expenses (enter positive numbers)											
Salaries and Wages	$ -	$ 95,038	$ 96,939	$ 98,878	$ 100,855	$ 102,872	$ 104,930	$ 107,029	$ 109,169	$ 111,352	$ 113,580
Maintenance	$ -	$ 514,651	$ 530,091	$ 545,994	$ 562,374	$ 579,245	$ 596,622	$ 614,521	$ 632,956	$ 651,945	$ 671,503
Deposit to replacement reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Insurance	$ -	$ 249,077	$ 254,058	$ 259,139	$ 264,322	$ 269,609	$ 275,001	$ 280,501	$ 286,111	$ 291,833	$ 297,670
Other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Expenses	**$ -**	**$ 858,766**	**$ 881,088**	**$ 904,011**	**$ 927,551**	**$ 951,726**	**$ 976,553**	**$ 1,002,050**	**$ 1,028,236**	**$ 1,055,131**	**$ 1,082,753**
Pre-Tax Operating Income (Revenue less Operating Expenses)	**$ -**	**$ 1,578,458**	**$ 1,628,410**	**$ 1,679,930**	**$ 1,733,065**	**$ 1,787,866**	**$ 1,844,384**	**$ 1,902,672**	**$ 1,962,784**	**$ 2,024,778**	**$ 2,088,710**
Real Property Taxes (assuming 5 year PILOT)	$ -	$ 104,967	$ 193,978	$ 286,507	$ 382,660	$ 436,428	$ 492,195	$ 502,039	$ 512,079	$ 522,321	$ 532,767
Net Operating Income (NOI) after Taxes	**$ -**	**$ 1,473,491**	**$ 1,434,432**	**$ 1,393,423**	**$ 1,350,405**	**$ 1,351,437**	**$ 1,352,189**	**$ 1,400,633**	**$ 1,450,705**	**$ 1,502,457**	**$ 1,555,943**
Loan or Mortgage (Debt Service)											
Interest Payment	$ -	$ 457,879	$ 457,879	$ 726,000	$ 711,807	$ 696,834	$ 681,037	$ 664,371	$ 646,789	$ 628,239	$ 608,669
Principal Payment	$ -	$ 426,016	$ 426,016	$ 258,051	$ 272,244	$ 287,218	$ 303,015	$ 319,681	$ 337,263	$ 355,812	$ 375,382
Debt Service	$ -	$ 883,895	$ 883,895	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051
Cash Flow After Financing and Reserve	**$ -**	**$ 589,596**	**$ 550,537**	**$ 409,371**	**$ 366,354**	**$ 367,386**	**$ 368,138**	**$ 416,582**	**$ 466,653**	**$ 518,405**	**$ 571,891**
Debt Service Coverage Ratio (DSCR)		1.67	1.62	1.42	1.37	1.37	1.37	1.42	1.47	1.53	1.58
Equity Dividend Rate		15%	14%	10%	9%	9%	9%	10%	12%	13%	14%

Rail Realty LLC **Date** As of 4/15/2026

Annual Cashflows (Pro Forma)

Operating Cash Flow	Construction	Year 2026	Year 2027	Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	Year 2035
Residential Income											
Gross Operating Income (20% @ 80% AMI)	$ -	$ 2,458,091	$ 2,531,834	$ 2,607,789	$ 2,686,023	$ 2,766,604	$ 2,849,602	$ 2,935,090	$ 3,023,142	$ 3,113,837	$ 3,207,252
Less: Vacancy Allowance (enter as a negative number)	$ -	$ (73,743)	$ (75,955)	$ (78,234)	$ (80,581)	$ (82,998)	$ (85,488)	$ (88,053)	$ (90,694)	$ (93,415)	$ (96,218)
Net Rental Income, Residential	$ -	$ 2,384,349	$ 2,455,879	$ 2,529,556	$ 2,605,442	$ 2,683,605	$ 2,764,114	$ 2,847,037	$ 2,932,448	$ 3,020,422	$ 3,111,034
Commercial/Industrial Income											
Gross Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Vacancy Allowance (enter as a negative number)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Rental Income, Commercial/Industrial	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Income											
Parking Income	$ -	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749	$ 27,749
Pet Income	$ -	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881
Storage Income	$ -	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345	$ 345
Net Income, Other	$ -	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094	$ 28,094
Effective Gross Income (EGI)	**$ -**	**$ 2,412,443**	**$ 2,483,973**	**$ 2,557,650**	**$ 2,633,536**	**$ 2,711,700**	**$ 2,792,208**	**$ 2,875,131**	**$ 2,960,542**	**$ 3,048,516**	**$ 3,139,129**
Operating Expenses (enter positive numbers)											
Salaries and Wages	$ -	$ 95,038	$ 96,939	$ 98,878	$ 100,855	$ 102,872	$ 104,930	$ 107,029	$ 109,169	$ 111,352	$ 113,580
Maintenance	$ -	$ 514,651	$ 530,091	$ 545,994	$ 562,374	$ 579,245	$ 596,622	$ 614,521	$ 632,956	$ 651,945	$ 671,503
Deposit to replacement reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Insurance	$ -	$ 249,077	$ 254,058	$ 259,139	$ 264,322	$ 269,609	$ 275,001	$ 280,501	$ 286,111	$ 291,833	$ 297,670
Other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating Expenses	**$ -**	**$ 858,766**	**$ 881,088**	**$ 904,011**	**$ 927,551**	**$ 951,726**	**$ 976,553**	**$ 1,002,050**	**$ 1,028,236**	**$ 1,055,131**	**$ 1,082,753**
Pre-Tax Operating Income (Revenue less Operating Expenses)	**$ -**	**$ 1,553,677**	**$ 1,602,885**	**$ 1,653,639**	**$ 1,705,985**	**$ 1,759,974**	**$ 1,815,655**	**$ 1,873,081**	**$ 1,932,306**	**$ 1,993,385**	**$ 2,056,376**
Real Property Taxes (assuming 5 year PILOT)	$ -	$ 104,967	$ 193,978	$ 286,507	$ 382,660	$ 436,428	$ 492,195	$ 502,039	$ 512,079	$ 522,321	$ 532,767
Net Operating Income (NOI) after Taxes	**$ -**	**$ 1,448,709**	**$ 1,408,907**	**$ 1,367,132**	**$ 1,323,326**	**$ 1,323,546**	**$ 1,323,460**	**$ 1,371,043**	**$ 1,420,227**	**$ 1,471,064**	**$ 1,523,608**
Loan or Mortgage (Debt Service)											
Interest Payment	$ -	$ 457,879	$ 457,879	$ 726,000	$ 711,807	$ 696,834	$ 681,037	$ 664,371	$ 646,789	$ 628,239	$ 608,669
Principal Payment	$ -	$ 426,016	$ 426,016	$ 258,051	$ 272,244	$ 287,218	$ 303,015	$ 319,681	$ 337,263	$ 355,812	$ 375,382
Debt Service	$ -	$ 883,895	$ 883,895	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051	$ 984,051
Cash Flow After Financing and Reserve	**$ -**	**$ 564,814**	**$ 525,012**	**$ 383,080**	**$ 339,274**	**$ 339,494**	**$ 339,409**	**$ 386,991**	**$ 436,175**	**$ 487,013**	**$ 539,557**
Debt Service Coverage Ratio (DSCR)		1.64	1.59	1.39	1.34	1.34	1.34	1.39	1.44	1.49	1.55
Equity Dividend Rate		14%	13%	9%	8%	8%	8%	10%	11%	12%	13%

APPENDIX A: SCOPE OF SERVICES

To assist with its evaluation of the Applicant's request for financial assistance, Camoin was commissioned by the Town of Brookhaven Industrial Development Agency to conduct the above analyses. The analysis is comprised of four tasks:

- *Test Assumptions* by comparing rents, operating costs, and vacancy rates to real estate benchmarks for similar projects and noting any significant differences. Operating performance and net income are also evaluated.
- *Review the Financing Plan* and perform an objective third-party evaluation of the estimated return on investment (ROI) to the Applicant with and without a PILOT agreement. We also analyze whether the capital structure and terms of the long-term debt are within market benchmarks for obtaining bank financing.
- *Evaluate the effects of one or more PILOTs* recommended by the Agency and determine whether the PILOT would result in a return that is within what would normally be anticipated in the current market for a similar project.
- *Provide an objective, third-party opinion* about the need for and reasonableness of the financial assistance.

Sources Consulted

- Project financing and annual cashflow workbook submitted by the Applicant on 12/17/2025, revised April 15, 2026.
- Assessed value estimates provided by the applicant in the cashflow workbook.
- Real estate tax information and estimates received from the Agency, including anticipated future assessed value of the Project.
- CoStar
- RealtyRates.com

CoStar is the leading source of commercial real estate intelligence in the U.S. It provides a full market inventory of properties and spaces—available as well as fully leased—by market and submarket. Details on vacancy, absorption, lease rates, inventory, and other real estate market data are provided, as well as property-specific information including photos and floor plans. More at **www.costar.com**.

RealtyRates.com™ is a comprehensive resource of real estate investment and development news, trends, analytics, and market research that support real estate professionals involved with more than 50 income producing and sell-out property types throughout the U.S. RealtyRates.com™ is the publisher of the award-winning Investor, Developer and Market Surveys, providing data essential to the appraisal, evaluation, disposition and marketing of investment and development real estate nationwide.

APPENDIX B: DEFINITIONS

Equity Dividend Rate: This is calculated as the rate of return on the equity component of a project. It is calculated as follows: (Source: RealtyRates.com)

Equity Dividend / Equity Investment = Equity Dividend Rate, where Equity Dividend = Net Operating Income – Debt Service.

Debt Service Coverage Ratio (DSCR): The ratio of annual debt repayment, including principal and interest, to total Net Operating Income (NOI). (Source: RealtyRates.com)

Net Operating Income (NOI): Income net of all operating costs including vacancy and collection loss but not including debt service. Appraisers also typically expense reserves for repairs and replacements. However, because reserves are not usually reported along with other transaction data, RealtyRates.com tracks lender requirements but does not include them in calculations. (Source: RealtyRates.com)

ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of $6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 46 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. To learn more about our experience and projects in all of our service lines, please visit our website at **www.camoinassociates.com**.

THE PROJECT TEAM

Rachel Selsky
CEO, Project Principal

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July 2, 2026

<u>Via Email: lmulligan@brookhavenida.org</u>
Town of Brookhaven Industrial Development Agency
Attn: Ms. Lisa MG Mulligan, Chief Executive Officer
One Independence Hill
Farmingville, New York 11738

Re: Cordwood Estates/Kelly Development Corp. - Application for Financial Assistance
Old Town Road, Port Jefferson Station, New York
SCTM No.: 0200-311.00-02.00-001.000 and 002.001
<u>Our File No.: 13286.0016</u>

Dear Ms. Mulligan:

As you may know, this firm is counsel to Cordwood Estates/Kelly Development Corp. (the "Applicant") in connection with its Application for Financial Assistance (the "Application") to the Town of Brookhaven Industrial Development Agency (the "IDA") for their proposed over 55 residential development project, located at Old Town Road, Port Jefferson Station, New York.

On April 15, 2026, the Board granted an extension in time to close thru and including July 20, 2026. Although we have been diligently moving toward closing, there is a chance the matter will not close by July 20.

As such and in an abundance of caution we are requesting a further extension of time thru and including September 25, 2026. Please note that the $500.00 extension fee was paid for the first extension which could have been requested for up to a year, but we only requested the time we thought required to close. As such, I would ask the Board to consider waiving a further fee on this request.

Please do not hesitate to contact me immediately if you have any questions or comments regarding this Application. Thank you kindly in advance for your prompt attention to this matter.

Very truly yours,

J. Timothy Shea, Jr.

JTS\rds

SAVION
A RENEWABLE ENERGY COMPANY
422 Admiral Blvd, Kansas City, MO 64106
www.savionenergy.com

via e-mail Delivery

July 7, 2026

Lisa M.G. Mulligan, Chief Executive Officer
Town of Brookhaven Industrial Development Agency
One Independence Hill
Farmingville, NY 11738
lmulligan@brookhavenida.org

Re: Holtsville Energy Storage, LLC Application ("Project")
Request for Extension to Hold Public Hearing and Closing

Dear Ms. Mulligan:

I am writing on behalf of Holtsville Energy Storage, LLC to respectfully request an extension of the termination date of the Board's Final Authorizing Resolution from August 1, 2026, to October 1, 2027.

While the Project was issued a negative declaration under the State Environmental Quality Review Act, obtained the Site Plan approval from the Town of Brookhaven in January 2023, and was granted an electrical easement from NYS Department of Transportation ("NYS DOT") in January 2024, signed an interconnection agreement with NYISO and PSEG-LI in February 2024, procured a main power transformer (MPT) in Q3 2022, completed some initial site work in March 2025, and recorded an electrical easement with National Grid in October 2025, there are other open matters that prevent the Project from closing with the Agency and commencing construction in Q3 and Q4 2026.

The following items remain open:

- Executing a commercial offtake agreement for the power generated from the Project;
- Amending interconnection agreement with NYISO to reflect updated schedule, including a 2028 Commercial Operation Date ("COD");
- Transmission upgrades constructed for the project interconnection;
- Procurement of remaining Project infrastructure and equipment;
- Closing on project financing

We are working hard to address these open items, but they will take time to complete.

Please let us know if you have any questions regarding this request. Thank you for your consideration.

Sincerely,

DocuSigned by:
Scott Zeimetz
A641E14A9D434CA...

Scott Zeimetz
Authorized Person

Siting and Building Data Centers: What Economic Developers Should Know

May 26, 2026Jim Damicis | Alexandra Tranmer, CEcD

This article is the second of a three-part series on data centers and economic development. In our first article, "Data Center Demand and What it Means for Your Community," we covered what data centers are, the different types of facilities, and trends in supply and demand.

In this article, we explore the critical factors that determine data center site location and what some industry players are doing to mitigate public concerns as sites are chosen.

In the third and final article of the series, we will offer practical tips and tools to help your area plan for opportunities that align with your local economic development objectives.

Since the publication of our first article, additional evidence has emerged highlighting the scale and evolving nature of data center development.

In March, Bloomberg reported that, "U.S. spending on data center construction surpassed office construction spending for the first time in late 2025," and "… approximately $3.57 billion was spent on data centers in December 2025 alone, compared to $3.49 billion for office projects."

This realignment of real estate investment is being driven not only by rising demand for digital infrastructure but also by ongoing shifts in the traditional office market. Together, these trends signal a fundamental change in how economic developers and planners must think about land use and the messaging used to attract investment to communities.

While data centers can bring significant capital investment, tax base expansion, infrastructure improvements, and construction employment, they also create substantial demands on energy systems, water resources, land-use planning, and public infrastructure. The projects also tend to generate relatively few long-term jobs compared to other industrial uses.

Communities across the country must grapple with these realities, and economic developers increasingly find themselves at the center of discussions about how to manage data center growth.

Core Site Selection Factors

Data center development has become one of the most infrastructure-intensive and technically demanding forms of economic development recruitment. Developers evaluate potential locations through a slightly different lens than traditional industrial or office projects. So, what factors are shaping where data centers are located, and how are those priorities changing?

Energy

Energy has become the defining factor in many data center location decisions because the scale of projected electricity demand is unprecedented.

A 2025 analysis by McKinsey & Company estimated that data centers could add approximately 460 terawatt-hours of electricity demand in the United States between 2023 and 2030—roughly triple current consumption levels.

As a result, developers are prioritizing locations with:

- Reliable electric grids
- Redundant transmission infrastructure
- Competitive power pricing
- Opportunities for co-location with generation assets
- Faster interconnection timelines
- Access to renewable or alternative energy sources

The demand from data centers is reshaping state energy policy and how regions are planning to generate additional capacity. In some cases, developers are pursuing behind-the-meter natural gas generation or other dedicated power solutions to augment public energy sources and better meet their activity needs.

Water

Water availability has also become a major consideration, particularly as drought conditions and long-term water management concerns intensify across many regions of the country.

According to research cited by McKinsey & Company, data center-related water consumption in the United States could increase by 170% by 2030. Cooling systems for large facilities can require substantial daily water use, depending on the campus's size and design.

Beyond consumption itself, communities are also drawing attention to issues such as discharge and competition with other local water needs.

Land

Data centers typically require large, developable sites. Developers are seeking sites that not only offer the needed infrastructure but are also development-ready in terms of the physical site (access, utilities, etc.) and the speed of reviews and approvals.

Digital Infrastructure

Fiber redundancy and digital infrastructure are foundational to the success of data center operations. In many cases, developers prioritize locations already connected to major fiber corridors or internet exchange infrastructure.

The number of areas with this infrastructure has increased significantly over the past 5-10 years, expanding the range of sites developers consider.

Labor and Workforce Capacity

Although data centers employ relatively small permanent operating staff, they generate substantial short-term construction labor demand. Development projects require electricians, plumbers, mechanical contractors, HVAC specialists, and other skilled trades workers.

The labor shortage associated with this boom is becoming severe. Earlier this year, WIRED reported that the US could face an annual shortage of roughly 81,000 electricians over the next decade, citing data from the US Bureau of Labor Statistics.

A separate analysis by McKinsey & Company estimated that between 2023 and 2030, the US may need an additional:

- 130,000 electricians
- 240,000 construction laborers
- 150,000 construction supervisors

For economic developers, workforce readiness may become one of the most important differentiators in attracting projects while also creating economic benefits for local residents.

Community Buy-In and Regulatory Conditions

Like most major developments, speed matters. The time between initial site selection, approvals, construction, and operations is a critical concern for developers.

While project costs and financial considerations remain central to decision-making, community support (or opposition) can carry nearly as much weight in determining whether a project ultimately moves forward.

The Data Center Debate: How States and Communities Are Responding to the AI Infrastructure Boom

As pressures on energy, water, land, and infrastructure mount, many communities are reassessing how data centers fit into their long-term economic development strategies. Some states are aggressively pursuing projects tied to AI and digital infrastructure investment, while others are swinging to the other side of the spectrum and considering moratoriums or cost-sharing requirements. The result is an emerging, and sometimes heated, national debate over how to manage one of the fastest-growing sectors of the digital economy.

It is worth noting that concerns surrounding data center development are not entirely new. Economic developers and planners have long faced questions about balancing the benefits of large-scale investment projects with broader community priorities. However, rising demand has significantly intensified those conversations.

