

August 2017

ST. JOHN MARINA

THE YACHT CLUB AT SUMMERS END (YCSE)
ST. JOHN, U.S. VIRGIN ISLANDS

MARINA MARKET ANALYSIS



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WE MEASURE OUR SUCCESS BY OUR CLIENT'S RESULTS.

August 1st, 2017

Chaliese Summers
Managing Member
The Yacht Club at Summer's End, LLC
5000 Estate Enighed Suite #63
St. John, U.S. Virgin Islands 00830

Re: **Proposed Development:
Yacht Club at Summers End Marina
Coral Bay, St. John USVI**

Pursuant to your request, we herewith submit our Marina Market Analysis of the Northern Leeward Caribbean Islands and economic feasibility study of a new marina on the island of St. John in the USVI.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

It has been a pleasure working with you. Please let us know if we can provide any additional services.

Sincerely,

Mr. Jeffery D. Boyd

CEO and Managing Partner
Marine Management & Consulting, M.V.

Executive Summary

Marine Management Consulting, N.V., has undertaken this marina market analysis to accomplish three goals.

1. To identify and quantify the recreational marine activity in and around St. John, the market study area known as the Northern Leeward Islands, and the worldwide trends in the industry that influences the aforementioned.
2. Using that data, determine if the design of the proposed marina will serve that market, and demonstrate if the design will be balanced for the market.
3. Analysis of the economic impact of marine activity in the study area, and integrate that into the feasibility of the development budget and revenue projections.

BACKGROUND

During the latter half of the last century, the Northern Leeward Islands, developed a substantial recreational marine industry, revolving around small sailing charters that created one of the most popular winter cruising grounds in the world. Most of the available harbors in this area became developed to support this industry.

Improving technology, such as GPS and catamaran sailing vessels, increased the customer base, as less experienced sailors could now take a sailing vacation with relative ease.

This led to increased demand for access to St. John, which is very limited due to having approximately 200 mooring buoys available to recreational boaters for public use. The nature of mooring buoys, creates one the most inefficient utilizations of a harbor. The mountainous terrain, and deep water, very much limits the expansion of these mooring fields, as most of the natural harbors are small.

Since the beginning of this century, a new form of recreational marine industry has emerged and grown rapidly, especially in the last 5 years: the mega yacht.

For this market analysis, a mega yacht is defined as a sailing or motor vessel, 82 feet (25M) and larger, that is usually crewed, and has various degrees of luxury, not afforded in a smaller vessel. This vessel allows a broader range of guests, and can accommodate guests with disabilities, or people with no sailing experience that just want to enjoy what the intended destinations have to offer. The vessels are also very safe, as the mega yacht crew is highly trained, having to maintain various licenses and certifications, and the vessels undergo strict United States Coast Guard regulations and inspections.

Since the year 2000, the industry has grown rapidly, going from a few thousand yachts to around 15,000 worldwide. Not only has the sheer number of vessels increased, but the size has as well, with 755 new vessels under construction in 2016, with an overall length of 101,170 ft. or just over 19 miles of yachts. The growth has remained steady this century.

MARKET DEMAND

The US Virgin Islands, and particularly St. John, have not kept pace with the industry. The USVI only has 8,700 feet of dockage that is 60' and larger, the smallest of any of the major cruising destinations in the study area. In very stark contrast, just over 800 mega yachts and vessels above 60', totaling 78,268 feet visited the study area between June 2016 and June 2017.

The vessels orientated more to the Southern Windward Islands, where there have been mega yacht marinas developed this century to accommodate them. The economic output of these vessels have oriented along the same paths. The analysis estimated that mega yachts generated over \$120 million in primary spending during the 2016-2017 season, in the Northern Leeward Island region surveyed. The USVI got only 11% (\$12.8M) of that spending, and St. John received virtually none.

Coral Harbor, the proposed location of the Yacht Club at Summer's End marina, is a strategic location for St. John in that it is unfettered by navigational restrictions such as reefs and swells, and allows for environmental considerations to be valued and honored. Situated in one of only two commercial areas on the island, Coral Bay is literally the gateway to Sir Francis Drake's Passage, the hub of recreational boating in the eastern Leeward Islands.

METHODOLOGY

For this marina market analysis, MMC collected background information from various sources first to gain a general understanding of current marina trends and offerings in the U.S. Virgin Island area and second, in order to construct the user profiles of the prospective slip-clients, forecast potential slip absorption and capacity, and prepare recommendations for services and amenities at the proposed facility based on demand assessment.

This initial effort included review of available boating publications, country-provided information, previous reports, Google Earth, geographic information system (GIS) maps, and other available data sources to review the locations of marina facilities in the area as well as the characteristics and offerings of each. Historical Automated Identification System (AIS) data from MarineTraffic.com was collected, analyzed and reviewed to gauge trends.

Furthermore, MMC researched/visited marina facilities within the USVI and BVI and collected basic information such as: dock types and styles, number of slips, slip sizes, vessel types, services/amenities provided, in addition to location and contact information. During these facility visits, MMC interviewed marina personal to obtain anecdotal information related to boating and marina trends in the region, cruising patterns, and seasonal occupancy levels.

Lastly, MMC interviewed persons with professional ties to the Coral Bay waterfront. These interviews provided insight into the historical use of the waterfront, lessons learned regarding its successes and shortcomings, experiences with tourism-related operations, and guidance in operating a marina facility on St. John, U.S. Virgin Islands.

Specific efforts included:

- Compilation and analysis of existing marina offerings and characteristics, dock and slip types, amenity offerings, rate structures;
- Procurement and analysis of regional data and projections;
- Evaluation of transient recreation boating market;

RESOURCES

Included, but were not limited to, the following:

- Marine Traffic - Automated Identification System (AIS) data vessel traffic around the Caribbean Sea;
- Department of Tourism U.S. Virgin Islands – Tourism;
- National Oceanic and Atmospheric Administration (NOAA) – USVI Ocean Economy Data;
- 2017 The United States Virgin Islands Marine Guide (MGVirtualBook) – Tourism and Marinas Location;
- U.S. Census Bureau – Demographic Information;
- Marine Management Consulting, NV database;
- The World Bank Report – The Blue Economy: From Concept to Reality in the Caribbean Region;
- Google Earth
- Various Internet sites;
- YCSE in-house databases;

RECOMMENDATION

Based on this market study and our experience in this area, Marina Management and Consulting has recommended a marina design that specifies 9,666 feet of berthing space, with 5,581 ft. being sized for mega yacht and vessels over 60'. This will nearly double the present capacity of the USVI, and bring much needed revenues back into the US territory.

This 144 slip design, that serves a large variety of different types of vessels, obtains the financial critical mass that is required to be economically feasible. It cannot be smaller, and maintain the ability to generate needed cash reserves, and ongoing mitigation activity. Lack of adequate cash reserves is what causes many small marinas to fail financially. Hurricanes, and sudden changes in the market, can and do happen, and can have a devastating effect on a marina. In the financial section, the cash reserve is the second largest expense (figure 29).

Yacht Club at Summer’s End
St. John Marina - St. John, U.S. Virgin Islands
Marina Market Analysis

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1. Introduction

The Yacht Club at Summer's End (YCSE) has proposed to develop, a of a state-of-the-art, 144 slip, environmentally considerate marine facility specifically designed for boats of all sizes including local runabouts, mono hull and catamaran sailing vessels, sport fishing vessels and mega yachts. It will have 24 hours, around the clock, enhanced security, U.S. Customs office, numerous dining options, shuttle and concierge services. Summer's End plans to offer full service retail establishments featuring Fish & Farmers Market, shopping, sports bars, real estate service and other amenities.

PROJECT LOCATION - ST. JOHN, UNITED STATES VIRGIN ISLANDS

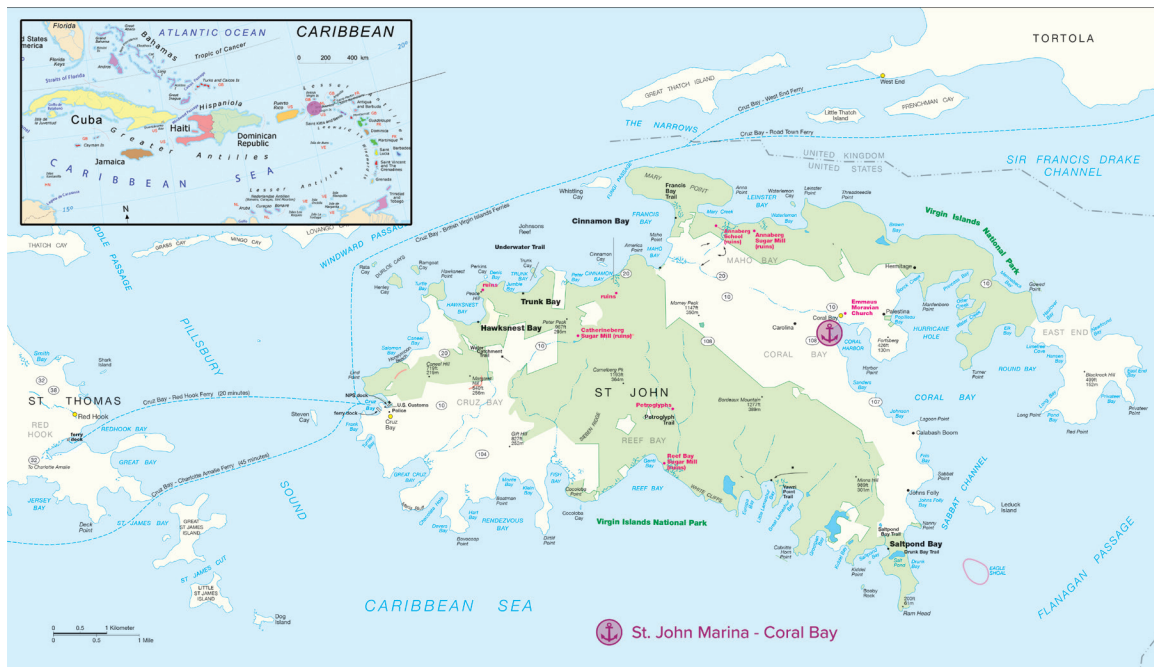


Figure 1. St. John, USVI Map Location

Known as the Jewel of the Caribbean, St. John is home to everything a person would expect a tropical paradise to be; lush tropical forests, beautiful beaches, friendly local people and adventure. Two thirds of St. John are designated as a National Park, with hiking trails and plantation ruins. It makes up one of the three major US Virgin Islands (USVI). It is also home to one of the world's top 10 best beaches: Trunk Bay, famous for its crystal clear waters and underwater hiking trail.



Figure 2. Aerial shot of Trunk Bay, St. John, USVI



Figure 3. Charlotte Amalie - St. Thomas, is the capital and the largest city of the US Virgin Islands.

WHY ST. JOHN?

Of the 868 slips in 14 marinas in the U.S. Virgin Islands, St. John has none. Yet, St. John is in a prime location for current and future recreational boating travel patterns and is literally at the crossroads of current yachting traffic in and around the US and British Virgin Islands. The recreational vessel traffic in and around the US Virgin Islands and the British Virgin Islands, based on AIS data, makes up a total of 44% of the total Northwern Leeward Islands Market share.

Known across the seven seas as one of the world's most idyllic yachting destination for both sail and power boats, the Virgin Islands are an ideal location for marinas. Each season, thousands of boats descend around the immediate area near St. John hailing from the east coast of the U.S. mainland, the Mediterranean and the southern Caribbean.



U.S. VIRGIN ISLANDS™
st CROIX st JOHN st THOMAS

2. Overview of Current Boating Traffic

MARITIME TRAFFIC IN THE NORTHERN LEEWARD CARIBBEAN ISLANDS

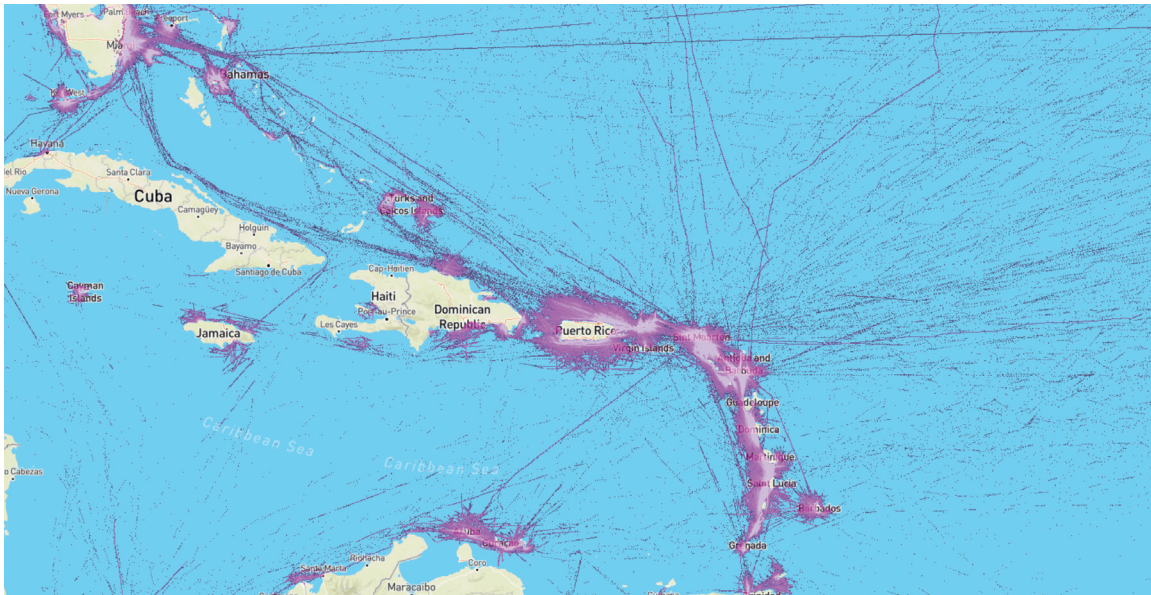


Figure 4. Density Map of Pleasure Crafts movement patterns in 2016 - Marinetraffic



Figure 5. Northern Leeward Caribbean Islands - Google, Wikipedia

Analysis was made in the Northern Leeward Islands of the Caribbean region to identify the existent marine traffic, that would help determine market demand in and around St. John. Analysis was made utilizing automatic identification system (AIS) data of recreational vessel traffic during the period of June 2016 to May 2017. AIS uses a radio signal to send data to ground and satellite stations worldwide, providing position, speed, heading, and status. The data is public and is available in real time. Not all recreational vessels use AIS, if they are less than 60 feet, so not every small vessel provides this data, but many do.

Several companies collect all the data, and provide historical data. One is MarineTraffic.com, who maintains historical records of that data and can produce reports showing actual vessel traffic in a location over a chosen time frame. This data provides actual numbers to validate demand and traffic patterns

anywhere in the world, including the US Virgin Islands in the Caribbean. The AIS data obtained included boats greater than 36 ft. in length overall (LOA) and included three different types of vessels: yachts, sailing vessels and pleasure crafts. The data specified anchorage and port arrivals, and departures, vessel name, size, location and exact time of each event. The area surveyed includes; the US Virgin Islands, British Virgin Islands, Anguilla, Sint Maarten, Saba, St. Eustatius, St. Barthélemy, Antigua & Barbuda and St. Kitts & Nevis. 104,000 unique records were processed between Jun 1, 2016 and May 31, 2017.

Table 1 - Vessel Classification on Marine Traffic

| AIS VESSEL CLASSIFICATION | |
|---------------------------|----------------------|
| | Yacht |
| Pleasure Craft | Sailing Vessel |
| | Other Pleasure Craft |



Figure 6. Motor Yachts



Figure 7. Catamarans



Figure 8. Sailing Yachts

Over the last 12 months, we found 2,543 vessels in total, of which 1,738 were under 60 feet and 805 were over 60 feet. Using AIS data to establish trends over time provides reliable data on the actual market potential of the Yacht Club at Summer's End. Based on the vessels identified, MMC studied the cruising and berthing patterns to comprehensively define the market.

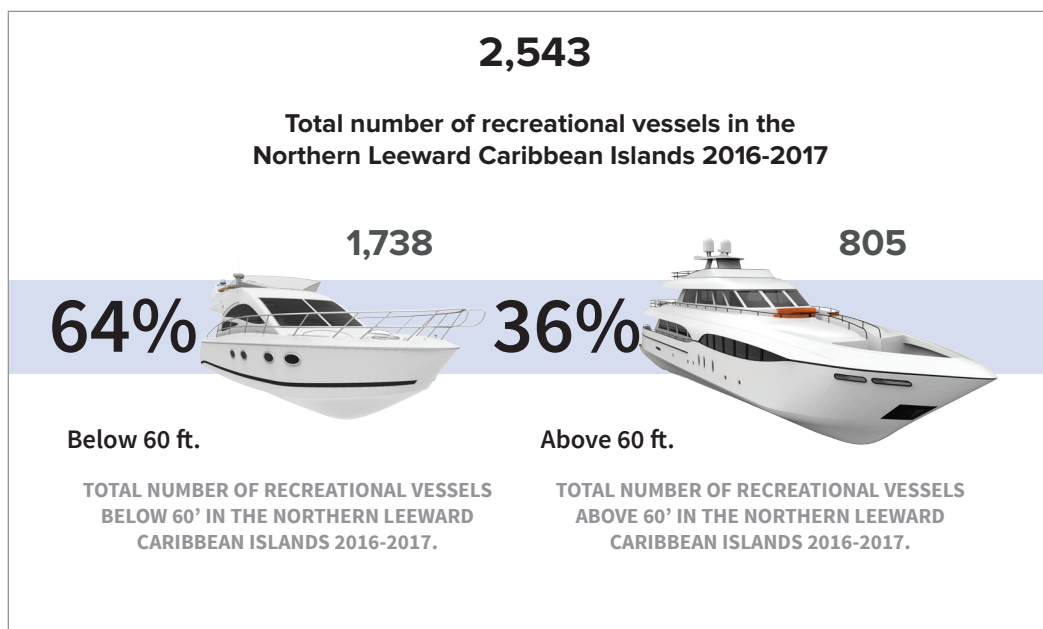
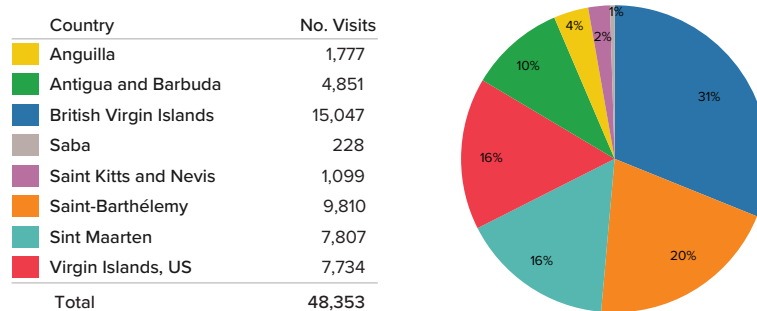


Figure 9. Number Recreational Vessels in 2016-2017 Data

TOTAL NUMBER OF VESSEL ARRIVALS IN THE NORTHERN LEEWARD CARIBBEAN ISLANDS 2016-2017

Caribbean Surveyed Region - Sum of No. of Visits broken down by Country (Jan 2016- June 2017). Color shows sum of Market Share in percentage.