Energy-related concerns have become especially prominent. Questions from elected officials or community advocates focus on impacts to grid reliability and the potential effects on utility ratepayers.

At the same time, policymakers and residents are also scrutinizing the type of energy powering these facilities and the implications for carbon emissions and long-term sustainability goals. These pressures are driving calls from some state and local leaders for data centers to “bring their own power” rather than relying entirely on the existing electric grid.

In practice, this often means developers are exploring dedicated onsite or nearby generation assets, including natural gas facilities, battery storage, and renewable energy integration. Some jurisdictions are also seeking commitments related to renewable energy procurement or infrastructure investments that offset community impacts.

At the center of many of these discussions is the issue of economic tradeoffs and opportunity costs. Data centers generate significant property tax revenue and large-scale capital investment, but they generally employ relatively small permanent workforces once operational. As a result, some communities are questioning whether dedicating large amounts of land, infrastructure capacity, and incentive support to data centers may limit opportunities for other forms of development that generate more jobs or broader economic spillover effects.

This debate is especially relevant because the same industrial land suitable for data centers is often also in demand for logistics, warehousing, advanced manufacturing, and other industrial uses.

Communities must evaluate not simply whether they can attract data centers, but what type of economic activity they want to prioritize over the long term. Interestingly, these concerns do not necessarily extend to the broader AI and digital infrastructure supply chain.

A January 2026 article in WIRED observed that communities often oppose data centers while simultaneously welcoming facilities that build servers, electrical equipment, and other AI-related components.

Much of this difference appears tied to employment perceptions. Manufacturing facilities typically support larger workforces and more visible supply-chain activity, while data centers are often viewed as highly capital-intensive projects with comparatively limited long-term job creation.

How States Are Confronting Data Center Pressures

In Virginia, local governments are increasingly creating their own data center zoning standards, siting regulations, and review processes.

In Maryland, lawmakers are considering additional regulations governing data center development.

Local residents in parts of Georgia and South Carolina have organized opposition campaigns around concerns related to noise and neighborhood compatibility.

In New Jersey, lawmakers approved legislation designed to charge data centers for electric system costs tied to rising energy demand.

In Maine, public concern over water and energy impacts is also spreading into rural communities. In 2026, the Maine legislature passed a one-year moratorium on new data centers in response to these concerns. However, the Governor vetoed it, and the Legislature failed to override the veto, so some towns are now considering passing their own moratoriums.

Industry Response and the Search for a New Social Contract

As public scrutiny of data center development intensifies, many companies are adopting new strategies to address community concerns and demonstrate broader economic and infrastructure benefits.

In January 2026, Microsoft announced support for efforts in some markets to establish higher electricity rates specifically for data centers, with the goal of reducing the likelihood that residential consumers would bear the costs of major infrastructure upgrades tied to AI-driven demand growth. Other companies are also experimenting with new approaches to energy management and grid stabilization.

In Virginia, a partnership involving NVIDIA, Digital Realty, and Emerald AI is piloting software that temporarily reduces AI workloads during peak grid stress. The effort reflects a broader industry push to make large-scale computing operations more responsive to grid conditions rather than functioning as inflexible sources of demand.

Developers are also investing in alternative energy sources and cleaner power. Google, for example, is supporting geothermal energy development in Nevada through partnerships with Ormat, Fervo, and NV Energy. The projects contribute electricity to the local grid that serves Google data centers, and use an innovative financing structure known as a Clean Transition Tariff.

Water consumption has become another major area of innovation. In response to concerns about water use and cooling demand, some developers are investing in alternative cooling technologies to reduce water intensity.

In Maine, LiquidCool Solutions is planning an AI-focused data center at the former Loring Air Force Base within the Loring Commerce Centre. Rather than relying on traditional air-conditioning systems, the facility plans to use immersion-cooling technology, which submerges servers in specialized cooling fluids and can significantly reduce water and energy requirements.

Beyond technology solutions, one of the clearest responses from the industry has been a growing emphasis on public discussions. As states and localities consider stricter regulations, industry organizations have acknowledged the need for more proactive communication with residents, utilities, and policymakers.

Dan Diorio, vice president of state policy at the Data Center Coalition, told WIRED that the organization recognizes the importance of "… being responsible and responsive neighbors in the communities where they operate."

Conclusion

Data centers are rapidly becoming one of the defining economic development issues of the next decade. The status quo surrounding data center recruitment no longer reflects the scale of factors communities must face.

There is a growing awareness within the industry that future growth will depend not only on securing power and land, but also on building long-term public trust and demonstrating clear community value.

The communities that succeed will likely be those that move beyond viewing data centers solely as real estate projects and instead treat them as part of a larger strategy tied to regional competitiveness, infrastructure modernization, energy planning, workforce development, and long-term economic resilience.

The third article in our series will focus on what this means in practice for economic developers navigating these issues.

Learn about our industry analytics and strategy services

📍 **Related Articles:**

- Data Center Demand and What it Means for Your Community
- Growth and Investment in Data Centers Market Creates Real Estate Opportunities
- Data Centers as Opportunities for Economic Growth

About the Authors

Jim Damicis is Senior Vice President at Camoin Associates. He has more than 30 years of experience using research and analysis to help professionals, communities, regions, states, and public and private organizations prepare for an emerging economic future. He has led a variety of projects at Camoin Associates, including local and regional economic development strategies, targeted industry analysis, workforce development, innovation economy, and evaluation and benchmarking. Jim is the former President of the Northeast Economic Development Association (NEDA) and has served in leadership roles for more than 10 years. He serves on the Federal Reserve of Boston's New England Public Policy Advisory Committee and is an instructor for the International Economic Development Council's (IEDC) annual strategic planning course. Jim is also a collaborator with Communities of the Future, focusing on economic transformation. He holds a Master of Public Policy and Administration degree from the Edmund S. Muskie School of Public Service at the University of Southern Maine and a Bachelor of Arts degree in Economics and Political Science from the University of Connecticut, Storrs.

Alexandra Tranmer, CEcD, is the Director of Industry and Workforce at Camoin Associates. She leads data-driven economic development strategies that help communities understand where they are competitive and how to act on that insight over the long term. Based in Upstate New York, Alex has spent more than a decade working with communities across New York State and throughout the country, from small rural regions to fast-growing metropolitan areas. She has published recent articles in Expansion Solutions and the Manufacturers Alliance blog, covering topics including life sciences, advanced manufacturing, and semiconductors. A trusted advisor to her clients, Alex frequently remains engaged beyond initial planning efforts to support implementation, adaptation, and long-term success.

Data Center Demand and What it Means for Your Community

April 7, 2026[Jim Damicis]| [Alexandra Tranmer, CEcD]

It is hard to open the front page of a newspaper today without reading about the expansion or development of a data center in nearly every corner of the country. The recent urgency driving industry growth right now is indisputable, but data centers are not a new phenomenon.

The team at Camoin Associates has tracked and written about data center trends and market conditions for the last 20 years. Through emerging industry strategies, we have provided clients with insights and suggested approaches to assess and attract data center investment, manage land use around data center development, and leverage existing data centers to drive economic activity in related sectors in Virginia, New York, Pennsylvania, and more.

What we found in our work over the last two decades remains true:

Digital content permeates our personal lives and the economy. This includes content related to streaming, coding, social media platforms, research, marketing, business services, personal services, health services, and education, among other applications. Additionally, artificial intelligence (AI) is creating new data and information at speeds far greater than previously demanded. These forces together create exponentially surging demand for the infrastructure and systems that move and store data, including data centers.

While expectations for constant data access and availability continue to rise, the siting of the physical infrastructure that stores and manages that data has become a flashpoint in communities from Maine to Virginia.

While specific concerns vary by location, several common elements drive community unease with the development of data centers:

- Concerns about power supply and cost increases
- Concerns about impacts to water supplies
- Broader cultural pushback against AI

This growing public concern is occurring at the same time data center demand is projected to increase significantly, including the need for new and expanded facilities.

This article is the first of a three-part series that will focus on recent and emerging trends in data centers from an economic development perspective. In this article, we will explain what data centers are, the different types of data centers, and trends in supply and demand.

In the second article, we will explore critical factors determining data center site location; what state, regions, and communities are doing to vet, encourage, or limit projects; and what developers and centers are doing in response to recent issues.

In the third and final article of the series, we will offer practical tips and tools to help your area consider, plan for, and act on opportunities that align with local economic development objectives.

Data Center Size and Scale

One of the first things to understand regarding data centers and economic development is that not all data centers are alike. A data center, put simply, is a facility that houses equipment and technology for the storage of and access to data and applications.

According to Data Center Map, which tracks data centers worldwide, there are currently 10,967 data centers across 174 countries, of which 4,029 (36.7%) are located in the US.

The types of data centers vary based on size, uses, networks, technology, and scalability, among other factors. The following list from CISCO offers a layperson's explanation of some of the differences:

AI Data Centers: AI data centers are specifically designed to support the demanding computational requirements of artificial intelligence workloads. Unlike traditional data centers, AI data centers prioritize parallel processing and optimized workflows to train and deploy machine learning models at scale. Minimizing latency is a key focus in AI data centers because real-time AI applications—such as predictive analytics and natural language processing—require rapid data processing and decision-making.

Enterprise Data Centers: Company-owned and operated, enterprise data centers are typically located on corporate campuses and tailored to serve internal users.

Managed Services Data Centers: These data centers are managed by a third party (such as a managed services provider) on behalf of a company. The company leases the equipment and infrastructure rather than buying them.

Colocation Data Centers: In colocation ("colo") data centers, a company rents space within a data center owned by others and located off the company's premises. The colo data center hosts the infrastructure: building, cooling, bandwidth, security, and so on, while the company provides and manages the components, including servers, storage, and firewalls.

Cloud Data Centers: In this off-premises form of data center, data and applications are hosted by a cloud services provider such as Amazon Web Services (AWS), Google Cloud Platform (GCP), Microsoft (Azure), IBM Cloud, or other public cloud provider, often within hyperscale data centers designed to efficiently support massive workloads and global scalability.

Edge Data Centers: An edge data center is a smaller, decentralized facility located closer to end users and devices. They are designed to process data locally, reduce latency, and support real-time applications across industries such as IoT, autonomous vehicles, and content delivery.

What is Fueling Demand?

All these types of facilities remain in demand, and this will likely persist (and grow) over the next 10 years. Additionally, AI-related data centers and what are now termed hyperscale data centers are garnering attention.

[Hyperscale data centers](#) are fueled by the rapid growth of AI and the need to support this activity. "Hyperscalers" use distributed computer systems—essentially, teams of independent computers splitting up tasks across multiple machines to process high volumes of data. This is called hyperscale computing. Traditional data centers, on the other hand, prioritize centralized computer systems, which can often mean fewer but more powerful computers.

Regarding future demand, McKinsey & Company indicates that “Global demand for data center capacity can more than triple by 2030, with a compound annual growth rate (CAGR) of around 22 percent. In the United States, data center demand could grow by 20 to 25 percent per year over the same period. About 70 percent of that projected 2030 demand will come from hyperscalers.”

The recent and projected growth in data centers is being driven by multiple factors. These include:

- **Growth of AI:** AI is being used and integrated into all aspects of business, work, and life. Its large language models require significant computational power to run continuously.
- **Growth of Digital Technology and Related Service:** In addition to AI, demand and supply of software as a service applications, including cloud-based services, continue to grow across all aspects of our daily lives, including healthcare, work, finance, entertainment, social media, etc.
- **Integration of Software and Networking with Physical Things:** The integration and use of digital technology integrated with physical things (Internet of Things, IoT) is increasingly being adopted in the form of robotics, vehicles, drones, machinery and equipment, and more. All require more computing power and storage.

This growth in demand comes at a time when data center vacancy rates are at a significant low. In 2025 in North America, “Primary market vacancy dropped to a record-low 1.6%, underscoring the continued strength of end-user demand, particularly from hyperscale and AI occupiers,” according to CBRE.

Regarding the future supply, McKinsey & Company indicates that “By 2030, data centers are projected to require $6.7 trillion worldwide to keep pace with the demand for compute power. Data centers equipped to handle AI processing loads are projected to require $5.2 trillion in capital expenditures, while those powering traditional IT applications are projected to require $1.5 trillion in capital expenditures. Overall, that’s nearly $7 trillion in capital outlays needed by 2030. More than 40 percent of this spending will be invested in the United States.”

CNN reports that “America’s tech giants are racing to be at the forefront of the AI boom. Meta said it spent $17 billion in capital expenditures — which typically refers to money spent on data centers and infrastructure — for the quarter ending in June 2025. Microsoft said it spent $24.2 billion for the quarter that ended last June, while Amazon said it would invest $15 billion in Northern Indiana to build new data center campuses, in addition to an $11 billion investment announced in 2024. And Bank of America in September estimated that companies' annual spending on data center construction hit $40 billion in June."

Factors Impacting Future Data Center Development

The result of this, from an economic development standpoint, is that data center development will expand into markets beyond traditional urban and suburban areas in Northern Virginia, Chicago, New York, Dallas, Atlanta, and Phoenix. In doing so, developers will be seeking more rural locations and locations with available land, power, and water.

At the same time that data center development is expected to expand beyond traditional markets, public officials and policymakers are pushing back on projects landing in their communities, halting what would otherwise be rapid expansion. This is just one factor that is contributing to the longer timelines for new data centers to come online.

Public concerns, along with the need to expand and secure energy sources and acquire large construction labor contingencies, mean that there are numerous hurdles to overcome before shovels are in the ground. Sightline reports that "Announced capacity for 2026 suggests another year of explosive growth for data centers. But our outlook on the market suggests that 30–50% of that pipeline is unlikely to come online before the end of the year."

In our next article in this three-part series, we will examine the factors influencing data center site location decisions and delve deeper into the concerns driving the pushback against new data center development from the public and policymakers.

Learn about our Industry Analytics and Strategy services

📍 **Related Articles:**

- [Article #2]: Siting and Building Data Centers: What Economic Developers Should Know
- Growth and Investment in Data Centers Market Creates Real Estate Opportunities
- Data Centers as Opportunities for Economic Growth

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Defying Big Pharma customs, one generic leap at a time

The science of savings: Topflight laboratory research, innovative manufacturing technologies and cutting-edge distribution systems have always been central to Amneal Pharmaceuticals' primary affordability mission.

June 19, 2026

By TOM MARINER //

In an era when many domestic pharmaceutical companies have moved manufacturing offshore, one of America's largest generic drugmakers has taken a decidedly different path.

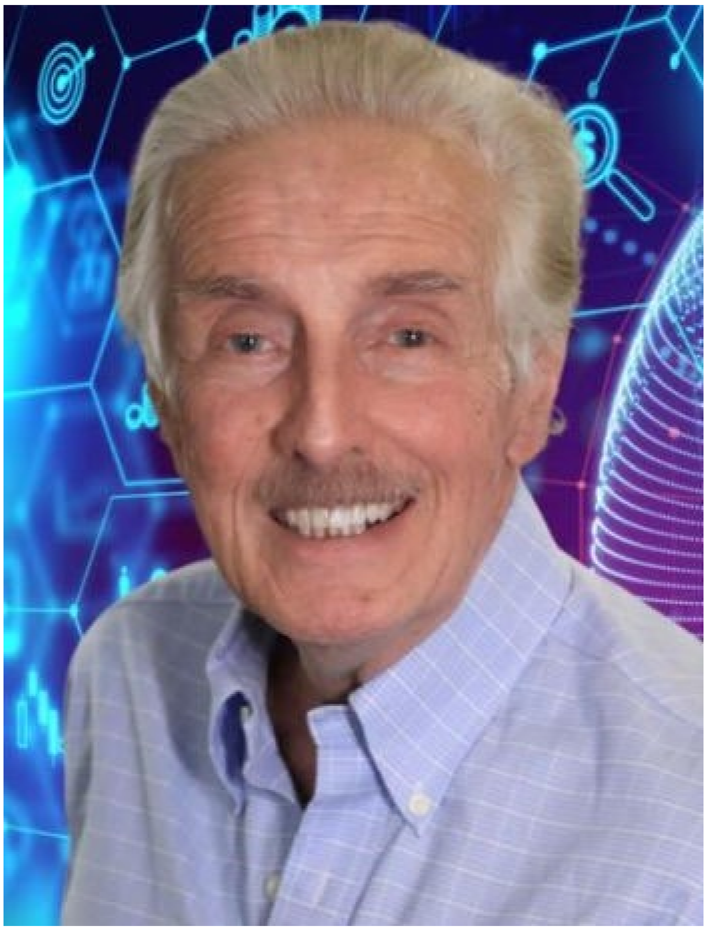
LI-BiO

Amneal Pharmaceuticals currently employs about 800 people in Suffolk County, and as the longtime pharma expands into advanced drug-device development – reinforcing Long Island as a center for both life sciences and advanced manufacturing – it may just be getting started.

This success story begins not on Long Island, but in India.

In the 1980s, **entrepreneur Kanu Patel** built an Ahmedabad-based pharmaceutical business focused on drug manufacturing, formulation and distribution. His sons, Chirag and Chintu, grew up around the pharmaceutical industry and developed an innate understanding of both the science and economics of medicine.

After immigrating to the United States, the brothers pursued careers in pharmacy and pharmaceutical operations. Working within established pharmaceutical-distribution channels, they became front-row witnesses to a challenge that continues to confront patients today: the high cost of prescription medications.



Tom Mariner: Amneal in the family.