Yacht, Pleasure Craft and Sailing Vessels Size data of 11-93 plus meters in length.

Figure 10. Recreational vessel arrivals in the Northern Leeward Caribbean Islands 2016-2017

MARITIME DATA - DENSITY MAPS

A key component to discovering the potential boating market for the YCSE is geography. Analyzing maritime AIS data provides a tool to visualize the aggregated routes and traffic patterns that the recreational fleet travels throughout the year. Recorded data of the three classifications of vessels listed above was taken into account in order to provide accurate density maps representing traffic throughout the 2016-2017 season.

Density maps deliver in-depth vessel pattern analysis by transforming millions of AIS messages into individual geospatial data points.

Figure 4 depicts the traffic patterns for pleasure craft vessels during the 12 months of 2016 in the Northern Leeward Islands.

The maps indicate a large amount of traffic all around St. John.

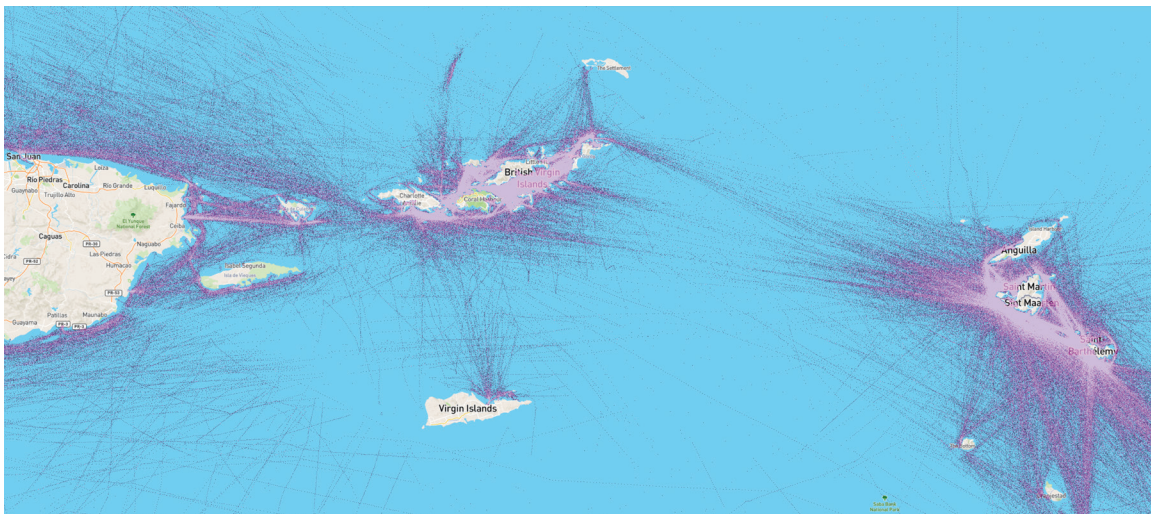


Figure 11. Density Map of Pleasure Crafts movement patterns in 2016

3. Existent Marina Market

MARINA MARKET AREA

Cataloguing the current USVI and BVI marina market provides insight into market offerings, market capacity and recreational boating trends in the region. The USVI and BVI marina market currently consists of public and private marinas and private yachts clubs. The data analysis was used to evaluate the current marina slip count compared to real time vessel traffic to fill those slips, as well as to project future demand in the market region based off of predictive growth trends.

MARKET AREA

Currently there are 31 marinas in the immediate market area, which includes St. Thomas, the British Virgin Islands, and St Croix.

MARKET CHARACTERISTICS

The Virgin Islands are one of the leading Caribbean destinations when it comes to leisure and adventure tourism. The local market is primarily small charter sailboats, both monohull and catamaran, as well as larger mega yachts.

During the June 2016 to May 2017-time period, 2,543 unique vessels over 36 ft. in length were counted by AIS in the study area. Vessels analyzed varied in size from 36 ft. to more than 531 ft., and docked or anchored at a combined total of 8 countries. 68% of the fleet in the region was less than 60 ft., with 32% of the fleet in the area being considered as a mega yacht greater than 60 ft. in size.

TABLE 2 - UNIQUE VESSELS IN THE NORTHERN LEEWARD CARIBBEAN ISLANDS

Period of June 2016 - May 2017

(Maritime Mobile Service Identity - MMSI)

| SIZE (feet) | No. of Individual Vessels | Percentage of total |
|--------------------|---------------------------|---------------------|
| 36-59 | 1738 | 68.34% |
| 60-79 | 284 | 11.17% |
| 80-99 | 104 | 4.09% |
| 100-114 | 56 | 2.20% |
| 115-149 | 148 | 5.82% |
| 150-197 | 138 | 5.43% |
| 198-305 | 65 | 2.56% |
| 305+ | 10 | 0.39% |
| GRAND TOTAL | 2543 | 100.00% |

There is a large fleet of under 60ft. sailboats in St. Thomas and Tortola. They travel slowly, and tend to do short trips, and in a typical week, may visit St. John (on a mooring), then various destinations in the BVI. St. Thomas is not a destination, just a starting and ending point. Some of these vessels are in the

area year-round, while some get shipped to summer markets, such as the Mediterranean. Many of these vessels are engaged in the charter industry.

Larger sailing vessels and mega yachts will travel into the area from the north throughout the months of November-May annually, with peaks in late March. Then the vessels will head back north or across to the Mediterranean.

The smaller sailboats, under 60ft., in the Virgin Islands, cruise slowly and tend to do shorter trips visiting nearby destinations, while the larger vessels will travel to further destinations.

To ascertain the actual distribution of vessels throughout the study area, particularly in the Virgin Islands, AIS data was used in four ways.

First, for collection of arrival and departure records, and counting, by country, all vessel's departures (which generally was the same as arrivals). Second, to calculate the total length of stay, in days, in the market area, which includes all activity. Third, the vessel, "feet-days" was then calculated by multiplying the number of days that the vessels was at a marina times the total length of feet of those vessels, per country. Fourth, MMC then calculated the total number of days that vessels were at a marina in each country to figure out what percentage of vessels were using a marina vs. being on anchorage. This number is expressed in percentages per country on the last row.

Lastly, delineated those results into two groups, one for vessels less than 60ft. and the other of vessels larger than 60ft., 60 ft. was chosen as a good divider of the fleet as that is the upper limit of 94% of the moorings on St. John.

TABLE 3 - DISTRIBUTION OF VESSEL ACTIVITY, JUNE 2016 - MAY 2017

| UNDER 60 ft. | USVI | BVI | SINT MAARTEN | ANGUILLA | ST BARTS | ANTIGUA BARBUDA | NEVIS ST KITTS | TOTAL ALL |
|---------------------|-------------|------------|---------------------|-----------------|-----------------|------------------------|-----------------------|------------------|
| DEPARTURES | 3,551 | 10,323 | 4,065 | 804 | 5,907 | 3,132 | 646 | 28,428 |
| % | 12% | 36% | 14% | 3% | 21% | 11% | 2% | 100% |
| DAYS | 9,082 | 15,428 | 17,399 | 571 | 3,452 | 7,680 | 759 | 54,371 |
| % | 17% | 28% | 32% | 1% | 6% | 14% | 1% | 100% |
| FEET DAYS | 315,715 | 697,982 | 757,626 | - | 41,519 | 362,382 | 27,648 | 2,202,872 |
| % | 14% | 32% | 34% | 0% | 2% | 16% | 1% | 100% |
| MARINA DAYS | 6,590 | 14,308 | 15,567 | - | 935 | 7,582 | 580 | 45,562 |
| as % of days | 73% | 93% | 89% | 0% | 27% | 99% | 76% | |
| | | | | | | | | |
| OVER 60 ft. | USVI | BVI | SINT MAARTEN | ANGUILLA | ST BARTS | ANTIGUA BARBUDA | NEVIS ST KITTS | TOTAL ALL |
| DEPARTURES | 3,181 | 5,270 | 4,135 | 973 | 5,798 | 1,909 | 493 | 21,759 |
| % | 15% | 24% | 19% | 4% | 27% | 9% | 2% | 100% |
| DAYS | 7,170 | 4,444 | 14,787 | 7,437 | 4,082 | 6,374 | 220 | 44,514 |
| % | 16% | 10% | 33% | 17% | 9% | 14% | 0% | 100% |
| FEET DAYS | 780,203 | 337,200 | 1,852,425 | - | 179,899 | 852,506 | 6,309 | 4,008,542 |
| % | 19% | 8% | 46% | 0% | 4% | 21% | 0% | 100% |
| MARINA DAYS | 6,731 | 4,077 | 14,598 | - | 1,571 | 6,371 | 66 | 33,414 |
| as % of days | 94% | 92% | 99% | 0% | 38% | 100% | 30% | |

The differences between Departures and Feet Day data can occur if a vessel stays at a dock for an extended period, will register many days, but no departures, while a vessel that is always on the move will show many departures.

The industry is also seasonal.

Total Number of Pleasure Craft frequency visits by month (in/out port)

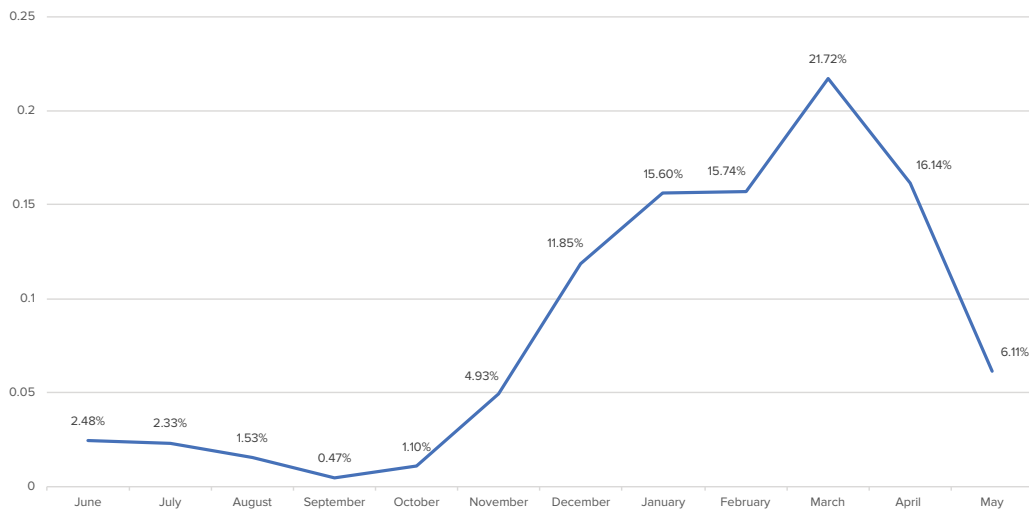


Figure 12. Percentage of Visits by Month in the Northern Leeward Caribbean Islands 2016-2017

USVI AND BVI MARKET SIZE

There are approximately 31 marinas representing approximately 1,685 slips ranging from sizes between 20 feet to 350 feet in length, in the US and British Virgin Islands. However, not all of these marinas are public, as many are controlled by charter companies to maintain their own fleets. Some of the docks are even sold, and are called dockominiums, such that the owner can be guaranteed a slip for their vessel.

As can be seen by the following table, the slip-size mix has not kept pace with the vessels cruising the area. Additionally, most marinas are at or beyond capacity. Private marina operators will not disclose competitive information, but by simply looking at Google Earth images, on different dates, it's clear that vacant capacity is virtually non-existent, in the under 60' space.

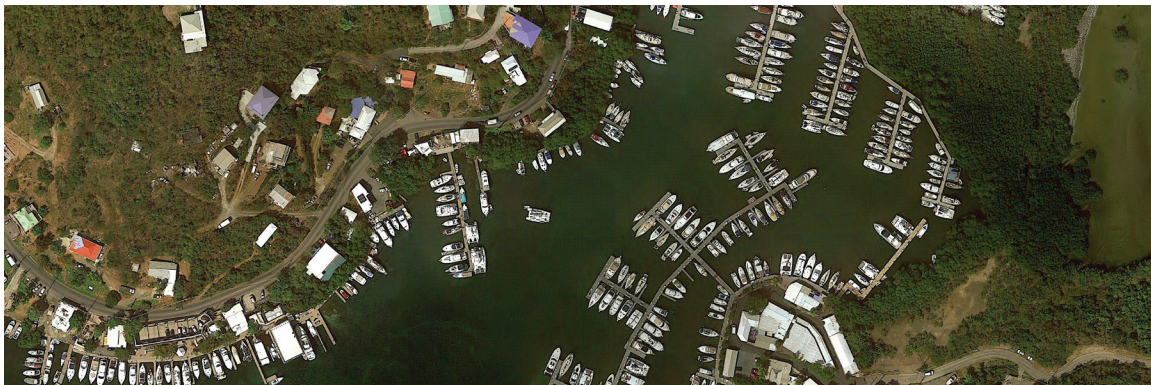


Figure 13. Google Earth Map Benner Bay, St. Thomas, USVI

**THERE ARE APPROXIMATELY 31 MARINAS REPRESENTING
 APPROXIMATELY 1,685 SLIPS RANGING FROM SIZE 20 FEET TO 350 FEET IN LENGTH.**

TABLE 4 - U.S. VIRGIN ISLANDS

| No. | Marina Name | Slips |
|--------------------------|----------------------------------|------------|
| St. Thomas - USVI | | |
| 1 | Compass Point Marina | 112 |
| 2 | Crown Bay Marina | 99 |
| 3 | Frenchtown Marina | 27 |
| 4 | IGY American Yacht Harbor Marina | 123 |
| 5 | Independent Boatyard | 80 |
| 6 | Oasis Cove Marina | 26 |
| 7 | Sapphire Beach Resort and Marina | 67 |
| 8 | Tropical Marine | 24 |
| 9 | Vessup Point Marina | 17 |
| 10 | Yacht Haven Grande Marina | 48 |
| | St. Thomas Total | 623 |
| St Croix - USVI | | |
| 11 | Green Cay Marina | 154 |
| 12 | Salt River Marina | 15 |
| 13 | St. Croix Marina Center | 44 |
| 14 | St. Croix Yacht Club | 32 |
| | St. Croix Total | 245 |
| | | |
| | USVI TOTAL | 868 |

TABLE 5 - BRITISH VIRGIN ISLANDS

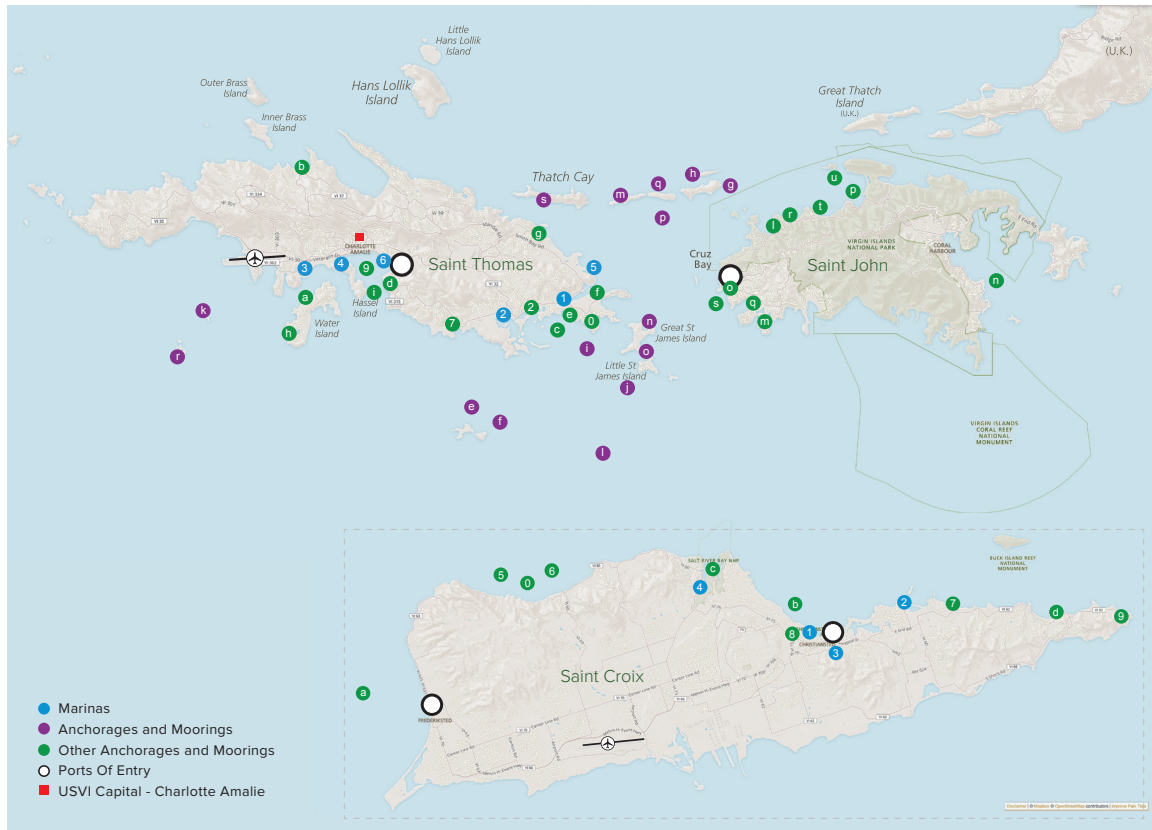
| No. | Marina Name | Slips |
|---------------------|-----------------------------------|------------|
| Peter Island | | |
| 1 | Peter Island Resort and Spa | 16 |
| | Peter Island Total | 16 |
| Scrub Island | | |
| 2 | Scrub Island Resort and Marina | 55 |
| | Scrub Island Total | 55 |
| Tortola | | |
| 3 | Hodge's Creek Marina | 82 |
| 4 | James Young Marina | 20 |
| 5 | JY Harbour View Marina Centre Ltd | 24 |
| 6 | Manuel Reef Marina | 40 |
| 7 | Nanny Cay Resort and Marina | 180 |
| 8 | Penn's Landing Marina | 12 |
| 9 | Prospect Reef Resort | 12 |
| 10 | Road Reef Marina | 20 |
| 11 | Soper's Hole Wharf and Marina | 17 |
| 12 | Village Cay Resort and Marina | 106 |
| | Tortola Total | 513 |
| Virgin Gorda | | |
| 13 | Biras Creek Marina | 15 |
| 14 | Bitter End Yacht Club Marina | 35 |
| 15 | Leverick Bay Marina | 25 |
| 16 | Virgin Gorda Yacht Harbour | 120 |
| 17 | Costa Smeralda Marina | 38 |
| | Virgin Gorda Total | 233 |
| | | |
| | BVI TOTAL | 817 |

TOTAL SLIPS USVI AND BVI
 APPROXIMATELY
1,685

TOTAL SLIPS UNDER 60 ft. 1,537
 TOTAL SLIPS OVER 60 ft. 196
 TOTAL FEET UNDER 60 ft. 55,420
 TOTAL FEET OVER 60 ft. 17,557

St. John does not currently have a marina on the island, while having a high volume of vessel traffic. There are a limited number of anchorage and mooring sites around St. John. The Friends of the National Park organization have set up approx. 200 moorings in the National Park waters around St. John in an effort to protect coral reefs and marine habitats from damage caused by anchors. At the National Park buoys, there is a three-night limit and overall restriction of 30 days per year. Legal anchoring is permitted in either of two designated anchorages: offshore at Francis Bay and at Lind Point. Unfortunately, however, many vessels anchor illegally all around the island, causing environmental damage to the coral reefs and submerged aquatic vegetation below, as well as discharging wastewater illegally. (Source: NPS.gov, Vinow.com)

USVI MARINAS ANCHORING AND MOORING SITES MAP.