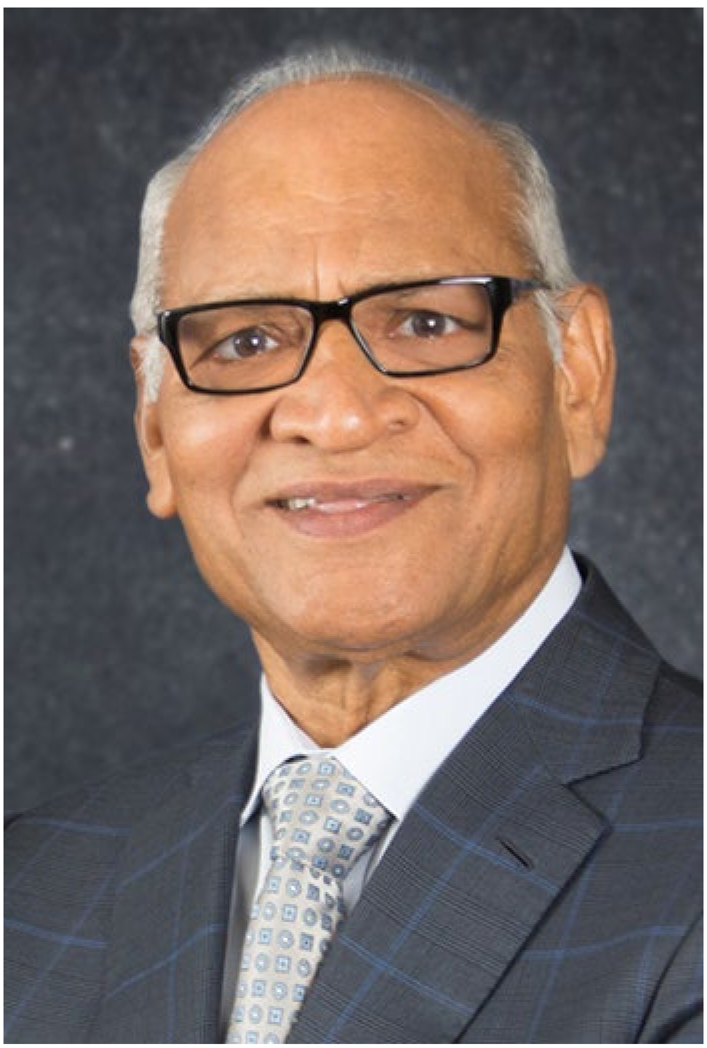
The brothers recognized that generic drugs could dramatically reduce healthcare costs, but only if manufacturers could reliably produce high-quality medicines at scale while meeting rigorous FDA standards.

In 2002, Chirag and Chintu founded Amneal Pharmaceuticals in the New York metropolitan area, before expanding operations into New Jersey. **Their mission was straightforward**: increase access to affordable medicines through high-quality generic pharmaceuticals.

Amneal received **its first FDA approval** in 2006 – covering a generic version of **Metformin**, a type 2 diabetes treatment – and quickly expanded its product portfolio. Unlike many competitors that relied heavily on outsourcing, the Patel brothers pursued a strategy centered on manufacturing excellence, investigating aggressively in state-of-the-art production facilities and product development.

Recognizing the Greater New York region's skilled workforce, proximity to NYC capital and long history in the pharmaceutical and biotechnology industries, Amneal soon established operations in Suffolk County. Facilities in Hauppauge and Commack helped support the company's early expansion, but an even larger vision was taking shape.

Beginning in the early 2010s, Amneal launched major investments in what would become one of the largest pharmaceutical manufacturing campuses on Long Island. Front and center was a significant expansion of its Yaphank operations, supported by **New York State** and **Town of Brookhaven** economic-development programs.



Kanu Patel: Pharma patriarch.

Within a few short years, Amneal had **invested more than $60 million** to expand its manufacturing, warehousing, laboratory and research facilities. The campus grew to more than 400,000 square feet and became a cornerstone of the company's domestic manufacturing network.

Today, the Brookhaven-Yaphank campus manufactures generic pharmaceutical products distributed throughout the United States and internationally. The facility supports packaging, quality control, engineering, regulatory compliance and technical operations and employes roughly 800 professionals – chemists, engineers, manufacturing technicians, supply-chain experts, regulatory professionals and more.

In 2018, Amneal **merged with Impax Laboratories** in a transaction valued at $1.45 billion, a move that significantly increased its scale and product portfolio. But the company's focus remained the same: affordable medicines, with upwards of **175 million annual prescriptions** now flowing out its doors.

Today, the next chapter of the family-business mission is unfolding through "**biosimilars**." While traditional generic drugs replicate small-molecule medicines, biosimilars provide lower-cost alternatives to complex biologic therapies used to treat cancer, autoimmune disorders and other serious conditions.

These products represent one of the most important opportunities to reduce healthcare costs in the coming decade – and Amneal has invested heavily in this future, primarily through New Jersey-based **Kashiv BioSciences**, another company recently acquired by the Patel family.

The **$1.1 billion Kashiv acquisition** strengthens Amneal's capabilities in biosimilars, biologics, complex injectables and advanced drug-delivery systems. Much of this biosimilar development effort is centered in New Jersey, where Amneal continues to expand its research, development and commercialization capabilities – but the Patels have hardly forgotten about their Long Island base.

Men on a mission: Chintu (left) and Chirag Patel have always kept their main goal — affordable medications — in sight.

In 2025, Amneal **announced a partnership** with Connecticut-based **ApiJect Systems** to establish advanced drug-device manufacturing capabilities at the Yaphank campus. Combining the latest in pharma manufacturing and medical-device innovation, the project will manufacture sophisticated prefilled injectable delivery systems by leveraging ApiJect's cutting-edge **Blow-Fill-Seal technology**.

Amneal says the collaboration will create **approximately 200 additional jobs** and significantly expand Long Island's role in advanced healthcare manufacturing. But for Long Island's life-sciences community, the significance of this effort extends well beyond a single company.

In a region often associated with research laboratories and corporate headquarters, Amneal has demonstrated that large-scale pharmaceutical manufacturing can also thrive on Long Island. The progressive company, now a **$3 billion global distributor**, shows clearly how innovations in manufacturing and workforce development can work together to create economic opportunity while addressing important socioeconomic challenges – and that lowering healthcare costs can go hand-in-hand with creating high-quality jobs.

Tom Mariner is the executive director of Bayport-based ***Long Island Bio***.

Will they ever own a home? Long Island renters fear the 'American Dream' is out of reach

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By Brianne Ledda and Jonathan LaMantiabrianne.ledda@newsday.com,jonathan.lamantia@newsday.com@brianne_ledda,Updated June 17, 2026 9:34 am

Share

Richard Lefebvre, 37, has rented the same one-bedroom bungalow in Mastic Beach for the past 15 years.

Since then, he estimates he's paid more than $200,000 toward rent. But now that he's ready to own, homeownership feels farther away than ever.

Before the pandemic, he considered buying a house in the hamlet and felt confident he could handle a mortgage payment of about $1,900 a month. He ultimately stopped looking because he thought prices were too high.

Now, as home prices and mortgage rates have climbed, he said he can't afford a monthly payment that could approach $3,500 on his $29-an-hour salary as a school bus driver.

WHAT NEWSDAY FOUND

- **Long Island renters** face significant challenges in achieving homeownership due to rising home prices, elevated mortgage rates, and limited housing inventory.
- **The gap between** homeowners and renters is widening, with homeowners benefiting from building equity and rising property values, while renters miss out on these financial gains.
- **Despite the challenges**, many Long Islanders still aspire to homeownership for financial security and stability — although some are considering relocating to more affordable areas.

Lefebvre, who spent time in foster care as a teenager and moved into his own apartment at 21, said homeownership remains a milestone he hopes to achieve. But he increasingly finds himself weighing whether to remain a renter or leave Long Island altogether for a lower-cost area.

“I’m already committed to the fact that I’m going to be working for the rest of my life,” he said. “If I don’t own a home, if I don’t own something that increases in value, I will never be able to retire.”

Across Long Island, many renters find themselves in a similar position — shut out of a housing market defined by record prices, limited inventory and rising borrowing costs. The consequences extend beyond delaying a purchase: Renters also miss years of building equity that could help fund a future home purchase or retirement.

Despite those challenges, Long Islanders who spoke with Newsday said they continue to aspire to homeownership, viewing it as a source of financial security and stability. Many said they had considered pursuing that dream elsewhere but remained tied to Long Island by jobs, businesses and family.

“The lure of suburban homeownership remains as powerful as ever,” said Larry Levy, executive dean of the National Center for Suburban Studies at Hofstra University. “How else do you explain the willingness of more and more people to go deeper and deeper in debt to realize their suburban dream?”

Millennials and Gen Z see a tougher path to homeownership

Fewer renters now believe they will ever own a home.

Renters gave themselves an average 34.7% chance that they will own their primary residence at some point in the future, according to a national survey conducted by the Federal Reserve Bank of New York in February. That's down from 55.9% a decade earlier — despite little change during that time in renters' preference to buy a house.

Nicole Hinds, 37, works two jobs but said buying a home in Nassau County still feels out of reach while she rents a one-bedroom apartment in Jamaica, Queens, for $1,580 a month. By day, she works remotely as a workers' compensation examiner and at night as a gate agent at Kennedy Airport.

Nicole Hinds commutes through the AirTrain station at Jamaica on June 6. Despite working two jobs, Hinds said she has struggled to find a Long Island home she can afford. Credit: Newsday/J. Conrad Williams Jr.

Hinds said she has struggled to find a house where her mortgage payment would be no more than $3,500 in areas such as Hempstead or Uniondale that will keep her commute to the airport manageable.

"I feel like for now I'm going to be renting a little bit more long term until I find something within my budget or get a third job and make more money," she said. "But then when am I going to have time to enjoy my life?"

First-time homebuyers are older than ever. The typical first-time buyer was 40 in 2025, up from 29 in 1981, according to the National Association of Realtors. The share of first-time home buyers as a percentage of all buyers has also plummeted to a record low of 21% in 2025, NAR reported.

Delaying that milestone defies the traditional narrative surrounding homeownership.

"You go to school, you get a good job, you rent for a little bit, you save money, you buy a house," said Shaan Khan, president of the Long Island Board of Realtors. "But that's not the dynamic nowadays."

Long Island renters face a perfect storm of rising home prices, elevated mortgage rates and higher property tax and insurance costs, said Pilar Moya-Mancera, executive director of Housing Help in Greenlawn. Many are also struggling to save while paying high rents and balancing student loan debt.

Plus, for those looking to buy, Long Island remains one of the strongest seller's markets in the country, with less than half the number of homes on the market as there were pre-pandemic. The number of houses for sale reached its lowest point in more than a decade in February, according to OneKey MLS.

"The American Dream is just not available to millennials and Gen Z as it was available for Gen Xers like me or boomers," Moya-Mancera said.

At 42, Tia Powell is among those millennials who still wants their own home. Powell, a clothing store manager, has improved her credit and debt-to-income ratio over the past few years, but still isn't sure when she will qualify for a mortgage and find a home priced under $600,000.

Owning a home would give her more control over her living situation, she said.

Powell has moved between apartments over the past 15 years in Greenlawn, Glen Cove and Central Islip, where she now rents a two-bedroom townhouse with her daughter, 21, for $3,330 a month.

"I want the security," Powell said. "When you rent something, the landlord can easily sell it or can say it's time for you to go."

She hopes to one day have a house with a large backyard to host friends and family for movie nights or karaoke without having to worry about guests cramped in an apartment.

"I could do what I want — paint a wall or put up a deck," she said. "I want to have roots somewhere."

‘I should have bought something years ago’

Kristen Williams, 45, would leave Long Island if her elderly mother, 76, wasn’t still here. The lifelong renter said she’s had to deal with unpredictable rent increases, neglectful landlords and rentals being put up for sale while she was living there.

“I should have bought something years ago,” she said, estimating she’s paid more than $100,000 in rent over the years.

For many Americans, a home is their largest source of wealth, said Shannon Affholter, professor and co-chair of the real estate department at the University of Washington.

Nationally, the average homeowner has a net worth 43 times that of the average renter, according to NAR.

The gap can compound over time as homeowners build equity and benefit from rising property values while renters miss out on those gains.

"You’re not going to be able to accumulate wealth,” Affholter said. “That’s going to create a gap between those who have and those who have not, even more so over time.”

Soaring home prices have also widened wealth disparities. A study published in 2024 by University of Michigan professor Joe LaBriola found that rising home values accounted for 70% of the widening wealth gap between white and Black households between 1984 and 2021.

The homeownership gap between white and non-white households is smaller on Long Island than nationally. But in a region where homeownership rates are among the highest in the country, the divide between owners and renters may be especially pronounced, LaBriola said.

“You have such a high percentage of households benefitting from rising house prices, and renters are falling behind,” he said.

Renting doesn’t have to doom a person’s ability to save for the future, said David Frisch, a certified financial planner and CEO of Frisch Financial Group in Melville. But renters need the discipline to invest money they aren’t spending on property taxes, insurance and maintenance. That’s key to narrowing the gap with homeowners, who benefit from both appreciation and tax deductions.

“Trying to equalize through savings will help bridge the gap,” he said.

Raising a family as a renter

Megan Dell’Orto and her family have moved 11 times since 2012 as they search for affordable rental housing that meets their needs on Long Island. Credit: Megan Dell'Orto

In interviews, Long Island tenants described a rental market that feels increasingly hostile to families as parents struggle to find apartments that meet their needs.

Megan Dell’Orto, 36, and her husband are moving to a three-bedroom to give their 2-year-old daughter her own room. The new place costs $3,500 per month, which pushes the limits of their budget, but they took it because utilities are included.

It’s the family’s 11th apartment since 2012, and the rental market has become both more competitive and more expensive. Finding apartments they can afford with enough space for the young family, a private backyard with a fence, and landlords who allow pets has been challenging, she said.

“We always try to save, but life happens,” she said.

Families like Dell’Orto’s are navigating a rental market where larger units remain scarce and expensive. The average asking rent for an apartment on Long Island was $3,051 as of June 5, according to CoStar, an Arlington, Virginia-based provider of real estate data.

Rental costs are driven by an imbalance between the demand for living on Long Island and too few apartments available for rent, said Kyle Strober, executive director of the developers’ group Association for a Better Long Island.

The Island's rental vacancy rate was 4.6% in early June, according to CoStar.

Property taxes, insurance and operating costs contribute to higher rents, Strober said.

"Until we start getting proactive in creating more units at a higher rate than what we're doing right now, Long Island will remain difficult to afford for the hardworking middle class," he said.

Parents often use school districts as a guide when choosing where to rent.

Micheline Swicicki and her daughter relocated to Huntington Station last year after the death of her husband. Swicicki said access to a school district she liked helped determine where they rented. Credit: Micheline Swicicki

Micheline Swicicki, 48, moved to Huntington Station last summer with her daughter to be near family after her husband died in 2024. She rents a house that's bigger than what she needs, but it's in a school district that she likes and includes a fenced in yard for her German shepherd.

Her eight-year-old daughter is now thriving at school and, for Swicicki, keeping her there is the priority.

"She's already, in her eight years, already gone through so much heartache, that if I can make this any easier and if I have to pay a little bit more, that's what I do," she said.

'Suburbs need to evolve'

On Long Island, decades of policies that limited housing construction, particularly rental housing, have contributed to today's affordability crisis, said Moses Gates, vice president of housing and neighborhood planning at the Regional Plan Association, a non-profit civic group that researches policies to benefit the New York metropolitan area.

The region needs a wider variety of housing options, including transit-oriented development, he said, pointing to Patchogue as an example of a downtown with apartments in walking distance of the Long Island Railroad and single-family neighborhoods.

"On Long Island, we have to acknowledge that the suburbs need to evolve. There is not enough housing," said state assemblywoman Michaelle Solages, who represents western Nassau and has advocated for pro-housing policies.

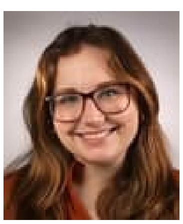
To be a place that attracts young professionals, Long Island needs to get creative about building more housing that fits the suburban lifestyle, she said.

The middle class is being squeezed out, Solages said, and "the biggest thing that I hear about is the cost of housing."

Lefebvre believes if he stays in his Mastic Beach bungalow rental, his financial future is in jeopardy.

He's still not sure where he'll go next, but he's determined to make his current rental his last.

"Wherever I land, I'm not renting. I'm moving to own," he said. "It's becoming more of a reality every day. That is the next big leap of faith in my life."



By Brianne Ledda

brianne.ledda@newsday.com,jonathan.lamantia@newsday.com@brianne_ledda,

Brianne Ledda covers personal finance and affordability for Newsday. She previously covered Southold and Greenport for The Suffolk Times and is a graduate of Stony Brook University.

Added costs may threaten proposed Shoreham battery project, developer says

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An aerial view of the Shoreham Nuclear Power plant, looking west. Credit: Newsday File Photo

By Mark Harringtonmark.harrington@newsday.comMHarringtonNewsUpdated June 30, 2026 3:24 pm

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The cost to connect a proposed utility-scale battery to the Long Island electric grid at the former Shoreham nuclear power plant site could be as high as $27 million, a figure that could render the LIPA-awarded project "financially unfeasible," according to correspondence from the project's developer shown to Newsday.

The connection-cost estimate is in a draft report by a state electric grid operator that is expected to complete its analysis in the fall. The developer in the correspondence said its budget for the project is $86 million, and it has applied to receive more than $6 million from the Brookhaven Industrial Development Agency to defray certain costs through tax exemptions, according to town records.

The overall contract value is listed at a total of $174.5 million for the 50-megawatt battery. At the time it was announced, LIPA said the project would cost average customers 11 cents a month over the 20-year term of the contract, but didn't release the full contract value. (The State Comptroller's page, however, says the contract ends in 2055.)

The project by developer Key Capture Energy at Shoreham is one of two awarded by LIPA in 2024, to help stabilize the grid with batteries as part of Gov. Kathy Hochul's green-energy vision. The facility would be on a site at the old Shoreham nuclear power plant and would power up during low demand times, when power is cheapest, and sell it back to LIPA during high-demand times.

KCE will pay LIPA zero dollars to lease a LIPA-owned parcel at the former Shoreham nuclear plant site, for a term that ends in 2061, according to state documents. KCE declined to comment on the free lease arrangement with LIPA.

In a May 18 letter from KCE’s lawyers to the Brookhaven Industrial Development Agency, which awarded certain tax breaks to the project, Key Capture said it had recently been advised by LIPA that the cost to link the battery to the Long Island grid could be anywhere from zero to $27 million, "adding significant cost uncertainty to the expected $86 million budget" for the project.

KCE in the letter from its outside attorney at the firm Harris Beach Murtha told the Brookhaven IDA that its estimate for a final projected cost for the battery plant "may need to be materially amended and/or the project may be rendered financially infeasible."

The finding came about as part of a normal interconnection study required for the project by the New York Independent System Operator, which manages the state grid.

LIPA declined to comment on the interconnection cost increase, saying the figures were part of a draft report on the project. KCE spokesman Chris Linsmayer said KCE "can't comment on the potential interconnection cost right now" because the numbers are based on a draft report "that could change substantially in the months ahead."