Saint Thomas Marinas

- 1 American Yacht Harbor
- 2 Compass Point Marina
- 3 Crown Bay Marina
- 4 Frenchtown Marina, CYOA
- 5 Sapphire Beach Resort and Marina
- 6 Yacht Haven Grande Marina

Water Island Anchorages & Moorings

- h Flamingo Bay
- a Honeymoon Bay
- i Sprat Point

Saint Thomas Anchorages

- 2 Benner Bay (the Lagoon)
- 7 Bolongo Bay
- 9 Charlotte Amalie Harbor
- u Cowpet Bay
- b Hull Bay
- c Jersey Bay
- d Long Bay
- f Red Hook Vessup Bay
- g Water Bay
- e Secret Bay

Saint Croix Marinas

- 1 St Croix Marine
- 2 Green Cay Marine
- 3 Jones Maritime Marina
- 4 Salt River Marina

Saint Croix Anchorage

- 5 Annaly Bay
- 6 Cane Bay
- 7 Chenay Bay
- 8 Christiansted Harbor
- 9 Cotton Garden Bay
- 0 Davis Bay
- a Frederiksted Harbor
- 1 Gallows Bay
- b Long Reef
- c Salt River
- d Teague Bay

Saint John Anchorages

- l Caneel Bay
- m Chocolate Hole
- n Coral Bay
- o Cruz Bay
- p Francis Bay
- q Great Cruz Bay
- r Hawksnest Bay
- s Lind Point
- t Trunk Bay
- u Whistling Cay

Other Anchorages And Moorings

- e Buck Island
- f Capella Island
- g Carvel Rock
- h Congo Cay
- i Cow and Calf
- j Dog Island
- k Flat Cay
- l French Cap
- m Grass Cay
- n Great St. James
- o Little St. James
- p Lovango
- q Mango Cay
- r Saba Island
- s Tatch Cay

Figure 14. USVI Marinas Anchoring and Mooring Sites Map

MOORING SITES AROUND ST. JOHN

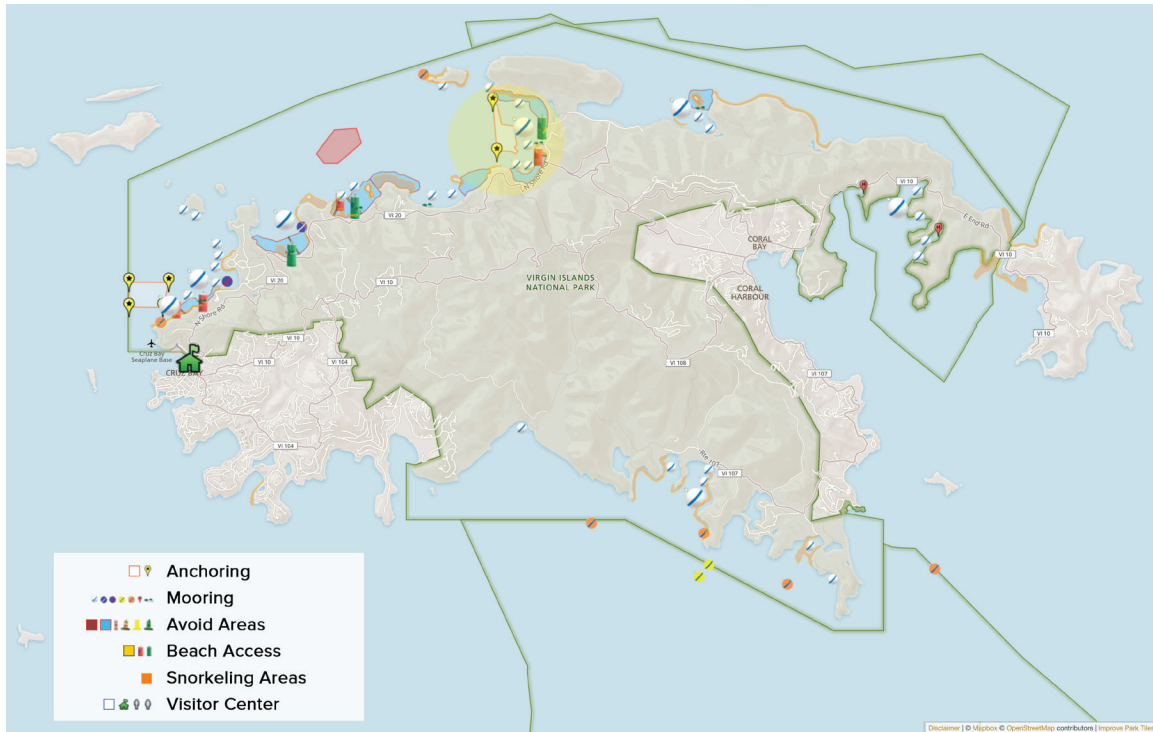


Figure 15. Mooring Sites around St. John - Virgin Islands National Park (nps.org)

Anchoring permitted in either of two designated anchorages: offshore Francis Bay and Lind Point.

Vessels over 210 feet length overall (LOA) are prohibited from anchoring in the park.

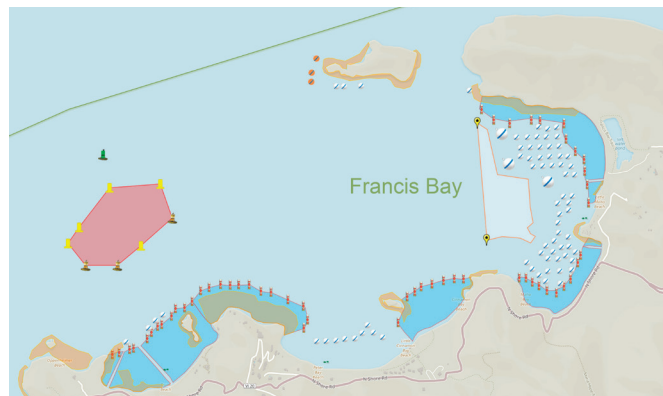


Figure 16. Francis Bay closeup map

SLIP SIZE AND PRICING

Slip rates in the market area vary and are influenced by location, services available and slip size. Table 6 shows published rates for the USVI and BVI marinas. The rate price varies based on seasonal pricing offered amenities and other factors. Transient vessel is generally \$1.00 to \$5.75 per foot per day. Monthly rates generally range from \$1.00 to \$19.00 per feet per month. Note: not all marinas are willing to disclose their rates.

TABLE 6 - Slips Rental Rates - Market Area

| | Location | Marina Name | Slip Rental Rates | |
|----------------------------|-----------------------|-------------------------------------|-------------------|--------------------|
| | | | Rate/Day/Ft | Rate/Month/Ft |
| U.S. VIRGIN ISLANDS | St. Thomas | Compass Point Marina | Not available | \$16.00 - \$18.00 |
| | | Crown Bay Marina | \$2.00 | \$52.50 |
| | | Frenchtown Marina | \$1.00 | \$5.50 - \$6.50 |
| | | IGY American Yacht Harbor Marina | \$2.00 - \$4.00 | \$45.00 - \$120.00 |
| | | Independent Boatyard (monthly only) | Not available | \$16.00 - \$19.00 |
| | | Oasis Cove Marina | Not available | Not available |
| | | Sapphire Beach Resort and Marina | Not available | \$13.00 |
| | | Tropical Marine | \$4.50 | \$12.00 - \$18.00 |
| | | Vessup Point Marina | Not available | Not available |
| | | Yacht Haven Grande Marina | \$3.00 - \$4.75 | Negotiable |
| | St. Croix | Green Cay Marina | \$2.00 | \$18.50 - \$22.50 |
| | | Salt River Marina | Not available | \$14.00 - \$17.00 |
| | | St. Croix Marina Center | \$1.50 - \$2.75 | \$7.00 - \$15.00 |
| | | St. Croix Yacht Club | \$1.50 | \$12.50 |
| BRITISH VIRGIN ISLANDS | Peter Island | Peter Island Resort and Spa | \$2.00 - \$4.25 | Negotiable |
| | Scrub Island | Scrub Island Resort and Marina | \$1.00 - \$4.50 | \$67.50 - \$112.50 |
| | Tortola | Hodge's Creek Marina | \$1.35 - \$1.85 | Negotiable |
| | | James Young Marina | \$1.00 - \$1.50 | \$10.00 - \$12.00 |
| | | JY Harbour View Centre | \$1.50 | Negotiable |
| | | Manuel Reef Marina | \$1.30 - \$1.60 | \$13.00 - \$16.00 |
| | | Nanny Cay Resort and Marina | \$1.46 - \$2.33 | \$27.30 - \$39.00 |
| | | Penn's Landing Marina | \$1.40 | \$18.50 |
| | | Prospect Reef Resort | Not available | Not available |
| | | Road Reef Marina | Not available | Not available |
| | | Soper's Hole Wharf and Marina | \$1.25 - \$2.00 | \$13.00 |
| | | Village Cay Resort and Marina | \$1.50 - \$2.40 | \$27.00 - \$37.50 |
| | Virgin Gorda | Biras Creek Marina | \$2.00 - \$4.00 | \$8.50 |
| | | Bitter End Yacht Club Marina | \$2.00 - \$5.75 | Negotiable |
| | | Leverick Bay Marina | \$1.00 | Negotiable |
| Virgin Gorda Yacht Harbour | | \$1.30 - \$2.00 | \$27.00 - \$75.00 | |
| | Costa Smeralda Marina | \$3.20 - \$4.95 | \$81.00 - 135.00 | |

AMENITIES

Typical marina services that are essential to operate a vessel, as well as additional premium services and amenities, are listed below.

TABLE 7 - Frequency of Availability for Amenities in the Market Area.

| | Amenities | % of Marinas |
|------------------------------------|--------------------|--------------|
| Essential Marina Services | Fuel | 55% |
| | Pump/out | 26% |
| | Security | 19% |
| Premium Dockside Service | Potable Water | 94% |
| | Electric | 90% |
| | Telephone | 29% |
| | Internet Access | 71% |
| | Television | 32% |
| Additional Luxury Amenities | Restaurant | 87% |
| | Bar | 71% |
| | Shopping | 68% |
| | Water Sport | 71% |
| | Hotel | 48% |
| | Swimming Pool | 39% |
| | Crews Quarters | 13% |
| | Laundry Facilities | 65% |
| | Showers | 65% |
| | Ice | 87% |



Figure 17. Landside Amenities on a beautiful marina.

USVI and BVI Marinas Amenities

Table 6 - Marinas names and amenities available.

| | Essential Marina Services | | | Additional Luxury Amenities | | | | | | | | | | Premium Dockside Service | | | | |
|--------------------------------------|---------------------------|----------|----------|-----------------------------|-----|----------|-------------|-------|------|----------------|--------------------|---------|-----|--------------------------|----------|-----------|-----------------|------------|
| | Fuel | Pump/Out | Security | Restaurant | Bar | Shopping | Water Sport | Hotel | Pool | Crews Quarters | Laundry Facilities | Showers | Ice | Potable Water | Electric | Telephone | Internet Access | Television |
| U.S. Virgin Islands | | | | | | | | | | | | | | | | | | |
| St John | | | | | | | | | | | | | | | | | | |
| The proposed Yacht Club Summer's End | X | X | X | X | X | X | X | | | X | X | X | X | X | X | X | X | X |
| St. Croix | | | | | | | | | | | | | | | | | | |
| Green Cay Marina | X | X | | X | X | X | X | X | X | | X | X | X | X | X | | X | X |
| Salt River Marina | | | | X | X | X | X | X | | | X | X | | X | X | | | |
| St. Croix Marina Center | X | X | | X | X | X | X | | | | X | X | X | X | X | | X | |
| St. Croix Yacht Club | | | | X | | | | | | | X | X | X | X | | | X | |
| St. Thomas | | | | | | | | | | | | | | | | | | |
| Compass Point Marina | | X | | X | | | X | | | | | | X | X | X | | X | |
| Crown Bay Marina | X | X | X | X | X | X | | | | | | | X | | | | X | |
| Frenchtown Marina | | X | | X | X | X | X | | | | X | X | X | X | X | | | |
| IGY American Yacht Harbor Marina | X | X | X | X | X | X | X | | | | X | X | X | X | X | | | |
| Independent Boatyard | | | | | | | | | | | X | X | X | X | X | X | | X |
| Oasis Cove Marina | X | | X | | | X | X | | | | | | | X | X | | X | |
| Sapphire Beach Resort and Marina | X | | | X | X | | X | X | X | | X | X | X | X | X | X | X | X |
| Tropical Marine | | | | | | | | | | | | | | X | | | | |
| Vessup Point Marina | | | | X | X | | | X | | | | | X | | | | | |
| Yacht Haven Grande Marina | X | X | X | X | X | X | X | | X | X | X | X | X | X | X | X | X | X |
| British Virgin Islands | | | | | | | | | | | | | | | | | | |
| Peter Island | | | | | | | | | | | | | | | | | | |
| Peter Island Resort and Spa | X | | | X | X | X | X | X | X | | | X | X | X | X | | X | |
| Scrub Island | | | | | | | | | | | | | | | | | | |
| Scrub Island Resort and Marina | | | | X | X | X | X | X | X | | X | X | X | X | | X | | X |
| Tortola | | | | | | | | | | | | | | | | | | |
| Hodge's Creek Marina | | | | X | X | X | X | X | X | | X | X | X | X | X | | X | |
| James Young Marina | X | | | X | | X | X | X | | X | X | | X | X | X | | | |
| JY Harbour View Centre | | | | X | X | X | | X | | | X | | | X | X | | X | |
| Manuel Reef Marina | | | | X | X | X | X | | X | X | X | X | X | X | X | X | X | X |
| Nanny Cay Resort and Marina | X | | | X | X | X | X | X | X | | X | X | X | X | X | X | X | X |
| Penn's Landing Marina | X | | | X | X | | | | X | | X | X | X | X | X | | X | |
| Prospect Reef Resort | | | | X | | X | X | X | X | | | | X | X | X | | | |
| Road Reef Marina | | | | | | | | | | | | | X | X | X | | X | |
| Soper's Hole Wharf and Marina | X | | | X | X | X | X | | | | X | X | X | X | X | X | X | X |
| Village Cay Resort and Marina | X | | | X | X | X | X | X | X | | X | X | X | X | X | X | X | X |
| Virgin Gorda | | | | | | | | | | | | | | | | | | |
| Biras Creek Marina | | | | X | | | | X | | | X | | X | X | X | | X | |
| Bitter End Yacht Club Marina | X | | | X | X | X | X | X | X | X | X | X | X | X | X | | X | X |
| Leverick Bay Marina | X | | | X | X | X | X | X | X | | X | X | X | X | X | | X | |
| Virgin Gorda Yacht Harbour | X | | | X | X | X | X | | | | X | X | X | X | X | X | X | X |
| Costa Smeralda Marina | X | X | X | X | X | | X | X | X | | X | | X | X | X | | X | |

YCSE MARINA DESIGN CONSIDERATIONS

MMCNV carefully considered the vessel traffic data that was obtained, studied trends across the industry, and took into account the existing facilities in the immediate area.

This involved consideration of the development cost, the rates that could be charged, and the seasonality of the vessels. A financial break-even analysis of various different plans was also conducted.

Ultimately, recommendations were made to the developer for a mixed size, 144 slip marina, that would:

- Serve the local St John market;
- Accommodate the large number of vessels that cruise from bases in the USVI and BVI;
- Create critically needed berthing for the mega yacht vessels.

DETAILED DESCRIPTION OF YACHT BERTHS

The Yacht Club at Summer's End is planned to be a full-service marina complex designed to serve a wide variety of vessels from small to large. The unique slip mix of the facility encompasses all boating types and seasons, ensuring a feasible marina, from an economic standpoint, throughout the year.

According to leading marina industry publication; Marina Dock Age magazine, the 144 slip Yacht Club at Summer's End falls on the smaller end of medium sized marinas, classified as (100-249 slips).

Comparable to the YCSE design in Fort Lauderdale, Bahia Mar South was recently redesigned to accommodate a broader range of boats types, from small day boats, to large yachts, and has 134 slips, with 100 small slips, and 30-40 mega yacht slips. Fort Lauderdale is also very seasonal, and this mix use approach helped stabilize the seasonal cash flow.



Figure 18. Bahia Mar Resort and Yachting Center, Fort Lauderdale, Florida

At certain times of the year for the various seasons, occupancy for many sections of the YCSE marina will approach 90%, while during off season for a particular market occupancy may be 10% or less.