The Brookhaven IDA last year passed a resolution that granted KCE certain exemptions from sales and use taxes totaling up to $6.4 million. It’s unclear if the IDA is being asked to potentially increase its award because of the cost. An IDA representative didn’t immediately respond to a request for comment.

KCE is seeking an extension of its IDA grant award through year end as it awaits further information from LIPA and the NYISO.

A second Key-Capture battery awarded by LIPA in Hauppauge would have a 79-megawatt storage capacity, and cost ratepayers $280.23 million over its 30-year life span, according to the state's page. LIPA said the 20-year contract for the Hauppauge battery would cost ratepayers 19 cents a month.

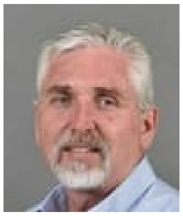
The proposed Hauppauge facility faces opposition from groups including the Hauppauge Fire District, which has expressed concern that the facility is too close to homes, schools and major roadways in the event of a fire. The state says newly approved facilities under a recently enacted state fire-safety code for batteries make the facilities considerably safer than in the past. Islip, like most other Long Island towns, has a moratorium on battery storage plants.

The two battery contracts were announced as part of LIPA's plan to help stabilize the grid and eventually, wean itself off fossil-fuel power plants over the next 20 years. But the larger state plan that has been set back by Trump administration attacks on green energy, which has frozen new wind-power development and curtailed even solar power. Batteries can play a part by stabilizing the grid with available power when it's needed most, while reducing the need for smaller plants known as peakers.

But battery projects have run into considerable local resistance on Long Island, particularly over concerns about fires at the primarily lithium-ion plants. After a fire at the NextEra-National Grid-owned plant in East Hampton, the Suffolk County Water Authority last month filed a federal lawsuit against the developers and battery maker, alleging soot-laden water at the site of the fire contaminated four vital drinking water wells with a soup of toxic forever chemicals.

The plume has already led to the shutdown of two SCWA wells, while two others are on partial service, while residents with private wells have seen levels of forever chemicals at more than 1,000 parts per billion, well above safe-drinking water standards. Suffolk County is testing to see if the toxins have impacted the larger aquifer in the area.

New York State has been finalizing a review of dozens of battery projects across the state, including 11 proposed in Suffolk, as part of a bulk energy storage award. Final awards are expected to be announced in the fall.



By Mark Harrington

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Mark Harrington, a Newsday reporter since 1999, covers energy, wineries, Indian affairs and fisheries.

S&P 500	7,472.79	-27.79
DOW	51,712.71	+148.01
NASDAQ	26,166.60	-351.33

STOCKS MIXED AS OIL, BIG TECH FALL

U.S. stocks drifted through a mixed day of trading on Monday after oil prices eased and falling Big Tech stocks weighed on Wall Street.

The S&P 500 slipped 0.4%, coming off its 11th winning week in the last 12, and pulled 1.8% below its record high set in early June. The Dow Jones Industrial Average added 0.3%. The Nasdaq composite slumped 1.3%.

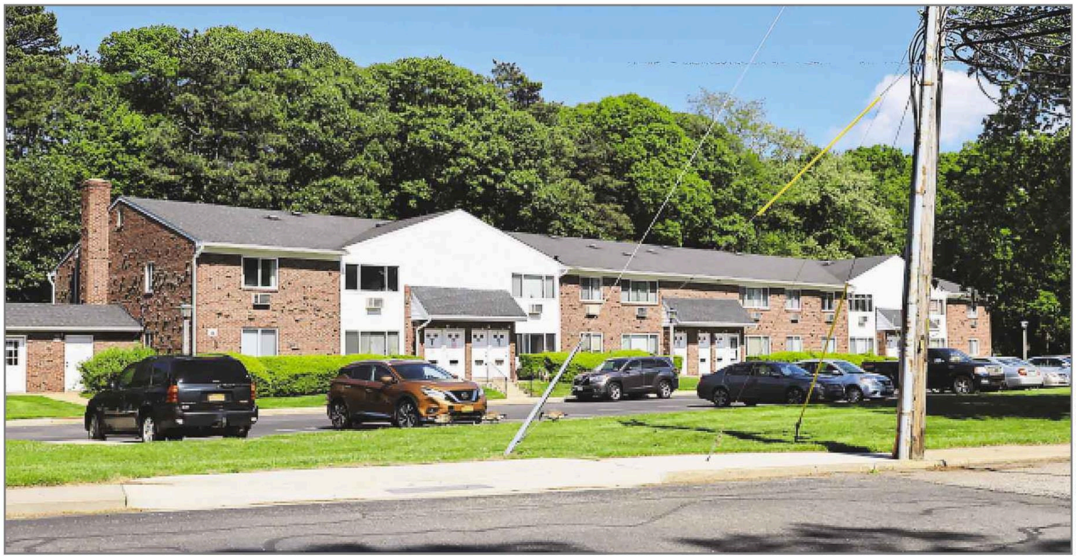
Oil prices fell following weekend peace talks between the United States and Iran. The price for a barrel of Brent crude oil fell 3.2% to $77.52 on Monday, closer to its roughly $70 price from before the war.

Lower oil prices, though, did not pull down Treasury yields in the bond market. Yields have risen because of speculation the Federal Reserve may hike interest rates to keep a lid on inflation, which has accelerated because of expensive oil caused by the Iran war. Economists expect a report on Thursday to show a measure of inflation for U.S. consumers rose to 4.1% in May from 3.8% in April.

The yield on the 10-year Treasury climbed to 4.50% from 4.46% late Thursday and from just 3.97% before the war. High bond yields caused by worries about inflation are threatening to slow economies.

On Wall Street, SpaceX fell 16.4% to $154.60 — the stock's third straight drop. It was initally priced at $135 per share for its June 12 debut and two trading days later rose as high as $225.64.

The day's heaviest weights included drops of 5% for Alphabet, 4.7% for Amazon and 4.5% for Broadcom. *— AP*



NEWSDAY / THOMAS A. FERRARA

The Town of Brookhaven IDA voted to sharply reduce taxes for the L+M Companies, which is buying the Brookwood apartments, above.

A pledge to seniors

Developer vows to keep residents in apartments in return for tax breaks

BY CELIA YOUNG
celia.young@newsday.com

A New York housing developer won significant property tax breaks to buy hundreds of senior apartments in Lake Ronkonkoma for more than $125 million — and has pledged to keep the units affordable.

The Brookhaven Industrial Development Agency on Wednesday agreed to cut property taxes by about half for L+M Companies on the condition the developer keeps the 336 apartments at 1507 Round Pond Rd. affordable for the next 30 years, according to L+M's IDA application.

The apartments, spread across several buildings on a quiet cul-de-sac, are rented to seniors 62 or older who pay 30% of their income toward rent, according to L+M's application. The federal government makes up the rest of the bill through the Section 8 program.

The property is the largest affordable senior housing complex in the Town of Brookhaven, according to a 2023 report on housing prepared for the IDA.

Last month, representatives for L+M told the IDA that if it were awarded tax benefits, it would spend $14.6 million on renovations and keep the units affordable by extending the property's contract with the U.S. Department of Housing and Urban Development, which oversees the Section 8 program. That contract expires in September 2027, according to HUD.

Unanimous approval

The IDA unanimously approved the reduction. Lisa Mulligan, CEO of the IDA, did not respond to questions about the final tax cut, but L+M had proposed a reduction from $862,000 to a base of about $457,000, with payments rising steadily over 30 years, according to a cost-benefit analysis prepared for L+M.

L+M would make payments over a 20-year agreement with the IDA, which would be renewed for another 10 years if the Section 8 contract is also extended, IDA Chairman Fred Braun said Wednesday.

L+M also requested up to $766,500 in sales tax exemptions for renovation work and up to $794,250 in mortgage recording tax exemptions. Mulligan did not respond to questions about whether those tax breaks were approved.

The approval came with little commentary from the IDA, and no residents spoke at a public hearing Wednesday morning. IDA board member Mitchell Pally said he supported the tax benefits, though he was concerned that local municipalities would collect fewer tax dollars.

"The concept is fantastic. The need is undeniable," Pally said at the hearing. "I'm not thrilled that the amount of taxes" that will be paid "are less than the amount paid now."

The current owner, Brookwood Ronkonkoma LLC, pays about $862,000 to local municipalities, including about $562,000 to the Sachem Central School District, according to the cost-benefit analysis. A district representative did not respond to requests for comment.

Brookhaven Town Supervisor Dan Panico said in an emailed statement the IDA believed the subsidy would "allow seniors on lower fixed incomes to remain" at the complex.

It's unclear when L+M would sign a contract to buy the property. A representative for the developer did not respond to multiple requests for comment.

L+M owns more than 30,000 apartments in the United States, mostly in New York State, according to the data company CoStar. At the May 27 IDA meeting, L+M partner Amanda Ryzowy said L+M would manage the property itself, rather than hiring a third-party property management service. L+M uses property management subsidiary C+C Apartment Management, according to L+M's website.

Tenants seek fixes

Residents previously told Newsday the buildings need repairs. Ashley Viruet, the deputy director of the tenant rights coalition at Legal Services NYC's Manhattan office, said tenants could write a letter to introduce themselves to the new owners, if the sale closes, outlining repairs and other work needed at the building.

Tenants can also contact HUD and CGI, a private contractor that manages certain Section 8 properties in New York, for help, Viruet added.

"There is strength in numbers," Viruet said. "Introducing yourself and trying to create an open dialogue is definitely the most important starting point."

Rentals available at 55-and-over Villas at Oak Run in Middle Island starting at $1,595 through lottery

Listen • 5:05Automated narration. Learn more

Multiple rentals at 55-and-over development The Villas at Oak Run, which is under construction, are available via a lottery. Credit: Newsday/Thomas A. Ferrara

By Jonathan LaMantiajonathan.lamantia@newsday.com@jonlamantiaJune 19, 2026 5:00 am

Share

Long Island renters can apply for 16 town houses available at reduced rents through a housing lottery to live in a new 55-and-over community in Middle Island.

The Villas at Oak Run will open to tenants next month. Two-bedroom townhomes available through the lottery start at $1,595 a month — a discount from the standard $3,675.

The apartments at the 74-unit development are the latest offered at below-market rates in exchange for municipal tax incentives — which in this case were provided by the Town of Brookhaven Industrial Development Agency to developer The Crest Group. But Newsday previously reported these opportunities often receive hundreds of applications for just a few spots, reflecting the intense demand for affordable rentals.

"That's very appealing, especially to people on a fixed income," said Gail Lynch-Bailey, president of the Middle Island Civic Association, said of the below-$1,600 rents.

WHAT NEWSDAY FOUND

- **Applications are open** for 16 senior rental units available at discounted rents in Middle Island through July 6 as part of a housing lottery.
- **The Villas at Oak Run**, a 74-unit development, will open next month and offers single-story, two-bedroom rental houses with private garages.
- **The Crest Group**, the project's developer, also is building a Starbucks near the community's entrance on Middle Country Road.

Lynch-Bailey said she appreciates that the town houses offer single-story options for seniors looking to downsize.

"A lot of us have been out of the housing market for a long time, so we tend to have sticker shock," she said. "Unless you're actively looking, you're unfamiliar with how much things have gone up. These lower-end rentals would be ideal for senior citizens."

However, she said she wishes more of the units had been offered at lower price points.

Four of the 16 two-bedroom units are priced at $1,595, four are priced at $2,149 and the remaining eight cost $3,675 a month.

U.S. military veterans will receive priority in the lottery for four units.

To qualify, prospective tenants must meet income requirements. The most affordable units are available to individuals earning up to $57,550 or couples earning up to $65,750. Lottery applications are due by July 6.

Individual tenants can earn up to $138,000 and couples can earn $157,750 annually and still qualify for the $3,675 units. Those thresholds equal 120% of the area median income, as required by the Brookhaven IDA.

The priciest units are just a $50 discount off advertised prices on the developer's website.

Through a spokesman, the Brookhaven IDA declined to comment.

All the rents qualify as affordable under the federal standard that households should pay no more than 30% of their income toward housing costs, including utilities, according to the U.S. Department of Housing and Urban Development.

However, rents on these units can increase only at the rate allowed by the federal government, so tenants have greater protection against rent increases than their neighbors, said James Britz, chief operating officer at Long Island Housing Partnership, which is coordinating the lottery.

"We need all types of housing," he said. "There’s not many options for people right now who have their single-family home and may not want to do the maintenance anymore or pay the big tax bill every year."

Long development process

In 2022, Crest Group got involved in the project, taking over a process first initiated by developer Mark Baisch, said Marco Scarda, the company's director of business development.

Crest Group is separately developing a Starbucks near the entrance to Villas at Oak Run in a long-shuttered bank building.

It’s Crest Group’s latest 55-and-over community in Suffolk County, following projects in East Setauket and Port Jefferson Station.

The $35 million Villas at Oak Run community is on 23 wooded acres, with the homes on 11 acres and the rest preserved. Amenities include in-unit washers and dryers, private one-car garages, a clubhouse, walking trails and pickleball courts.

Crest Group received a $934,000 sales tax exemption and a $179,000 mortgage-recording tax exemption from the Brookhaven IDA toward the project. It also agreed to a 20-year payment in lieu of taxes, saving the company an estimated $3.2 million, compared with estimated taxes on the property if the deal had not been authorized.

However, if the project did not proceed, the previous owner would have been paid significantly less in taxes on the land.

The lower rents offered in the lottery are feasible only because of the tax incentives, Scarda said.

"Without tax incentive programs, a lot of these projects would not come to fruition," he said. "If people are upset about where rent is at the moment, if there’s a supply constraint even further, it would only get worse."

More information on applications is online at lihp.org/project/villas-at-oak-run.

By Jonathan LaMantia

jonathan.lamantia@newsday.com@jonlamantia

Jonathan LaMantia covers residential real estate and other business news on Long Island. He previously covered the business of health care for Crain's New York Business.

Large data center proposed for Yaphank in existing warehouse complex off LIE

Listen • 8:03Automated narration. Learn more

Watch Now • 2:03

'These developers always come in with these carrots that they like to dangle'

Brookhaven Town Supervisor Dan Panico told Newsday the town has yet to receive an application for the facility. NewsdayTV's Virginia Huie has more. Credit: Newsday/Drew Singh with Virginia Huie

By Mark Harringtonmark.harrington@newsday.comMHarringtonNewsUpdated June 19, 2026 4:59 pm

Share

An expansive data center proposed for Yaphank would occupy three currently vacant warehouses, employ an innovative closed-loop cooling system to minimize water use and invest upward of $1 billion in the region, according to its owners.

The proposed Brookhaven Digital Infrastructure Facility would occupy all 549,000 square feet of recently constructed warehouse space built by owner WF Industrial, also known as Wildflower, and require no land clearing beyond what has been already done on the 71-acre site, Michael Bowden, director of development for Wildflower, said in an interview with Newsday.

The facility just beyond the north service road of the Long Island Expressway is about 1,000 feet from nearby Yaphank neighborhoods to the west, bordered by woods to the north, and faces other warehouses across the highway. It's just west and north of a large parcel of land that had been cleared for a planned Brookhaven rail terminal, which now sits vacant. The hamlet of Yaphank has about 6,000 residents.

The new plan for the Digital Infrastructure Facility is to house large amounts of computer processing, communications and data storage equipment. Bowden said the project would provide 50 full-time positions and create more than 1,000 construction jobs.

WHAT NEWSDAY FOUND

- **A center proposed for Yaphank would occupy three currentl**y vacant warehouses, employ an innovative closed-loop cooling system to minimize water use and invest upward of $1 billion in the region, according to its owners.
- **The proposed Brookhaven Digital Infrastructure Facility** would occupy all 549,000 square feet of recently constructed warehouse space built by owner WF Industrial, also known as Wildflower, the owners said.
- **The plan for the Digital Infrastructure Facility will be to house** large amounts of computer processing, communications and data storage equipment. Bowden said the project would provide 50 full-time employees and more than 1,000 construction jobs.

Outsized data center projects are sweeping the nation, bringing with them huge appetites for power, digital storage and water for cooling. They are hailed by technology giants as needed for the burgeoning artificial intelligence revolution and the need for mountains of data storage. But they also engender opposition in some local communities over concerns that they would overwhelm their utility infrastructure and potentially impact their pocketbooks.

On Long Island, the Town of Brookhaven is considering — and likely to pass — an 18-month moratorium on data centers. The Brookhaven Industrial Development Agency has warned that it would not support any new such projects, and the owners of the proposed facility are in technical default of their prior IDA tax-relief package for the warehouse for failing to meet promised employment levels at the site.

Local community groups wonder why the facility is needed at all, and question whether greater power demand could drive up costs and worsen climate impacts.

Its owners say the Wildflower project wouldbe powered by the local grid and use no more water than what was anticipated under its prior use as a trucking warehouse. They propose to put rainwater harvesting equipment on its roof to limit its municipal water use, Bowden said.

The project proposes to draw a continuous 176.6 megawatts of power from the Long Island Power Authority grid — an amount that's around half the output of the nearby Caithness power plant — when it's in service by the end of 2027 or early 2028. LIPA in the past has indicated it believes it can handle the additional load, but interconnection studies are still underway. (The Sunrise Wind project is expected to come online around the same time, bringing with it 924 megawatts of new power for the grid.)

Working with a tenant Bowden declined to identify, Wildflower wouldmake new electrical infrastructure investments, including building a new substation to connect the three facilities to a 138,000-volt transmission line nearby. It would also house diesel-based emergency backup generators on site to handle the load if LIPA power is interrupted.

"There will be no pass-down costs to LIPA/PSEG ratepayers because of this project," Bowden said. "Any infrastructure costs aligned with this project, whether a substation or something else, will be absorbed by the project."

Given the high cost of power on Long Island, why build here?

"There are very few sites on Long Island that have direct access to a transmission line with this [large] capacity," in an "already built facility that doesn't require new development," he said.

LIPA, in a statement, said it "does not anticipate reliability concerns associated with serving the proposed [new data center] load, subject to ongoing engineering review and project development milestones." Under LIPA rules, all transmission and substation infrastructure required to serve such a large-load customer is paid for by those customers, not ratepayers.