YCSE - BERTHING MAP



| BERTHING SUMMARY | | | | | | | | | | ANNUAL OCCUPANCY CHART | | | | BOAT DIMENSIONS | | | | |
|------------------|--------------|---|---|----|----|----|---|---|------|------------------------|----------|---------------|------------|--------------------|-------------|------------|------------|-----------|
| *BOAT LENGTH | DISTRIBUTION | | | | | | | | QTY. | TOTAL BERTHING | DOCKS | SLIP SECTIONS | SLIP COUNT | ANNUAL OCCUPANCY % | LENGTH (ft) | *BEAM (ft) | LENGTH (m) | *BEAM (m) |
| L:(ft) | % | A | B | C | D | E | F | G | | | | | | | H | FEET | FEET | METERS |
| 30' | 1% | | | | 2 | | | | | 2 | 80 | (B) (A) | 23 | 80% | 30' | 10.80' | 9.14' | 3.29' |
| 35' | 17% | | | 23 | 1 | | | | | 24 | 840 | (B) (B) | 23 | 85% | 35' | 12.02' | 10.67' | 3.66' |
| 40' | 15% | | | 21 | | | | | | 21 | 840 | (C) (C) | 12 | 60% | 40' | 13.17' | 12.19' | 4.01' |
| 40' CAT | 7% | | | 10 | | | | | | 10 | 400 | (C) (D) | 12 | 60% | 40' CAT | 19.66' | 12.19' | 5.99' |
| 45' | 10% | | | | | 14 | | | | 14 | 630 | (D) (E) | 12 | 60% | 45' | 14.32' | 13.72' | 4.36' |
| 50' CAT | 8% | | | | 11 | | | | | 11 | 550 | (D) (F) | 14 | 59% | 50' CAT | 26.25' | 15.24' | 8.00' |
| 50' | 2% | | 2 | 1 | | | | | | 3 | 150 | (E) (G) | 14 | 53% | 50' | 16.38' | 15.24' | 4.99' |
| 55' | 8% | | | | | 11 | | | | 11 | 605 | (A) (H) | 10 | 32% | 55' | 17.06' | 16.76' | 5.20' |
| 75' | 3% | | | | | | 5 | | | 5 | 375 | (E) (I) | 10 | 39% | 75' | 19.65' | 22.86' | 5.99' |
| 80' | 1% | | | 2 | | | | | | 2 | 180 | (F) (J) | 8 | 38% | 80' | 20.29' | 24.38' | 6.18' |
| 88' | 1% | 2 | | | | | | | | 2 | 176 | (F) (K) | 13 | 29% | 88' | 21.29' | 26.62' | 6.49' |
| 100' | 10% | 8 | | | | 2 | 5 | | | 15 | 1500 | (G) (K) | 5 | 30% | 100' | 22.88' | 30.48' | 6.97' |
| 110' | 2% | | | | | | 3 | | | 3 | 330 | (H) BOARDWALK | | NA | 110' | 24.15' | 33.53' | 7.36' |
| 120' | 1% | | | | | | 1 | | | 1 | 120 | TOTAL SLIPS → | 144 | | 120' | 25.47' | 36.58' | 7.76' |
| 130' | 1% | | | | | | 1 | | | 1 | 130 | | | | 130' | 26.47' | 38.62' | 8.07' |
| 140' | 8% | | | | | | 4 | 4 | 4 | 12 | 1880 | | | | 140' | 28.05' | 42.67' | 8.55' |
| 160' | 5% | | | | | | 4 | 3 | | 7 | 1120 | | | | 160' | 30.64' | 48.77' | 9.34' |
| SUMMARY | 100% | | | | | | 4 | 3 | | 144 | | | | | | | | |
| | | | | | | | | | | TOT. MARINA FOOT | 9666.00' | | | | | | | |
| | | | | | | | | | | AVG. BOAT LENGTH | 67.13' | | | | | | | |

*NOTE: ALL REPRESENTED BOAT LENGTHS ARE INDICATIVE OF MAXIMUM BOAT SIZE FOR EACH BERTH

*BASED ON TOBIASSON 1969 BOAT PROFILE CURVE

Figure 19. YCSE Berthing Map

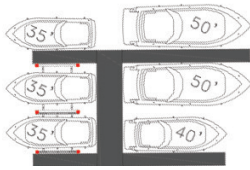


Figure 20. Docks A & B

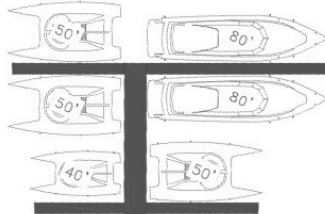


Figure 21. Dock C & D

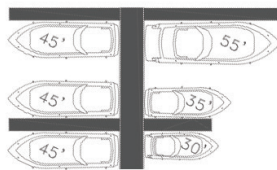


Figure 22. Dock E & F

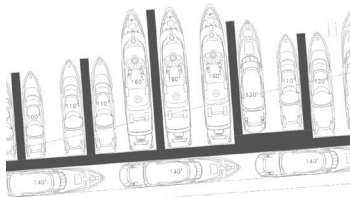


Figure 23. Dock J

The size variation of various vessels account for annual occupancy percentages in some boating categories being in the 30-40% range. Dock Sections A & B will be occupied predominately by local St. John boat owner's year-round, consisting mostly of center console motor boats in the 30-40' range. "A" slip section will offer lifts exclusively. B section will offer slips that will be occupied by motor boats 30-50' in length. There are a total of 46 slips available on B Dock.

C Dock encompasses slip sections of C & D, totaling 24 slips available. This pier is primarily for sailing vessels, both monohull and sailing and motor catamarans, in lengths from 40-55'. At the end of D section there is space for 2 larger sailboats or motor yachts up to 80' in length. C & D slips expect to see heavy use, especially during charter season.

At the end of D Dock is the EPA compliant fuel dock. Slip sections E & F are designed for use by motor yachts, especially sport fishers in the 35-55' length range. Again, sport fishing is a seasonal activity, thus these slips will also be able to berth other vessel types including sailboats of any type. Due to flexibility in boat occupancy type, these 28 slips are expected to be occupied most of the year.

Encompassing a section of the south side of the main pier, A Dock's 10 slips are for motor yachts 80-100' long. E Dock, located at the end of the main pier, offers a total of 10 slips for motor yachts 100' in length on the interior, and 4 slips each for vessels 140' to 160' long.

F Dock is comprised of slip sections I & J. These 21 slips can host a wide variety of vessel sizes from 75-160' on the southernmost pier of YCSE. K Dock is 5 slips for motor yachts up to 140' long.

YCSE South, Docks A, E, F & G are designed primarily for use by large motor yachts, both transient and yachts that will call YCSE their home port. Season for these vessels runs primarily from DEC through MAY, the opposite of hurricane season.

The south section of YCSE will be well occupied during season, but because of insurance requirements won't see nearly as much occupancy during hurricane season. Therefore, annual occupancy for these docks is projected to be between 29-39%.



Eclipse (MMSI: 310593000) is the second largest yacht in the world. Place of Photo Saint-Barthélemy

Source: [MarineTraffic](http://MarineTraffic.com)

COMPETITIVE MARKET PRICING

The proposed Yacht Club at Summer's End slip rates for the marina compare favorably, and in some cases are much lower than those of other area regional marinas serving comparable vessels.

The YCSE rate for a 30' power boat will be 25% less per foot than that charged by Crown Bay Marina, St. Thomas. Summer's End rates for a 90' yacht will be 16% lower than those of Yacht Haven Grand on St. Thomas. For the owner of a 50' sport fishing boat, YCSE rates will only be 10% higher than those charged by American Yacht Harbor marina, Red Hook, St. Thomas. For a 36' catamaran sailboat, the YCSE marina featuring brand new docks and facilities, the daily rate is proposed to be exactly the same as those of St. Thomas' Crown Bay.

UPLAND DEVELOPMENT & RESOURCES

Existing buildings on the site of the Yacht Club at Summer's End marina are nearly 100% occupied as there is strong demand in Coral Bay for retail and office space with the anticipation of the YCSE marina. The developers have received numerous inquiries regarding availability of future space for both uses.

Once the marina is operational, a dramatic increase in demand for retail and office space is expected that will far exceed availability. When demand is confirmed, Phase II of construction will be pursued consisting of buildings 9, 10 & 11. Combined, these buildings will offer approximately 12,185+/- square feet in additional space for retail and offices providing space for an expanded provisioning, additional restaurant venues, public laundry facility, short term residential and and other uses.



Figure 24. Phase I and Phase II of the Yacht Club at Summer's End marina

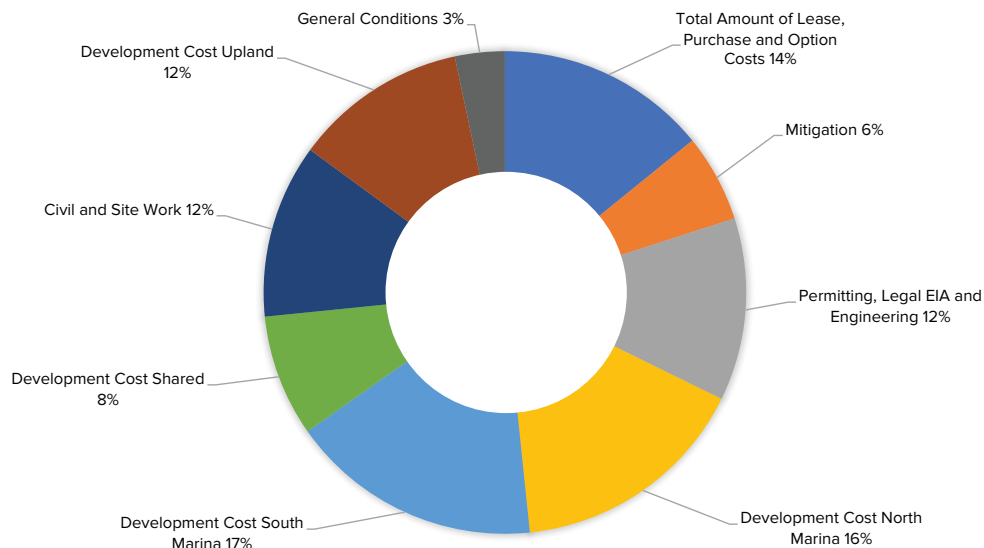
As the only marina on St. John, the proposed Yacht Club at Summer's End marina would distinguish herself in the marketplace by being: 1) destination oriented, 2) beautiful, modern, new, state of the art docks and facilities, and 3) service-centric.