Bowden said the project is also close to New York City, has easy access to the LIE, and would "be a project that brings significance for Long Island, a place that I think needs to look at the future and figure out how to harness the opportunity."

But Brookhaven Town Supervisor Dan Panico has cast a skeptical eye on the project.

In a text Friday, he noted the town has yet to receive an application for the facility, and added, "I fully expect that the 18-month moratorium will be enacted."

In addition, Panico said it's unclear whether the warehouse zoning originally approved for the center would allow for a data center. The town is seeking a determination on the issue from its chief building inspector and town attorney.

He also raised questions about the power supply issue and said, "That's why the moratorium is the most responsible path, which I believe will be passed unanimously by the Brookhaven Town Board."

In an interview earlier this month, Lisa Mulligan, chief executive of the Brookhaven IDA, said the IDA board recently told her its members are "not interested in supporting data centers."

"The long and the short of it," Mulligan said, is that "if somebody brings me a data-center project, I'm going to say my board isn't interested in that."

Monique Fitzgerald, climate justice and campaigns director for the Long Island Progressive Coalition, an activist group, said Wildfire is "not telling us what the need is for the data center in the first place."

"The community is pretty much unified against it," she said. "We don't want it. Can you produce a reason why we need it?"

Calling the timing of the proposed moratorium "unfortunate," Bowden acknowledged the company didn't meet its required employment commitment for the warehouse, but said, "The message we want to get across to them [the IDA] is we've been hard at work in every way we can to activate this site. Through all that research and work, we've identified a data center, a digital infrastructure facility, as the highest and best use of this site."

Bowden said the company will continue educating the local community and officials and continuing to seek regulatory approvals needed for the project, including from Brookhaven, and for the LIPA interconnection. "It's more about continuing down this path toward the regulatory review process we've been in for some time," he said, noting the project is also under review by the New York Independent System operator, which manages the state grid.

"Unfortunately, there's been a lot of misinformation about this project and data centers in general, and it's important for us to identify what this project is actually providing," he said.

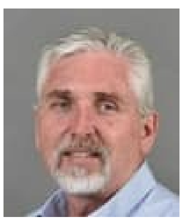
He said the facility would comply with all local noise and emissions requirements. "People have concerns about noise," he said. "An important point to make is that we're fronting on

Long Island Expressway. If you stand out front now, you're listening to trucks and people driving by all day." The company's site plan is also designed to have "much of the equipment between the buildings to mitigate any sound."

Use of the facility as a data center rather than a warehouse would result not only in a reduction of traffic and truck traffic specifically, "but less air emissions coming from trucks that are going to be coming in and out of the facility," Bowden said. Emergency generators, he said, would be designed to be "within an enclosure and in compliance with all state requirements."

He said the facility also would provide more tax revenue as a data center. "We're talking about tens of millions of dollars in annual taxes that will have a significant positive impact to the town, county, local school districts, emergency response facilities, he said, revenue that "in itself can really help spur other infrastructure projects around the town that benefit the community."

— *With Celia Young and Carl MacGowan*



By Mark Harrington

mark.harrington@newsday.comMHarringtonNews

Mark Harrington, a Newsday reporter since 1999, covers energy, wineries, Indian affairs and fisheries.

FORCHELLI DEEGAN TERRANA

JOHN P. GORDON
PARTNER
JGORDON@FORCHELLILAW.COM

July 7, 2026

Town of Brookhaven Industrial Development Agency
One Independence Hill
Farmingville, New York 11738

Attention: Ms. Lisa MG Mulligan, Chief Executive Officer

Re: The Watch Hill Hotel Group LLC
138 West Ave, Patchogue NY 11772
New Hotel Project

Dear Ms. Mulligan:

This firm represents The Watch Hill Hotel Group LLC ("Applicant") in connection with the enclosed Application for Financial Assistance from the Town of Brookhaven Industrial Development Agency (the "Agency") regarding the proposed construction of a 122-room hotel plus commercial space and amenities at 138 West Avenue in the Village of Patchogue (the "Project"). Please share this letter and the application with the IDA Chairman and the members of the Board.

Project Description

Applicant proposes to build and operate a Hilton Hotel for short-term guests and extended stay guests, with amenities including conference/meeting space facilities and a spa, both of which will contribute to the Project attracting a significant number of visitors from outside of Long Island. This plan includes a five-story 105,288 square foot rectangular-shaped building with two elevators, featuring 122 rooms on floors two through five.

The approximately 2-acre Project site offers views of the Patchogue River, and it is immediately adjacent to the Fire Island Ferry, a major mode of transportation to the Watch Hill area and Fire Island National Seashore. Additionally, the site is one walking-block to the Patchogue LIRR Station. The bowling alley which formerly occupied the Project site has been demolished.

Potential amenities are expected to include conference/meeting space, event space, rooftop restaurant, lobby bar, café, fitness room and spa. There will be a total of 119 parking spaces, including 12 land-banked spaces.

The Project has received site plan approval from the Village of Patchogue. Applicant projects an opening date of 24 months from start of construction.

Applicant intends to hire a third-party hotel manager.

Project Benefits

The Project is expected to create a minimum of 13 permanent FTE jobs, and 50 temporary construction jobs. In addition, the hotel occupancy tax from operations, increased revenue over the course of the requested PILOT and at full taxes will significantly increase municipal revenue over and above the current revenue.

In addition, the Project will generate economic activity for the local economy through its guests. As a high-quality hotel with amenities, the Project will attract visitors from outside of the economic development region, who will spend money at neighboring businesses.

Need for Financial Assistance

With the high cost of construction and the high amount and volatility of real estate taxes in Suffolk County, this Project could not be completed without the financial assistance requested.

Financial Assistance Requested/ Anticipated Benefits

Applicant requests the following assistance from the Agency:

1. Twenty (20) year PILOT schedule to phase in the increased assessment attributable to the construction of the Project Facility.

2. Sales tax exemption for costs of constructing and equipping the Project Facility.

3. Partial mortgage recording tax exemption for Project financing.

We greatly appreciate your consideration of the foregoing and we look forward to meeting with the IDA Board to present our application and move this Project forward.

Sincerely,

FORCHELLI DEEGAN TERRANA LLP

By: John P. Gordon
JOHN P. GORDON

cc: Andrew D. Komaromi, Esq.

FORM APPLICATION FOR FINANCIAL ASSISTANCE
TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY
1 Independence Hill, 2nd Floor, Farmingville, New York 11738
631 406-4244

DATE: July 7, 2026

APPLICATION OF: The Watch Hill Hotel Group LLC
Name of Owner and/or User of Proposed Project

ADDRESS: 308 Malcolm X Blvd
Brooklyn, NY 11233

Type of Application: ☐ Tax-Exempt Bond ☐ Taxable Bond

☑ Straight Lease ☐ Refunding Bond

Please respond to all items either by filling in blanks, by attachment (by marking space "see attachment number 1", etc.) or by N.A., where not applicable. Application must be filed in two copies. A non-refundable application fee is required at the time of submission of this application to the Agency. The non-refundable application fee is $3,000 for applications under $5 million and $4,000 for applications of $5 million or more, and should be made payable to the Town of Brookhaven Industrial Development Agency.

Transaction Counsel to the Agency may require a retainer which will be applied to fees incurred and actual out-of-pocket disbursements made during the inducement and negotiation processes and will be reflected on their final statement at closing.

Information provided herein will not be made public by the Agency prior to the passage of an official Inducement Resolution but may be subject to disclosure under the New York State Freedom of Information Law.

Prior to submitting a completed final application, please arrange to meet with the Agency's staff to review your draft application. Incomplete applications will not be considered. The Board reserves the right to require that the applicant pay for the preparation of a Cost Benefit Analysis, and the right to approve the company completing the analysis.

PLEASE NOTE: It is the policy of the Brookhaven IDA to encourage the use of local general contractors and labor and the payment of the area standard wage during construction on the project.

IDA benefits may not be conferred upon the Company until the Lease and Project Agreement have been executed.

INDEX

Part I: Owner & User Data

1. Owner Data:

A. Owner (Applicant for assistance): The Watch Hill Hotel Group LLC

Address: 308 Malcolm X Blvd

Brooklyn, NY 11233

Federal Employer ID #: [redacted] Website: N/A

NAICS Code: 721110

Owner Officer Certifying Application: Yair Yaish, Member

Title of Officer: Member

Phone Number: [redacted] E-mail: [redacted]

B. Business Type:

Sole Proprietorship ☐ Partnership ☐ Limited Liability Company ☑

Privately Held ☐ Public Corporation ☐ Listed on ______

State of Incorporation/Formation: New York

C. Nature of Business:
(e.g., "manufacturer of _____ for ____ industry"; "distributor of _____"; or "real estate holding company")

Real Estate Holding Company

D. Owner Counsel:

Firm Name: Forchelli Deegan Terrana LLP

Address: 333 Earle Ovington Blvd, Suite 1010

Uniondale, New York 11553

Individual Attorney: Daniel P. Deegan

Phone Number: 516-248-1700 E-mail: DDeegan@ForchelliLaw.com

E. Principal Stockholders, Members or Partners, if any, of the Owner:

Name	Percent Owned
Yair Yaish, Member	95%
Heddy Weisz	5%

Please attach to this Application as **Schedule F** an Organization Chart of Applicant.

F. Has the Owner, or any subsidiary or aff[redacted]e Owner, or any stockholder, partner, member, officer, director, or other entity with which any of these individuals is or has been associated with:

i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? (If yes, please explain)

No

ii. been convicted of a felony, or misdemeanor, or criminal offense (other than a motor vehicle violation)? (If yes, please explain)

No

G. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the Owner, list all other organizations which are related to the Owner by virtue of such persons having more than a 50% interest in such organizations.

N/A

H. Is the Owner related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

No

I. List parent corporation, sister corporations and subsidiaries:

N/A

J. Has the Owner (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this project is located, whether by this agency or another issuer? (Municipality herein means city, town, or village, or if the project is not in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full:

No

K. List major bank references of the Owner:

Chase Bank

2. User Data

(for co-applicants for assistance or where a landlord/tenant relationship will exist between the owner and the user)

A. User (together with the Owner, the "Applicant"): N/A

Address: ______________________

Federal Employer ID #: ____________ Website: ____________

NAICS Code: ____________

User Officer Certifying Application: ____________

Title of Officer: ____________

Phone Number: ____________ E-mail: ____________

B. Business Type:

Sole Proprietorship ☐ Partnership ☐ Privately Held ☐

Public Corporation ☐ Listed on ____________

State of Incorporation/Formation: ____________

C. Nature of Business:
(e.g., "manufacturer of _____ for ____ industry"; "distributor of _____"; or "real estate holding company")

D. Are the User and the Owner Related Entities? Yes ☐ No ☐

i. If yes, the remainder of the questions in this Part I, Section 2 (with the exception of "F" below) need not be answered if answered for the Owner.

ii. If no, please complete all questions below.

E. User's Counsel:

Firm Name: ______________________

Address: ______________________

____

Individual Attorney: ______________________

Phone Number: ______________________ E-mail: ______________________

F. Principal Stockholders or Partners, if any:

Name	Percent Owned
______________________	______________________
______________________	______________________
______________________	______________________

G. Has the User, or any subsidiary or affiliate of the User, or any stockholder, partner, officer, director, or other entity with which any of these individuals is or has been associated with:

i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? (If yes, please explain)

____

____

ii. been convicted of a felony or criminal offense (other than a motor vehicle violation)? (If yes, please explain)

____

____

H. If any of the above persons (see "F", above) or a group of them, owns more than 50% interest in the User, list all other organizations which are related to the User by virtue of such persons having more than a 50% interest in such organizations.

____

____

I. Is the User related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

____

____

J. List parent corporation, sister corporations and subsidiaries:

____

____

K. Has the User (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this project is located, whether by this agency or another issuer? (Municipality herein means city, town, or village, or if the project is not in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full:

____

____

L. List major bank references of the User:

____

____

Part II – Operation at Current Location

(if the Owner and the User are unrelated entities, answer separately for each)

1. Current Location Address: 138 West Ave, Patchogue NY 11772

2. Owned or Leased: Owned by affiliate West Ave Partners, LLC

3. Describe your present location (acreage, square footage, number buildings, number of floors, etc.):
   This was a vacant bowling alley, a 30,000 single story building sitting on 2.19 acres. It has since been demolished.

4. Type of operation (manufacturing, wholesale, distribution, retail, etc.) and products and/or services:
   Vacant former bowling alley.

5. Are other facilities or related companies of the Applicant located within the State?
   Yes ☐ No ☑

   A. If yes, list the Address:

6. Will the completion of the project result in the removal of any facility or facilities of the Applicant from one area of the state to another OR in the abandonment of any facility or facilities of the Applicant located within the State? Yes ☐ No ☑

   A. If no, explain how current facilities will be utilized: N/A - no current activity at site

   B. If yes, please indicate whether the project is reasonably necessary for the Applicant to maintain its competitive position in its industry or remain in the State and explain in full:

7. Has the Applicant actively considered sites in another state? Yes ☐ No ☑

   A. If yes, please list states considered and explain:

8. Is the requested financial assistance reasonably necessary to prevent the Applicant from moving out of New York State? Yes ☐ No ☑
   A. Please explain: N/A

9. Number of full-time equivalent employees (FTE's) at current location and average salary (indicate hourly or yearly salary):

N/A

Part III – Project Data

1. Project Type:

   A. What type of transaction are you seeking? (Check one)

      Straight Lease ☑ Taxable Bonds ☐ Tax-Exempt Bonds ☐
      Equipment Lease Only ☐

   B. Type of benefit(s) the Applicant is seeking: (Check all that apply)

      Sales Tax Exemption ☑ Mortgage Recording Tax Exemption ☑
      PILOT Agreement: ☑

2. Location of project:

   A. Street Address: 138 West Ave, Patchogue NY 11772

   B. Tax Map: District 0204 Section 013.00 Block 09.00 Lot(s) 001.001

   C. Municipal Jurisdiction:

      i. Town: Brookhaven
      ii. Village: Patchogue
      iii. School District: Patchogue

   D. Acreage: 2.18

3. Project Components (check all appropriate categories):

   A. Construction of a new building ☑ Yes ☐ No
      i. Square footage: 105,288

   B. Renovations of an existing building ☐ Yes ☑ No
      i. Square footage: ______

   C. Demolition of an existing building ☑ Yes ☐ No
      i. Square footage: 33,000 (already complete)

   D. Land to be cleared or disturbed ☑ Yes ☐ No
      i. Square footage/acreage: 2.18 acres

   E. Construction of addition to an existing building ☐ Yes ☑ No
      i. Square footage of addition: ______
      ii. Total square footage upon completion: ______

   F. Acquisition of an existing building ☐ Yes ☑ No
      i. Square footage of existing building: ______

G. Installation of machinery and/or equipment ☑ Yes ☐ No

i. List principal items or categories of equipment to be acquired: ____________

furniture, fixtures and equipment for hotel

4. Current Use at Proposed Location:

A. Does the Applicant currently hold fee title to the proposed location? No

i. If no, please list the present owner of the site: West Ave Partners, LLC

B. Present use of the proposed location: ____________

Vacant land. Former bowling alley has been demolished.

C. Is the proposed location currently subject to an IDA transaction (whether through this Agency or another?) ☐ Yes ☑ No

i. If yes, explain: ____________

D. Is there a purchase contract for the site? (If yes, explain): ☐ Yes ☑ No

E. Is there an existing or proposed lease for the site? (If yes, explain): ☐ Yes ☑ No

5. Proposed Use:

A. Describe the specific operations of the Applicant or other users to be conducted at the project site: Applicant proposes to build and operate a Hilton Hotel for short-term guests and extended stay guests, with amenities.

B. Proposed product lines and market demands: ____________

Hotel leisure and business travelers.

C. If any space is to be leased to third parties, indicate the tenant(s), total square footage of the project to be leased to each tenant, and the proposed use by each tenant:

Approximately 8,160 square foot rooftop restaurant and bar and two grade-level retail spaces (1,630 square feet and 1,378 square feet respectively) may be leased to third-party operator(s) (not yet determined).

D. Need/purpose for project (e.g., why is it necessary, effect on Applicant's business):

To support the local demand for short term stay and to support the local economy.

E. Will any portion of the project be used for the making of retail sales to customers who personally visit the project location? Yes ☑ No ☐

i. If yes, what percentage of the project location will be utilized in connection with the sale of retail goods and/or services to customers who personally visit the project location? 100% will be used for hotel and extended stay guests

F. To what extent will the project utilize resource conservation, energy efficiency, green technologies, and alternative / renewable energy measures?

Project will comply with applicable requirement (See attachment 1).

G. Will the Project provide onsite child care services or otherwise facilitate new child care services? ☐ Yes ☑ No

i. If yes, please describe the nature and extent of such childcare services: ________

H. Does the Project propose the creation or provision of housing? ☐ Yes ☑ No

i. If yes, please, please fill out Part X - Representations related to Projects Providing Housing.

6. Project Work:

A. Has construction work on this project begun? If yes, complete the following:

i.	Site Clearance:	Yes ☑	No ☐	% COMPLETE 100%
ii.	Foundation:	Yes ☐	No ☑	% COMPLETE ______
iii.	Footings:	Yes ☐	No ☑	% COMPLETE ______
iv.	Steel:	Yes ☐	No ☑	% COMPLETE ______
v.	Masonry:	Yes ☐	No ☑	% COMPLETE ______
vi.	Other:	______		

B. What is the current zoning? Floating Zone, Hotel Development

C. Will the project meet zoning requirements at the proposed location?

Yes ☑ No ☐

D. If a change of zoning is required, please provide the details/status of the change of zone request: N/A

E. Have site plans been submitted to the appropriate planning department? Yes ☑ No ☐

F. Is a change of use application required? Yes ☐ No ☑

7. Project Completion Schedule:

A. What is the proposed commencement date for the acquisition and the construction/renovation/equipping of the project?

i. Acquisition: Already own

ii. Construction/Renovation/Equipping: Q3 2026

B. Provide an accurate estimate of the time schedule to complete the project and when the first use of the project is expected to occur:
Approximately 24 months from start

Part IV – Project Costs and Financing

1. Project Costs:

   A. Give an accurate estimate of costs necessary for the acquisition, construction, renovation, improvement and/or equipping of the project location:

Description	Amount
Land and/or building acquisition	$ 5,112,000
Building(s) demolition/construction	$ 32,000,000
Building renovation	$ -
Site Work	$ 1,800,000
Machinery and Equipment	$ 5,000,000 (FF&E)
Legal Fees	$ 300,000
Architectural/Engineering Fees	$ 1,000,000
Financial Charges (construction interest)	$ 2,200,000
Other (Specify)	$ -
Total	$ 47,412,000

Please provide the percentage of materials and labor that will be sourced locally (Suffolk/Nassau Counties) 70

Please note, IDA fees are based on the total project costs listed above. At the completion of your project, you are required to provide both a certificate of completion along with a cost affidavit certifying the final project costs. The IDA fees may be adjusted as a result of the certified cost affidavit. Money will not be refunded if the final project cost is less than the amount listed above. **Please initial below to confirm and acknowledge your understanding and acceptance of the foregoing.**

Initial YY

2. Method of Financing:

	Amount	Term
A. Tax-exempt bond financing:	$ ______	______ years
B. Taxable bond financing:	$ ______	______ years
C. Conventional Mortgage:	$ 44,400,000	______ years
D. SBA (504) or other governmental financing:	$ ______	______ years
E. Public Sources (include sum of all State and federal grants and tax credits):	$ ______	
F. Other loans:	$ ______	______ years
G. Owner/User equity contribution:	$ 3,012,000	______ years
Total Project Costs	$ 47,412,000	

i. What percentage of the project costs will be financed from public sector sources?

0%

3. Project Financing (please only respond if you selected "Taxable Bonds" or "Tax-Exempt Bonds" in "Part III - 1. Project Type" above:

A. Have any of the above costs been paid or incurred (including contracts of sale or purchase orders) as of the date of this application? Yes ☐ No ☐

i. If yes, provide detail on a separate sheet.

B. Are costs of working capital, moving expenses, work in progress, or stock in trade included in the proposed uses of bond proceeds? Give details:

______

______

C. Will any of the funds borrowed through the Agency be used to repay or refinance an existing mortgage or outstanding loan? Give details:

______

______

D. Has the Applicant made any arrangements for the marketing or the purchase of the bond or bonds? If so, indicate with whom:

______

______

Part V – Project Benefits

1. Mortgage Recording Tax Benefit:

   A. Mortgage Amount for exemption (include sum total of construction/permanent/bridge financing):

      $ 44,400,000

   B. Estimated Mortgage Recording Tax Exemption (product of Mortgage Amount and .75%):

      $ 333,000

2. Sales and Use Tax Benefit:

   A. Gross amount of costs for goods and services that are subject to State and local Sales and Use Tax (such amount to benefit from the Agency's exemption):

      $ 20,780,000

   B. Estimated State and local Sales and Use Tax exemption (product of 8.75% and figure above):

      $ 1,818,250

   C. If your project has a landlord/tenant (owner/user) arrangement, please provide a breakdown of the number in "B" above:

      i. Owner: $ N/A

      ii. User: $ N/A

3. Real Property Tax Benefit:

   A. Identify and describe if the project will utilize a real property tax exemption benefit other than the Agency's PILOT benefit: N/A

   B. Agency PILOT Benefit:

      i. Term of PILOT requested: 20 years (See attachment 2)

      ii. Upon acceptance of this application, the Agency staff will create a PILOT schedule and attach such information to Exhibit A hereto. Applicant hereby requests such PILOT benefit as described on Exhibit A.

*** This application will not be deemed complete and final until Exhibit A hereto has been completed. ***

Part VI – Employment Data

1. List the Applicant's and each user's present employment and estimates of (i) employment at the proposed project location, not just new employment, at the end of year one and year two following project completion and (ii) the number of residents of the Labor Market Area* ("LMA") that would fill the full-time and part-time jobs at the end of the second year following completion:

Present number of FTEs at project location **: 0   2026 (Date)   N/A (Average Annual Salary of Jobs to be Retained)

Present number of FTEs at any other location of Applicant to be transferred to the project location, in total 0; from within (i) New York State 0; (ii) the Labor Market Area* 0; and (iii) Town of Brookhaven 0.

Please describe the expected use of all other locations where Applicant conducts operations, if any, after Applicant commences operations at the proposed project location. N/A

(Also, please see Part IX – Special Representations Question #1-3).

FTEs to be Created at Project Location in First Year: 2028 (fill in year)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	**Total**
FTE													30

FTEs to be Created at Project Location in Second Year: 2029 (fill in year)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	**Total**
FTE													10

Number of Residents of LMA:
Full-Time: 38
Part-Time: ______

Cumulative Total FTEs ** at Project Location After Year 2
40

Construction Jobs to be Created: 100

*** The Labor Market Area includes the County/City/Town/Village in which the project is located as well as Nassau and Suffolk Counties.**

**** To calculate FTEs (Full-Time Equivalent Employees) please use the following example: if an organization considers 40 hours per week as full-time and there are four employees who work 10 hours each per week, the cumulative hours for those employees equal 1 FTE.**

2. Salary and Fringe Benefits:

Category of Jobs to be Created	Average Salary	Average Fringe Benefits
Salary Wage Earners	48,000	7,000
Commission Wage Earners		
Hourly Wage Earners	38,000	3,500
1099 and Contract Workers		

What is the annualized salary range of jobs to created? 32,000 to 60,000

Note: The Agency reserves the right to visit the facility to confirm that job creation numbers are being met.

Part VII – Representations, Certifications and Indemnification

1. Is the Applicant in any litigation which would have a material adverse effect on the Applicant's financial condition? (If yes, furnish details on a separate sheet)

   Yes ☐ No ☑

2. Has the Applicant or any of the management of the Applicant, the anticipated users or any of their affiliates, or any other concern with which such management has been connected, been cited for a violation of federal, state, or local laws or regulations with respect to labor practices, hazardous wastes, environmental pollution, or other operating practices? (If yes, furnish details on a separate sheet)

   Yes ☐ No ☑

3. Is there a likelihood that the Applicant would proceed with this project without the Agency's assistance? (If no, please explain why; if yes, please explain why the Agency should grant the benefits requested)

   Yes ☐ No ☑

   Project would not be financially feasible without Agency financial assistance.

4. If the Applicant is unable to obtain financial assistance from the Agency for the project, what would be the impact on the Applicant and on the municipality?

   Applicant would not proceed with the project and the municipality would lose out on a large source of revenue and loss of potential jobs created.

Original signature and initials are required. Electronic signatures and initials are not permitted.

5. The Applicant understands and agrees that in accordance with Section 858-b(2) of the General Municipal Law, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the project will be listed with the New York State Department of Labor, Community Services Division and with the administrative entity of the service delivery area created pursuant to the Job Training Partnership Act (PL 97-300) in which the project is located (collectively, the "Referral Agencies"). The Applicant also agrees that it will, except as otherwise provided by collective bargaining contracts or agreements to which they are parties, where practicable, first consider for such new employment opportunities persons eligible to participate in federal job training partnership programs who shall be referred by the Referral Agencies.

   Initial YY

6. The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any financial assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement in the Project as well as may lead to other possible enforcement actions.

   Initial YY

7. The Applicant represents and warrants that to the Applicant's knowledge neither it nor any of its affiliates, nor any of their respective partners, members, shareholders or other equity owners, and none of their respective employees, officers, directors, representatives or agents is, nor will they become a person or entity with who United States persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control (OFAC) of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List or under any statute, executive order, including the September 23, 2001, Executive Order Block Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended), or other governmental action and is not and will not assign or otherwise transfer this Agreement to, contract with or otherwise engage in any dealings or transactions or be otherwise associated with such persons or entities.

   Initial YY

8. The Applicant confirms and hereby acknowledges it has received the Agency's fee schedule attached hereto as Schedule A and agrees to pay such fees, together with any expenses incurred by the Agency, including those of Transaction Counsel, with respect to the Facility. The Applicant agrees to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees, and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the project. The IDA fees are based on the total project costs listed in this application. At the completion of the project, you are required to provide both a certificate of completion along with a cost affidavit certifying the final project costs. The IDA fees may be increased as a result of the certified cost affidavit. Monies will not be refunded if the final costs are below the amount listed in the application.

   Furthermore, Applicant shall in no event hold the Agency liable, and covenants to not sue for, monetary damages or claim any sort of monetary damages (i) for failure to perform a mandatory or discretionary obligation in connection with this Application, or any other cause of action arising from this Application or (ii) arising out of or connected with any dispute, controversy, or issue regarding the Application or interpretation or effect of the provisions of this Application.

   Initial YY

9. The Applicant hereby agrees to comply with Section 875 of the General Municipal Law. The Company further agrees that the financial assistance granted to the project by the Agency is subject to recapture pursuant to Section 875 of the Act and the Agency's Recapture and Termination Policy, attached hereto as Schedule C.

   Initial YY

10. The Applicant confirms and hereby acknowledges it has received the Agency's PILOT Policy attached hereto as Schedule D and agrees to comply with the same.

    Initial YY

11. The Company hereby authorizes the Agency, without further notice or consent, to use the Company's name, logo and photographs related to the Facility in its advertising, marketing, and communications materials. Such materials may include web pages, print ads, direct mail and various types of brochures or marketing sheets, and various media formats other than those listed (including without limitation video or audio presentations through any media form). In these materials, the Agency also has the right to publicize its involvement in the Project.

    Initial YY

12. The Applicant confirms and hereby acknowledges it has received the Agency's Application and Resolution Expiration Policy available at brookhavenida.org/application and agrees to comply with same.

    Initial YY

13. The Applicant agrees that it will abide by all federal, state, county and local laws, rules, regulations, licensing and administrative orders applicable to the within Project. The Applicant confirms and hereby acknowledges it has received the Agency's Construction Wage Policy attached hereto as

Schedule B and agrees to comply with the same. The Applicant acknowledges that if the provisions of the Agency's Construction Wage Policy are applicable to the Project, the terms of such Construction Wage Policy shall be binding on any contractor or subcontractor of any tier with respect to all Project work including, without limitation, the construction and/or renovation phase of such Project. The Applicant acknowledges that there has not been any debarment or suspension by any federal, state or local government agency or authority in the past (3) three years applicable to the Project.

Initial YY

14. The Applicant confirms and hereby acknowledges that it has received the Agency's Background Credit and Litigation Review Authorization Form attached hereto as **Schedule E** and agrees to execute and deliver the same.

Initial YY

15. The Applicant confirms and hereby acknowledges that the Agency informed the Applicant that, effective January 1, 2024, certain Construction work done under contract in connection with financial assistance from the Agency may be subject to the requirements of Section 224-a of the Labor Law of the State, including but not limited to the requirement that such Construction shall be subject to prevailing wage requirements of Section 220 and 220-b of the Labor Law of the State. In addition, such Construction work may be required by Section 224-a of the Labor Law (Section 224-a) to comply with the objectives and goals of minority and women-owned business enterprises pursuant to Article Fifteen-A of the Executive Law and service-disabled veteran-owned business pursuant to Article Seventeen-B of the Executive Law. Accordingly, the Applicant confirms that it will comply with any related provisions and requirements to be set forth in the transaction documents with the Agency concerning the Project.

Initial YY

16. The Applicant acknowledges that the Agency is subject to New York State's Freedom of Information Law (FOIL). Applicant understands that all Project information and records related to this Application are potentially subject to disclosure under FOIL subject to limited statutory exclusions.

Initial YY

17. Applicant acknowledges that the Agency is entitled to request any and all additional information from Applicant it requires in its sole discretion in connection with reviewing this Application, and unless and until such information is provided to the Agency's satisfaction, this Application will remain incomplete.

Initial YY

18. The Applicant acknowledges that the Agency is not bound by any precedent or prior course of conduct in connection with this Application (unless specifically required by applicable law) .

Initial YY

Part VIII – Submission of Materials

1. Financial statements for the last two fiscal years (unless included in the Applicant's annual report). Note, if the project company is a newly formed entity, then the applicant is required to submit financial statements for the parent company or sponsor entity.

2. Applicant's annual reports (or 10-K's if publicly held) for the two most recent fiscal years.

3. Quarterly reports (form 10-Q's) and current reports (form 8-K's) since the most recent annual report, if any.

4. In addition, please attach the financial information described in items A, B, and C of any expected guarantor of the proposed bond issue.

5. Completed Environmental Assessment Form.

6. Most recent quarterly filing of NYS Department of Labor Form 45, as well as the most recent fourth quarter filing. Please remove the employee Social Security numbers and note the full-time equivalency for part-time employees.

(Remainder of Page Intentionally Left Blank)

Part IX – Special Representations

1. The Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if financial assistance is provided for the proposed project. The Applicant hereby indicates its compliance with Section 862(1) by signing the applicable statement below. **(Please sign <u>only one</u> of the following statements a. or b. below).**

   a. The completion of the entire project will not result in the removal of an industrial or manufacturing plant of the project occupant from one are of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state.

   Representative of the Applicant: Yi Ye

   b. The completion of this entire project will result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state because the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

   Representative of the Applicant: ______________________

2. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.

   Representative of the Applicant: Yi Ye

3. In accordance with Section 862(1) of the New York General Municipal Law the Applicant understands and agrees that projects which result in the removal of an industrial or manufacturing plant of the project occupant from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the project occupant within the State is ineligible for financial assistance from the Agency, unless otherwise approved by the Agency as reasonably necessary to preserve the competitive position of the project in its respective industry or to discourage the project occupant from removing such other plant or facility to a location outside the State.

   Representative of the Applicant: Yi Ye

4. The Applicant confirms and acknowledges that the owner, occupant, or operator receiving financial assistance for the proposed project is in substantial compliance with applicable local, state, and federal tax, worker protection and environmental laws, rules, and regulations.

   Representative of the Applicant: Yi Ye

Part X – Representations related to Projects Providing Housing

NOT APPLICABLE

Applicant hereby represents that:

1. The total number of new dwelling units the Project proposes to create is: ____
2. The number of existing dwelling units the Project proposes to rehabilitate/renovate is: ___
3. The number of new dwelling units the Project proposes to provide for occupants (but not on a transient basis) by individuals who are age 55 or over is: ___________
4. The following table fairly represents the expected actual unit composition and affordability of the dwelling units at the Project: N/A

	Total Number of Units	Number of Market Rate Units and associated range of expected monthly rental rates	Total Number of AMGI Restricted Units (please also complete the table below)
Studio		___ at $____	
One-bedroom		___ at $____	
Two-bedroom		___ at $____	
Three-bedroom		___ at $____	
Four-bedroom		___ at $____	
TOTALS (#)	___	___	___

	Total number of AMGI Restricted Units at_____% and associated range of expected monthly rental rates	Total number of AMGI Restricted Units at_____% and associated range of expected monthly rental rates	Total number of AMGI Restricted Units at_____% and associated range of expected monthly rental rates	Total number of AMGI Restricted Units at_____% and associated range of expected monthly rental rates	Total number of AMGI Restricted Units at_____% and associated range of expected monthly rental rates	Total number of AMGI Restricted Units at_____% and associated range of expected monthly rental rates
Studio	___ at $_____	___ at $_____	___ at $_____	___ at $_____	___ at $_____	___ at $_____
One-bedroom	___ at $_____	___ at $_____	___ at $_____	___ at $_____	___ at $_____	___ at $_____
Two-bedroom	___ at $_____	___ at $_____	___ at $_____	___ at $_____	___ at $_____	___ at $_____
Three-bedroom	___ at $_____	___ at $_____	___ at $_____	___ at $_____	___ at $_____	___ at $_____
Four-bedroom	___ at $_____	___ at $_____	___ at $_____	___ at $_____	___ at $_____	___ at $_____
TOTALS (#)	___	___	___	___	___	___

5. Not less than 10% of the dwelling units the Project proposes to provide shall be reserved for occupancy (but not on a transient basis) as Affordable housing for residents whose income per unit based upon family size (provided that for purposes of determining the income of a unit, a unit which does not have a separate bedroom shall be deemed to have one occupant, and a unit which has one or more separate bedrooms shall be deemed to have one and one-half occupants for each separate bedroom) does not exceed 80% of AMGI for the current year (or if the AMGI shall cease to be issued, then such other index as the Agency may select) and the gross rent for such dwelling unit (as determined under 26 USCS §42 (together with the regulations promulgated thereunder, the "Tax Credit Law")) shall not exceed 30% of the annual Nassau/Suffolk AMGI for the applicable income group for such units. Not less than 10% of the dwelling units the Project proposes to provide shall be reserved for occupancy (but not on a transient basis) as Workforce housing for residents whose income per unit based upon family size (determined as above provided) does not exceed 120 % of the AMGI for the current year (or if the AMGI shall cease to be issued, then such other index as the Agency may select) and the gross rent for such dwelling unit (as determined under the Tax Credit Law) shall not exceed 30% of the annual Nassau/Suffolk AMGI for the applicable income group for such units (collectively, the "Affordability Requirements").

   Initial _________

6. Applicant hereby acknowledges Section 7(D)(j) of the Agency's Uniform Tax Exemption Policy, adopted on June 17, 2020 (the "UTEP"), and understands that should Applicant be approved for a Market Rate Housing Project, Applicant will be required to enter into a contract and/or technical assistance agreement with a local not-for-profit housing advocacy group reasonably acceptable to the Agency, to administer the Affordability Requirements (as such term is defined in section 5 above). Initial _________

7. The Project is subject to the following other affordability requirements, if any: (Please list any such requirements:

   a. ____;

   b. ____;

Applicant hereby confirms and agrees that all representations made in this Part X are true and correct

Representative of the Applicant: ________________________________

Part XI – Certification

Yair Yaish (Name of representative of entities submitting application) deposes and says that he or she is the Member (title) of The Watch Hill Hotel Group LLC, the entities named in the attached application; that he or she has read the foregoing application and knows the contents thereof; and that the same is true to his or her knowledge.

Deponent further says that s/he is duly authorized to make this certification on behalf of the entities named in the attached Application (the "Applicant") and to bind the Applicant. The grounds of deponent's belief relative to all matters in said Application which are not stated upon his/her personal knowledge are investigations which deponent has caused to be made concerning the subject matter this Application, as well as in formation acquired by deponent in the course of his/her duties in connection with said Applicant and from the books and papers of the Applicant.

As representative of the Applicant, deponent acknowledges and agrees that Applicant shall be and is responsible for all costs incurred by the Town of Brookhaven Industrial Development Agency (hereinafter referred to as the "Agency") in connection with this Application, the attendant negotiations and all matters relating to the provision of financial assistance to which this Application relates, whether or not ever carried to successful conclusion. If, for any reason whatsoever, the Applicant fails to conclude or consummate necessary negotiations or fails to act within a reasonable or specified period of time to take reasonable, proper, or requested action or withdraws, abandons, cancels or neglects the application or if the Applicant is unable to find buyers willing to purchase the total bond issue required, then upon presentation of invoice, Applicant shall pay to the Agency, its agents or assigns, all actual costs incurred with respect to the application, up to that date and time, including fees to bond or transaction counsel for the Agency and fees of general counsel for the Agency. Upon successful conclusion of the transaction contemplated herein, the Applicant shall pay to the Agency an administrative fee set by the Agency in accordance with its fee schedule in effect on the date of the foregoing application, and all other appropriate fees, which amounts are payable at closing.

The Applicant hereby subscribes and affirms under the penalties of perjury that the information provided in this Application is true, accurate and complete to the best of his or her knowledge.

The Watch Hill Hotel Group LLC

By: [signature]

Representative of Applicant

Yair Yaish, Member

Sworn to me before this 25th
Day of June, 20 26

[signature]

(seal) SHEILA H. LAKE
NOTARY PUBLIC STATE OF NEW YORK
NASSAU COUNTY
LIC. #01LA6245216
COMMISSION EXPIRES JULY 18, 2027

**** Note: If the entities named in this Application are unrelated and one individual cannot bind both entities, Parts VII, IX, X and XI of this Application <u>must be completed</u> by an individual representative for each entity ****

EXHIBIT A

Proposed PILOT Schedule

Upon acceptance of the Application and completion of the Cost Benefit Analysis, the Agency will attach the proposed PILOT Schedule to this Exhibit.

BUILD BROOKHAVEN

Lisa M. G. Mulligan, Chief Executive Officer

Town of Brookhaven Industrial Development Agency

Schedule of Fees

Application -	\$3,000 for projects with total costs under \$5 million \$4,000 for projects with total costs \$5 million and over (non-refundable)
Closing/Expansion Sale/ Transfer/Increase of Mortgage Amount/ Issuance of Refunding Bonds -	¾ of one percent up to \$25 million total project cost and an additional 1/4 of one percent on any project costs in excess of \$25 million. Projects will incur minimum charge of \$10,000 plus all fees incurred by the Agency including, but not limited to publication, legal, and risk monitoring.
Annual Administrative -	\$2,000 administrative fee plus \$500 per unrelated subtenant located in the project facility. This fee is due annually.
Termination –	Between \$1,000 and \$2,500
Refinance (excluding refunding bonds) –	1/4 of one percent of mortgage amount or \$5,000, whichever is greater.
Late PILOT Payment –	5% penalty, 1% interest compounded monthly, plus \$1,500 administrative fee per month.
PILOT extension -	a minimum of \$15,000
Processing Fee -	\$275 per hour with a minimum fee of \$275
Lease of Existing Buildings (partial or complete) -	Fee is based on contractual lease amount.

The Agency reserves the right to adjust these fees.

Updated: March 25, 2026

SCHEDULE B

CONSTRUCTION WAGE POLICY

EFFECTIVE January 1, 2005

The purpose of the Brookhaven IDA is to provide benefits that reduce costs and financial barriers to the creation and to the expansion of business and enhance the number of jobs in the Town.

The Agency has consistently sought to ensure that skilled and fair paying construction jobs be encouraged in projects funded by the issuance of IDA tax exempt bonds in large projects.

The following shall be the policy of the Town of Brookhaven IDA for application for financial assistance in the form of tax-exempt financing for projects with anticipated construction costs in excess of $5,000,000.00 per site received after January 1, 2005. Non-profit corporations and affordable housing projects are exempt from the construction wage policy.

Any applicant required to adhere to this policy shall agree to:

(1) Employ 90% of the workers for the project from within Nassau or Suffolk Counties. In the event that this condition cannot be met, the applicant shall submit to the Agency an explanation as to the reasons for its failure to comply and;

(2) Be governed by the requirements of Section 220d of Article 8 of the Labor Law of the State of New York; and when requested by the Agency, provide to the Agency a plan for an apprenticeship program;

OR

(3) Provide to the Agency a project labor agreement or alternative proposal to pay fair wages to workers at the construction site.

Furthermore, this policy may be waived, in the sole and final discretion of the Agency, in the event that the applicant demonstrates to the Agency special circumstances or economic hardship to justify a waiver to be in the best interests of the Town of Brookhaven.

Adopted: May 23, 2005

SCHEDULE C

RECAPTURE AND TERMINATION POLICY

EFFECTIVE JUNE 8, 2016

Pursuant to Sections 874(10) and (11) of Title 1 of Article 18-A of the New York State General Municipal Law (the "**Act**"), the Town of Brookhaven Industrial Development Agency (the "**Agency**") is required to adopt policies (i) for the discontinuance or suspension of any financial assistance provided by the Agency to a project or the modification of any payment in lieu of tax agreement and (ii) for the return of all or part of the financial assistance provided by the Agency to a project. This Recapture and Termination Policy was adopted pursuant to a resolution enacted by the members of the Agency on June 8, 2016.

I. Termination or Suspension of Financial Assistance

The Agency, in its sole discretion and on a case-by-case basis, may determine (but shall not be required to do so) to terminate or suspend the Financial Assistance (defined below) provided to a project upon the occurrence of an Event of Default, as such term is defined and described in the Lease Agreement entered into by the Agency and a project applicant (the "**Applicant**") or any other document entered into by such parties in connection with a project (the "**Project Documents**"). Such Events of Default may include, but shall not be limited to, the following:

1) Sale or closure of the Facility (as such term is defined in the Project Documents);
2) Failure by the Applicant to pay or cause to be paid amounts specified to be paid pursuant to the Project Documents on the dates specified therein;
3) Failure by the Applicant to create and/or maintain the FTEs as provided in the Project Documents;
4) A material violation of the terms and conditions of the Project Agreements; and
5) A material misrepresentation contained in the application for Financial Assistance, any Project Agreements or any other materials delivered pursuant to the Project Agreements.

The decision of whether to terminate or suspend Financial Assistance and the timing of such termination or suspension of Financial Assistance shall be determined by the Agency, in its sole discretion, on a case-by-case basis, and shall be subject to the notice and cure periods provided for in the Project Documents.

For the purposes of this policy, the term "**Financial Assistance**" shall mean all direct monetary benefits, tax exemptions and abatements and other financial assistance, if any, derived solely from the Agency's participation in the transaction contemplated by the Project Agreements including, but not limited to:

(i) any exemption from any applicable mortgage recording tax with respect to the Facility on mortgages granted by the Agency on the Facility at the request of the Applicant;

(ii) sales tax exemption savings realized by or for the benefit of the Applicant, including and savings realized by any agent of the Applicant pursuant to the Project Agreements in connection with the Facility; and

(iii) real property tax abatements granted under the Project Agreements.

II. Recapture of Financial Assistance

The Agency, in its sole discretion and on a case-by-case basis, may determine (but shall not be required to do so) to recapture all or part of the Financial Assistance provided to a project upon the occurrence of a Recapture Event, as such term is defined and described in the Project Documents. Such Recapture Events may include, but shall not be limited to the following:

1) Sale or closure of the Facility (as such term is defined in the Project Documents);
2) Failure by the Applicant to pay or cause to be paid amounts specified to be paid pursuant to the Project Documents on the dates specified therein;
3) Failure by the Applicant to create and/or maintain the FTEs as provided in the Project Documents;
4) A material violation of the terms and conditions of the Project Agreements; and
5) A material misrepresentation contained in the application for Financial Assistance, any Project Agreements or any other materials delivered pursuant to the Project Agreements.

The timing of the recapture of the Financial Assistance shall be determined by the Agency, in its sole discretion, on a case-by-case basis, and is subject to the notice and cure periods provided for in the Project Documents. The percentage of such Financial Assistance to be recaptured shall be determined by the provisions of the Project Documents.

All recaptured amounts of Financial Assistance shall be redistributed to the appropriate affected taxing jurisdiction, unless agreed to otherwise by any local taxing jurisdiction.

For the avoidance of doubt, the Agency may determine to terminate, suspend and/or recapture Financial Assistance in its sole discretion. Such actions may be exercised simultaneously or separately and are not mutually exclusive of one another.

III. Modification of Payment In Lieu of Tax Agreement

In the case of any Event of Default or Recapture Event, in lieu of terminating, suspending, or recapturing the Financial Assistance, the Agency may, in its sole discretion, adjust the payments in lieu of taxes due under the Project Agreements, so that the payments in lieu of taxes payable under the Project Agreements are adjusted upward retroactively and/or prospectively for each tax year until such time as the Applicant has complied with the provisions of the Project Agreements. The amount of such adjustments shall be determined by the provisions of the Project Documents.

SCHEDULE D

Agency Payment in Lieu of Taxes (PILOT) Policy

An annual fee of $2,000 (plus $500 per subtenant) will be due to the Agency in addition to the PILOT payment to cover ongoing costs incurred by the Agency on behalf of the project.

1. The Town of Brookhaven Industrial Development Agency (IDA) may grant or be utilized to obtain a partial or full real property tax abatement for a determined period. To be eligible for this abatement there would be a requirement of new construction, or renovation, and a transfer of title of the real property to the Town of Brookhaven IDA.

2. The Chief Executive Officer (CEO) or their designee shall consult with the Town Assessor to ascertain the amounts due pursuant to each PILOT Agreement. Thereafter, the PILOT payment for each project shall be billed to the current lessees. The lessees can pay the PILOT payment in full by January 31st of each year, or in two equal payments due January 31st and May 31st of each year of the PILOT Agreement. The CEO or their designee shall send all PILOT invoices to the lessees on a timely basis.

3. The Town of Brookhaven IDA shall establish a separate, interest-bearing bank account for receipt and deposit of all PILOT payments. The CEO or their designee shall be responsible for depositing and maintaining said funds with input from the Chief Financial Officer (CFO).

4. The CEO or their designee shall remit PILOT payments and penalties if any, to the respective taxing authorities in the proportionate amounts due to said authorities. These remittances shall be made within thirty (30) days of receipt of the payments to the Agency.

5. Payments in lieu of taxes which are delinquent under the agreement shall be subject to a late payment penalty of five percent (5%) of the amount due. For each month, or part thereof, that the payment in lieu of taxes is delinquent beyond the first month, interest shall on the total amount due plus a late payment penalty in the amount of one percent (1%) per month until the payment is made.

6. If a PILOT payment is not received by **January 31st** of any year or **May 31st** of the second half of the year the lessee shall be in default pursuant to the PILOT Agreement. The Agency may give the lessee notice of said default. If the payment is not received within thirty (30) days of when due, the CEO shall notify the Board, and thereafter take action as directed by the Board.

7. The CEO shall maintain records of the PILOT accounts at the Agency office.

8. Nothing herein shall be interpreted to require the Agency to collect or disburse PILOT payments for any projects which are not Agency projects.

9. Should the Applicant fail to reach employment levels as outlined in their application to the Agency, the Board reserves the right to reduce or suspend the PILOT Agreement, declare a default under the Lease or the Installment Sale Agreement, and/or convey the title back to the Applicant.

10. This policy has been adopted by the IDA Board upon recommendation of the Governance Committee and may only be amended in the same manner.

SCHEDULE E

Background, Credit and Litigation Review Authorization Form

I, Yair Yaish, Member, give consent and authorize to the Town of Brookhaven Industrial Development Agency, including its officers, directors, affiliates, agents and representatives (the "Agency") the right to contact and obtain information from all references, credit reporting companies, financial institutions, governmental agencies or departments, and other agencies regarding my creditworthiness and background and to otherwise verify the accuracy of the information that I have provided in my application or other information which I have provided to the Agency for the purpose of applying for financial assistance. In connection with my application for financial assistance with the Agency, I understand that investigative background inquiries may be requested and obtained, including credit and criminal background history information. I hereby release from liability the Agency and its agents, employees and representatives for seeking, gathering, and using such information and all other persons, corporations, or organizations for furnishing such information.

I shall cooperate with the reasonable requests made by the Agency in connection with obtaining and completing the background, credit and litigation review process referenced herein. I agree to be responsible for the cost of such background, credit and litigation review and agree to reimburse the Agency for such expenses.

This authorization shall be perpetual and shall remain in full force and effect unless revoked by me in writing to the Agency. My revocation shall not affect in any way or manner any activities of the Agency in accordance with this authorization that occur or in process on or before the date that the Agency receives my written notice of revocation of this authorization.

The Watch Hill Hotel Group, LLC

By: [signature]
Signature

June 25, 2026
Date

Yair Yaish, Member
Print Name

SCHEDULE F

Organization Chart of Applicant

Please Insert

The Watch Hill Hotel Group LLC

/ \
/ \

Yair Yaish - 95% Member

Heddy Weisz - 5% Member

Attachment 1

Part III.5.F [To what extent will the project utilize resource conservation, energy efficiency, green technologies, and alternative/renewable energy measures?]

- High-efficiency building envelope designed to meet or exceed current NYS Energy Code requirements through enhanced insulation, energy-efficient glazing, and air sealing to reduce heating and cooling demands.

- LED lighting throughout the facility, including guest rooms, public spaces, exterior lighting, and parking areas. Lighting systems will utilize occupancy sensors, daylight controls where appropriate, and other energy-saving technologies to minimize electrical consumption.

- High-efficiency HVAC systems utilizing modern energy-efficient equipment and digital building controls to optimize comfort while reducing energy usage.

- Natural gas service for building heating and domestic hot water production, providing a reliable and efficient energy source with lower emissions than many traditional fuel alternatives.

- Energy-efficient plumbing fixtures, including low-flow toilets, faucets, and showerheads, to reduce potable water consumption without compromising guest comfort.

- Connection to existing municipal water and sanitary sewer infrastructure, eliminating the need for private wells or on-site wastewater treatment systems and ensuring efficient use of existing public utilities.

- Native and low-maintenance landscaping, where practical, to reduce irrigation demands and promote long-term environmental sustainability.

- Durable, long-life building materials, including a structural steel and concrete framing system designed to provide exceptional longevity, resilience, and reduced long-term maintenance requirements.

- Environmentally responsible site improvements, including restoration and enhancement of adjacent marshland and implementation of modern stormwater management practices to improve water quality and protect surrounding natural resources.

THE WATCHHILL HOTEL GROUP LLC.

308 Malcom X Blvd. Brooklyn, NY 11233

July 6, 2026

Town of Brookhaven Industrial Development Agency
One Independence Hill, 2nd Floor
Farmingville, NY 11738

Re: Deviation to Permit a 20-year PILOT

Dear Members of the IDA Board,

Ownership respectfully requests a deviation from the Brookhaven Industrial Development Agency's standard PILOT policy to permit a 20-year Payment in Lieu of Taxes (PILOT) for the proposed Patchogue Hotel development.

Since the project's inception more than three years ago, the economic and financial landscape has changed dramatically. Although our commitment to bringing this transformative hospitality project to the Village of Patchogue has remained unwavering, extraordinary increases in development costs and financing expenses have created a substantial funding gap that cannot be bridged through conventional financing alone. A 20-year PILOT is essential to restore the project's financial feasibility and enable the development to proceed as envisioned.

The need for this deviation is driven by several unique and extraordinary factors, including:

- **Challenging waterfront site conditions and environmental improvements.** The project is located adjacent to environmentally sensitive marshland, requiring extensive site preparation, specialized deep foundation systems, and significant environmental protections. In addition to improvements on the development site itself, the project includes the cleanup, restoration, and enhancement of adjacent marshland, creating a lasting environmental benefit for the Village while adding considerable unforeseen costs to the overall development.
- **Escalation in construction costs, tariffs, and financing expenses.** Since the project was originally conceived in 2022, the construction industry has experienced unprecedented increases in the cost of materials, equipment, and skilled labor. Recent tariffs on imported construction materials have further increased pricing volatility and procurement costs for structural steel, mechanical equipment, finishes, and other building components. At the same time, significantly higher interest rates have materially increased the cost of financing the project, placing additional pressure on the project's capital structure and creating a funding gap that did not exist when the project was first envisioned.
- **Investment in a superior structural system and long-term community amenities.** During the design process, ownership made the strategic decision to upgrade the building's structural system to a structural steel and concrete system. While this significantly increased construction costs, it was necessary to support amenities that will

THE WATCHHILL HOTEL GROUP LLC.

308 Malcom X Blvd. Brooklyn, NY 11233

distinguish the hotel as a premier destination, including a rooftop infinity pool, rooftop gathering spaces, and a state-of-the-art fitness center. Ownership is also evaluating the opportunity to make portions of the fitness center available through local memberships, creating an additional wellness amenity for Village residents while increasing community engagement.

- **Investment in a higher-quality hospitality experience.** Rather than developing a conventional hotel, ownership elected to pursue a premium Hilton Tapestry Collection hotel that better reflects the history, architecture, and character of the Village of Patchogue. This investment elevates the overall quality of the project, strengthens the Village's position as a year-round destination, and enhances the long-term economic impact through increased tourism, visitor spending, and regional recognition.
- **Expansion to meet future market demand.** Recognizing the continued revitalization of Patchogue's downtown and waterfront, along with the anticipated growth in Long Island tourism, the hotel has been redesigned to include additional guest rooms and enhanced public amenities. Although these enhancements increase the overall development cost, they position the project to better serve future demand, support surrounding businesses, and generate greater long-term economic activity throughout the region.

The combination of these extraordinary site conditions, environmental improvements, inflationary pressures, and strategic project enhancements has created a significant funding gap. Assistance from the Brookhaven Industrial Development Agency is essential to bridge this gap and allow the project to move forward as envisioned.

IDA assistance will enable the development of a landmark hospitality destination that will create construction and permanent employment opportunities, increase tourism, generate new spending at local restaurants and businesses, expand the local tax base over the long term, improve environmentally sensitive adjacent property, and further strengthen the continued revitalization of the Village of Patchogue. Without this assistance, the project would likely require substantial reductions in scope and quality, or face significant delays that would diminish many of the public benefits it is intended to deliver.

Sincerely,

Yair Yaish

Yair Yaish
The Watch Hill Hotel Group LLC.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

APPLICATION FOR CONSENT TO SUBLEASE

APPLICATION OF: 10 Donald's Way LLC ("Company")

FOR CONSENT TO SUBLEASE TO

Gamus, LLC ("Subtenant")

FACILITY/PROJECT: 10 Donald's Way LLC 2023 Facility

DATE: July 2, 2026

Please respond to all items either by filing in blanks, by attachment (by marking space "see attachment number 1", etc.) or by N.A., where not applicable.

Application must be filed in one (1) original and one (1) electronic form.

A $750.00 non-refundable application fee made payable to the Town of Brookhaven Industrial Development Agency is required at the time of submission to the Agency.

Information provided herein will not be made public by the Agency prior to the passage of an official Resolution but may be subject to disclosure under the New York State Freedom of Information Act.

Please write or call:

Town of Brookhaven Industrial Development Agency
One Independence Hill
Farmingville, New York 11738

(631) 406-4244

I. Company Data

A. Company: 10 Donald's Way

Contact: Mitchell Rechler

Title/Position: Authorized Signatory

Address: 85 South Service Rd., Plainview, NY

Phone: [redacted]

Federal Employer I.D.: [redacted]

B. Related User of the Facility:

Name	Relationship
N/A	

C. Company Counsel

Firm Name: Germano & Cahill, P.C.

Individual Attorney: Meghan Healy

Address: 4250 Vets Hwy., Ste. 275, Holbrook, NY

Phone: (631) 588-8778

II. Project/Facility Data

A. Location of Project: Medford, NY

Address: 10 Donald's Way, Medford, NY

S.C. Tax Map:

District 0200 Section 775.00 Block 01.00 Lot 020.005

B. Current Occupants, Area Occupied, and Uses

Current Occupant	Area Occupied (Sq. Ft.)	Use	Current # of FTEs
Keyspan Gas East Corporation	101,390	Warehouse with offices	13

III. Proposed Subtenant

A. Name of Subtenant: Gamus, LLC

B. Address: 2822 119th St. SW, Ste. B, Everett, WA 98204

C. Contact:

Name: Michael Reeves, VP of Operations

Phone: [redacted]

D. Affiliates Names and Addresses: N/A

E. Current Location: 104 Parkway Drive South, Hauppauge, NY

F. Subtenant Counsel:

Firm Name: The Law Offices of Ted Upland

Individual Attorney: Ted Upland

Address: 3000F Danville Blvd. #112, Alamo, CA 94507

Phone: (925) 352-3756

G. Will the completion of the project or the subleasing to the Subtenant result in the removal of any facility or facilities of the Subtenant or Applicant from one area of the State to another OR in the abandonment of any facility or facilities of the Subtenant or Applicant located within the State?

YES X NO ____

i. If no, explain how current facilities will be utilized

______

______

______

ii. If yes, please indicate whether the subleasing of the Facility to the Subtenant is reasonably necessary for the Subtenant to maintain its competitive position in its industry or remain in the State and explain in full:

______

Subtenant needs larger space for expansion. Moving from a 27,736 SF facility to 39,485 SF.

H. Principal stockholders, members, or partners, if any, of Subtenant:

Name and Address	Percent Owned
Stephen Snyder	50%
Lloyd Key	50%

I. Has the Subtenant, or any subsidiary or affiliate of the Subtenant, or any stockholder, partner, member, officer, director, or other entity with which any of these individuals is or has been associated with:

i. Ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding?

YES _____ NO X

1. If yes, please explain

____

____

ii. Been convicted of a felony, or misdemeanor, or criminal offense (other than a motor vehicle violation)?

YES _____ NO X

1. If yes, please explain

____

____

J. Relationship of Subtenant to Company (e.g., affiliate, arm's-length tenant, etc.)

Arms's-length, unrelated subtenant

____

____

K. Proposed area of the facility to be occupied by the Subtenant (Sq. Ft.) 39,485

L. Describe the specific operations of the Subtenant or other users to be conducted at the project site:

____

Warehouse with supporting offices

____

M. Does the proposed use and occupancy of the Subtenant conform with all applicable zoning, planning, building and Environmental Laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Facility?

YES X______ **NO** _______

i. If no, please explain

____

____

IV. Proposed Sublease Agreement Terms

A. **Attach a copy of Executed Sublease Agreement (may be conditioned upon Agency approval)**

Term: Seven (7) years, two (2) months

Commencement Date: On or about 11/1/2026

Guarantors: None

Base Rent: $22.00 PSF, net of operating expenses

Base Rent Increases and Intervals: 3% per annum

Common Area Rent: $1.10 PSF for CAM & LL insurance

B. Improvements to Proposed Demised Area to be Made by **Company**

Description: Construct +/- 2,000 SF of offices, including office and warehouse bathrooms; construct demising wall between office and warehouse; install separate meters for gas and electric.

Cost: $774,000.00

Source of Payment: Self fund

____

C. Improvements to Proposed Demised Area to be Made by **Subtenant**

Description: Install warehouse racking

____

____

Cost: $100,000

Source of Payment: Self fund

D. Fair Market Rent Evaluation

Is rent to be charged Fair Market? YES X NO ____

How was Fair Market rent determined? (Attach supporting documentation)

Through arm's-length negotiations between Company and Subtenant.

No documentation exists.

E. Does or will any of the "Financial Assistance" provided by the Agency, including Real Estate Tax Exemption, Sales and Use Tax Exemption, benefit the Subtenant in any manner?

YES X NO ____

If yes, explain

Subtenant will receive direct benefit under the PILOT program (lease is written on a net basis) as well as sales tax exemptions for FF&E.

F. How many Full-Time Equivalent Employees (FTEs) are there presently at the subtenant's current location: 15

How may additional FTEs are to be expected at the Facility regarding this application: 5

G. Salary and Fringe Benefits by Subtenant

Jobs To be Created:

	Average Salary	Average Fringe Benefits
Salary Wage Earners	$110,000	Health insurance, PTO
Commission Wage Earners	N/A	
Hourly Wage Earners	$22/hour	Health insurance, PTO
1099/Contract Workers	N/A	

What is the annualized salary range of jobs to be created?

$ 47,760 to $ 110,000

What is the number of construction jobs created as a result of this Subtenant Application? 0 (FTEs)

V. Mortgagees

Have the Holders of all mortgages or record consented to the proposed sublease?

YES X NO ____

If yes, attach evidence thereof.

COMPANY CERTIFICATION

Mitchell Rechler [*Insert name of Chief Executive Officer/Manager/Partner of proposed Company*] deposes and says that s/he is the authorized signatory [*insert title*] of 10 Donald's Way, LLC [*insert name of Company*], the company named in the attached application; that s/he has read the foregoing application and knows the contents thereof; that the same is true to her/his knowledge.

Deponent further says that the reason this verification is being made by the deponent and not by 10 Donald's Way, LLC [*insert name of Company*] is because the said company is a LLC [*insert type of entity*]. The grounds of deponent's belief relative to all matters in the said application which are not stated upon her/his own personal knowledge, are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as an officer of and from books and papers of said company.

As an authorized signatory [*insert position, e.g., officer, member, manager, partner*] of said company (hereinafter referred to as the "applicant"), deponent acknowledges and agrees that applicant shall be and is responsible for all costs incurred by the Town of Brookhaven Industrial Development Agency (hereinafter referred to as the "Agency") in connection with this application and all matters relating to the proposed sublease, including the Agency's attorneys' fees, regardless of whether or not the applicant fails to conclude or consummate necessary negotiations or fails to act within a reasonable or specified period of time to take reasonable, proper, or requested action or withdraws, abandons, cancels, or neglects the application or if the applicant is unable to consummate the sublease for any reason. upon presentation of invoices, applicant shall pay to the agency, its agents or assigns, all costs incurred with respect to the application, including fees to counsel for the agency and fees of general counsel for the agency.

Chief Executive Officer/Member/Manager/Partner of Company

Sworn to before me this
29th day of June 2026

Stephanie Jimenez
NOTARY PUBLIC

STEPHANIE JIMENEZ
Notary Public, State of New York
No. 01JI6077554
Qualified in Nassau County
Commission Expires July 15, 2026

SUBTENANT CERTIFICATION

Michael Reeves [*Insert name of Chief Executive Officer/Manager/Partner of proposed Subtenant*] deposes and says that s/he is the VP of Operations [*insert title*] of Gamus, LLC [*insert name of Subtenant*], the proposed subtenant named in the attached application; that s/he has read the foregoing application and knows the contents thereof; that the same is true to her/his knowledge.

Deponent further says that the reason this verification is being made by the deponent and not by Gamus, LLC [*insert name of Subtenant*] is because the said proposed subtenant is a Warehouse [*insert type of entity*]. The grounds of deponent's belief relative to all matters in the said application which are not stated upon her/his own personal knowledge, are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as an officer of and from books and papers of said proposed subtenant.

Chief Executive Officer/~~Member~~/Manager/Partner of Subtenant

Sworn to before me this
2nd day of July 2026

Rebecca Lynn Wright
NOTARY PUBLIC

REBECCA LYNN WRIGHT
NOTARY PUBLIC
Henry County
State of Georgia
My Commission Expires January 24th, 2030

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

APPLICATION FOR CONSENT TO SUBLEASE

APPLICATION OF: Hawkins Ave Development RHP2, LLC ("Company")

FOR CONSENT TO SUBLEASE TO

FW One LLC ("Subtenant")

FACILITY/PROJECT: Hawkins Ave Development RHP2, LLC 2021 Facility - Ronk Hub Phase 2A

DATE: June 29, 2026

Please respond to all items either by filing in blanks, by attachment (by marking space "see attachment number 1", etc.) or by N.A., where not applicable.

Application must be filed in one (1) original and one (1) electronic form.

A $750.00 non-refundable application fee made payable to the Town of Brookhaven Industrial Development Agency is required at the time of submission to the Agency.

Information provided herein will not be made public by the Agency prior to the passage of an official Resolution but may be subject to disclosure under the New York State Freedom of Information Act.

Please write or call:

Town of Brookhaven Industrial Development Agency
One Independence Hill
Farmingville, New York 11738

(631) 406-4244

I. Company Data

A. Company: Hawkins Ave Development RH2, LLC

Contact: James O. Coughlan

Title/Position: Authorized Signatory

Address: 9 Hawkins Avenue, Suite 3500/5th Floor, Ronkonkoma, NY 11779

Phone: [redacted]

Federal Employer I.D.: [redacted]

B. Related User of the Facility:

Name	Relationship
N/A	N/A

C. Company Counsel

Firm Name: Farrell Fritz, P.C.

Individual Attorney: Peter L. Curry, Esq.

Address: 400 RXR Plaza, Uniondale, NY 11556

Phone: (516) 227-0772

II. Project/Facility Data

A. Location of Project: North Side of Railroad Avenue and East Side of Hawkins Avenue

Address: Railroad Avenue and Hawkins Avenue, Ronkonkoma, NY 11779

S.C. Tax Map:

District 0200 Section 799.00 Block 04.00 Lot 044.000, 047.001, 048.000, 049.000, 051.001, 052.000, 053.000 & 054.000

0200 800.00 2 01.00 027.001

B. Current Occupants, Area Occupied, and Uses

Current Occupant	**Area Occupied (Sq. Ft.)**	**Use**	**Current # of FTEs**
Vacant	N/A	N/A	N/A

III. Proposed Subtenant

A. Name of Subtenant: FW One LLC

B. Address: 9 Hawkins Avenue, Suite 3101, Ronkonkoma, New York 11779

C. Contact:

Name: James Bonanno

Phone: [redacted]

D. Affiliates Names and Addresses:

E. Current Location: N/A

F. Subtenant Counsel:

Firm Name: Lewis Johs Avallone Aviles LLP

Individual Attorney: Joseph M. Charchalis, Esq.

Address: 137 Motor Parkway, Suite 400, Islandia, NY 11749

Phone: (631) 393-1352

G. Will the completion of the project or the subleasing to the Subtenant result in the removal of any facility or facilities of the Applicant from one area of the State to another OR in the abandonment of any facility or facilities of the Applicant located within the State?

YES ____ NO X

i. If no, explain how current facilities will be utilized

Current facilities will continue to operate regularly.

ii. If yes, please indicate whether the subleasing of the Facility to the Subtenant is reasonably necessary for the Subtenant to maintain its competitive position in its industry or remain in the State and explain in full:

N/A

H. Principal stockholders, members, or partners, if any, of Subtenant:

Name and Address	Percent Owned
Daily Dough LLC	55%

I. Has the Subtenant, or any subsidiary or affiliate of the Subtenant, or any stockholder, partner, member, officer, director, or other entity with which any of these individuals is or has been associated with:

i. Ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding?

YES _____ NO X

1. If yes, please explain

ii. Been convicted of a felony, or misdemeanor, or criminal offense (other than a motor vehicle violation)?

YES _____ NO X

1. If yes, please explain

J. Relationship of Subtenant to Company (e.g., affiliate, arm's-length tenant, etc.)

Arm's-length tenant

K. Proposed area of the facility to be occupied by the Subtenant (Sq. Ft.) 3,700 sq. ft.

L. Describe the specific operations of the Subtenant or other users to be conducted at the project site:

Operation of a bakery cafe offering a variety of bakery items, including cakes, cookies, croissants, muffins, breads, and other pastries, as well as sandwiches, coffee, tea, confectionery and additional food and beverage products sold at Tenant's existing locations.

M. Does the proposed use and occupancy of the Subtenant conform with all applicable zoning, planning, building and Environmental Laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Facility?

YES X **NO** ______

i. If no, please explain

______

______

IV. Proposed Sublease Agreement Terms

A. **Attach a copy of Executed Sublease Agreement (may be conditioned upon Agency approval)**

Term:	10 years
Commencement Date:	June 3, 2025
Guarantors:	James Bonanno
Base Rent:	$129,500.00 per annum
Base Rent Increases and Intervals:	3% increase per annum
Common Area Rent:	approximately $8.77 per square foot

B. Improvements to Proposed Demised Area to be Made by **Company**

Description: None.

______

______

Cost: N/A

Source of Payment: N/A

______

C. Improvements to Proposed Demised Area to be Made by **Subtenant**

Description: Typical fit up for a French Workshop Artisan Bakery

______

______

Cost: $2,000,000.00

Source of Payment: Company allowance and Subtenant equity.

D. Fair Market Rent Evaluation

Is rent to be charged Fair Market? YES X NO ____

How was Fair Market rent determined? (Attach supporting documentation)

Company retained Long Island based commercial real estate broker.

E. Does or will any of the "Financial Assistance" provided by the Agency, including Real Estate Tax Exemption, Sales and Use Tax Exemption, benefit the Subtenant in any manner?

YES X NO ____

If yes, explain

The Subtenant will benefit from the Financial Assistance because the real estate taxes payable under Subtenant's lease will be substantially lower due to the Real Estate Tax Exemption.

F. How many Full-Time Equivalent Employees (FTEs) are there presently at the subtenant's current location: N/A

How may additional FTEs are to be expected at the Facility regarding this application: 8

G. Salary and Fringe Benefits by Subtenant

Jobs To be Created:

	Average Salary	Average Fringe Benefits
Salary Wage Earners	70,000	
Commission Wage Earners		
Hourly Wage Earners	20/hr	
1099/Contract Workers		

What is the annualized salary range of jobs to be created?

$ $35,000 to $ $110,000

What is the number of construction jobs created as a result of this Subtenant Application? 8 (FTEs)

V. Mortgagees

Have the Holders of all mortgages or record consented to the proposed sublease?

YES ____ NO X

If yes, attach evidence thereof.

COMPANY CERTIFICATION

James O. Coughlan [*Insert name of Chief Executive Officer/Manager/Partner of proposed Company*] deposes and says that s/he is the Authorized Signatory [*insert title*] of Hawkins Ave Development RHP2, LLC [*insert name of Company*], the company named in the attached application; that s/he has read the foregoing application and knows the contents thereof; that the same is true to her/his knowledge.

Deponent further says that the reason this verification is being made by the deponent and not by Hawkins Ave Development RHP2, LLC [*insert name of Company*] is because the said company is a limited liability company [*insert type of entity*]. The grounds of deponent's belief relative to all matters in the said application which are not stated upon her/his own personal knowledge, are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as an officer of and from books and papers of said company.

As an Authorized Signatory [*insert position, e.g., officer, member, manager, partner*] of said company (hereinafter referred to as the "applicant"), deponent acknowledges and agrees that applicant shall be and is responsible for all costs incurred by the Town of Brookhaven Industrial Development Agency (hereinafter referred to as the "Agency") in connection with this application and all matters relating to the proposed sublease, including the Agency's attorneys' fees, regardless of whether or not the applicant fails to conclude or consummate necessary negotiations or fails to act within a reasonable or specified period of time to take reasonable, proper, or requested action or withdraws, abandons, cancels, or neglects the application or if the applicant is unable to consummate the sublease for any reason. upon presentation of invoices, applicant shall pay to the agency, its agents or assigns, all costs incurred with respect to the application, including fees to counsel for the agency and fees of general counsel for the agency.

Chief Executive Officer/Member/Manager/Partner of Company

Sworn to before me this
26 day of 2026

Alise C. Schneider
NOTARY PUBLIC

ALISE C SCHNEIDER
NOTARY PUBLIC-STATE OF NEW YORK
No. 01SC6410530
Qualified in Suffolk County
My Commission Expires 10-26-2028

SUBTENANT CERTIFICATION

James Bonanno [*Insert name of Chief Executive Officer/Manager/Partner of proposed Subtenant*] deposes and says that s/he is the Managing Member [*insert title*] of Fw One LLC [*insert name of Subtenant*], the proposed subtenant named in the attached application; that s/he has read the foregoing application and knows the contents thereof; that the same is true to her/his knowledge.

Deponent further says that the reason this verification is being made by the deponent and not by FW One LLC [*insert name of Subtenant*] is because the said proposed subtenant is a limited liability company [*insert type of entity*]. The grounds of deponent's belief relative to all matters in the said application which are not stated upon her/his own personal knowledge, are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as an officer of and from books and papers of said proposed subtenant.

Chief Executive Officer/Member/Manager/Partner of Subtenant

Sworn to before me this
29th day of June, 2024

NOTARY PUBLIC

DAWN M. TURNBULL
NOTARY PUBLIC-STATE OF NEW YORK
No. 01TU6271469
Qualified In Suffolk County
My Commission Expires October 29, 2028