4. Financial Analysis

The estimated total project cost is \$43.4 Million with approximately \$5 million going for upland development, leaving some \$38 million for the marina. By industry standards this is in the upper range, for a 144 slip marina. There are several reasons:

- The docks are designed to allow sunlight to pass through, to minimize shading effects. This required a special aluminum grate type structure, supported by concrete piles.
- The location is expensive, with little construction infrastructure. St John does not have a significant cargo port, and uses small barges and landing craft to move supplies to the island.
- A large amount of mitigation is involved, both within the lease area, and outside, to deal with cleaning up many years of not having a managed marina.
- Proximity to a national park and sensitive eco-systems requires thorough engineering, planning and studies.

TOTAL DEVELOPMENT BUDGET CHART



| TOTAL DEVELOPMENT BUDGET | | |
|--|-----------|------------------------|
| Total Amount of Lease, Purchase and Option Costs | \$ | 6,148,319 14% |
| Mitigation | \$ | 2,552,243 6% |
| Permitting, Legal EIA and Engineering | \$ | 5,316,597 12% |
| Development Cost North Marina | \$ | 6,982,459 16% |
| Development Cost South Marina | \$ | 7,335,915 17% |
| Development Cost Shared | \$ | 3,544,275 8% |
| Civil and Site Work | \$ | 5,063,205 12% |
| Development Cost Upland | \$ | 5,039,088 12% |
| General Conditions | \$ | 1,449,843 3% |
| TOTAL | \$ | 43,431,944 100% |

Figure 25. YCSE - Total Development Budget

The market driven design has accounted for the higher than average development costs, while addressing the problem that St John does not have a marina.

Using AIS arrival data, together Google Earth inventory of vessels moored and anchored around St John, there are typically between 200 and 300 vessels in the area. Weather conditions and seasonal demand can influence the number of vessels that St John can accommodate, as some of the bays are not that well protected from ocean swells.

Larger yachts can only anchor in very limited areas, with the upper size limit of 202 feet. The National Park Service maintains 189 moorings for <60 feet, and an additional 11 for vessels 60 to 100 feet. A further restriction is a limit on no more than three nights in one location, and 30 nights in one year.

Coral bay is supposed to have about 100 “private” moorings, that are permitted from the Department of Planning and Natural Resources (DPNR).

The Google Earth count of 300 vessels was on Feb 5, 2017, and reflects the capacity of the island, which is two months before the actual peak of the season.

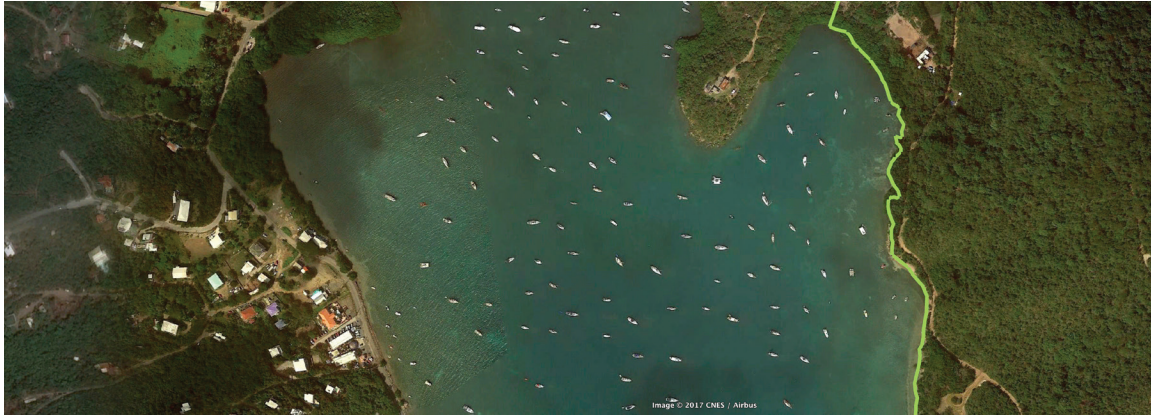


Figure 26. Google Earth image - 02.05.2017

Locally owned boats cannot use the Park Service moorings, nor can large yachts over 100'. The demand far out strips the supply.

To solve this capacity problem, the marina has been designed as two types of marinas. The North Marina docks are for the small, transient and local long-term vessels – vessels that currently strain the availability of private moorings, or cannot come to St John at all. Those vessels need to be incentivized by very low rate to choose a marina that has full services. They can then enjoy utilities, security and waste water disposal, while having the convenience of being at a dock.

The second, or South Marina docks will accommodate Mega yachts and provide significant services to provide water, electricity, waste water disposal and security. Providing those services will generate significant revenue.

The range and number of slip sizes is based on the available data showing the vessels in the area, with both the vessels that do visit St John, and the ones that cannot, which is nearly one third vessels operating in the Northern Leeward Islands. The North Docks are similar in size to the population of sailing charter vessels, and sport fishing boats that have been observed in the area.

The sizes of the mega yacht South Docks, mirror the distribution of the yachts observed.

THE CRUCIAL BREAKEVEN

The overall size of the marina must be carefully considered. A marina has continuous expense once opened for business, with full time staff, utilities, mitigation, office expenses and 24/7 facility security. These expenses are incurred regardless of the time of year or occupancy level. In addition, there are variable expenses that track with the amount of occupancy of the marina.

In addition, the marina operation must retire the debt that capitalized the development and set aside adequate reserves of cash, in case of catastrophe or sudden economic turndown, so that the marina will survive economically.

A critical size or mass must be established, such that the marina will achieve economic self-sufficiency. The point where that operation has revenue that is equal to all expenses, including debt repayment and establishing cash reserves, is called the breakeven point.

It is well established that most small businesses should achieve breakeven within three to four years. Before this is achieved, the business will be losing money, and need cash infusions. This is usually planned in the financing, such, that once the breakeven is passed, the positive profits will pay back the losses.

If the operation is undersized, then it will be unable to set aside reserves, accrue too many ongoing losses, and be very vulnerable to small market changes.

In designing this, both physically and economically, the 144 slip mix of small slips and large mega yacht slips, was considered to be the critical mass for this location and market.

The following pages show, first, the 144 slip proforma, but also slightly smaller designs, that did not perform adequately, and are summarized in this table.

| SLIP COUNT | FOOTPRINT ACREAGE | CONSTRUCTION BUDGET | YEAR-QTR BREAKEVEN ACHIEVED | ACCRUED PROFIT/LOSS AFTER 7 YEARS | CASH RESERVE AFTER 7 YEARS | SUM OF PROFIT/LOSS & RESERVE |
|------------|----------------------|------------------------|-----------------------------------|--|-------------------------------------|------------------------------------|
| 144 | 20 | \$43,431,944 | Year 3, Qtr 1 | \$1,822,626 | \$17,220,000 | \$19,042,626 |
| 128 | 16 | \$41,376,060 | Year 4, Qtr 4 | -\$2,635,197 | \$13,829,336 | \$11,194,139 |
| 115 | 14.6 | \$40,587,085 | Year 6, Qtr 1 | -\$4,072,920 | \$13,641,441 | \$9,568,522 |

Note that by achieving critical mass, as in the 144 slip YCSE marina, for just an additional investment of \$3 Million more than in the smaller 115 slip marina, yields nearly a \$10 Million improvement in the balance sheet at the end of 7 years. In all probability, the 128 and 115 slip designs, would not attract investment nor get financing.

The following underlying assumptions were utilized in deriving annual marine revenue estimates:

- Marine revenues are indicative of a constant annual growth rate of 5.2%;
- Growth in the Caribbean region is anticipated between 2.35% and 3.51%;

BREAKEVEN ANALYSIS 144 SLIPS

MARINA NORTH AND SOUTH

AMOUNTS SHOWN IN U.S. DOLLARS

SALES YEAR 1

| | |
|----------------------------------|--------------------|
| BERTH REVENUE TOTAL NORTH | \$3,221,070 |
| FUEL SALES COMMISSIONS NORTH | \$441,189 |
| ELECTRIC SALES COMMISSIONS NORTH | \$159,794 |
| WATER SALES COMMISSIONS NORTH | \$84,318 |
| OTHER REVENUE | \$31,566 |
| TOTAL NORTH SALES | \$3,937,938 |

| | |
|----------------------------------|--------------------|
| BERTH REVENUE TOTAL SOUTH | \$2,749,757 |
| FUEL SALES COMMISSIONS SOUTH | \$1,489,932 |
| ELECTRIC SALES COMMISSIONS SOUTH | \$283,303 |
| WATER SALES COMMISSIONS SOUTH | \$335,843 |
| OTHER REVENUE | \$26,948 |
| TOTAL SOUTH SALES | \$4,885,782 |

| | |
|------------------------|--------------------|
| UPLAND REVENUE | \$385,800 |
| TOTAL ALL SALES | \$9,209,519 |

VARIABLE COSTS

| | |
|---------------------------------|--------------------|
| MANAGEMENT FEES | \$460,476 |
| GROSS RECEIPTS TAX | \$460,476 |
| ADMIN / SEC / ENVIRO on DOCK 9% | \$537,374 |
| TOTAL VARIABLE COSTS | \$1,458,326 |

FIXED COSTS PER PERIOD

| | |
|--------------------------|--------------------|
| EMPLOYEE COMPENSATION | \$915,757 |
| LAND LEASES | \$359,692 |
| INSURANCE | \$106,818 |
| UTILITIES | \$260,550 |
| MITIGATION | \$213,000 |
| MAINTENANCE | \$70,121 |
| ADMINISTRATION | \$586,396 |
| BANK FEES | \$554,189 |
| DEBT SERVICE | \$3,288,791 |
| RESERVE | \$2,460,000 |
| TOTAL FIXED COSTS | \$8,815,312 |

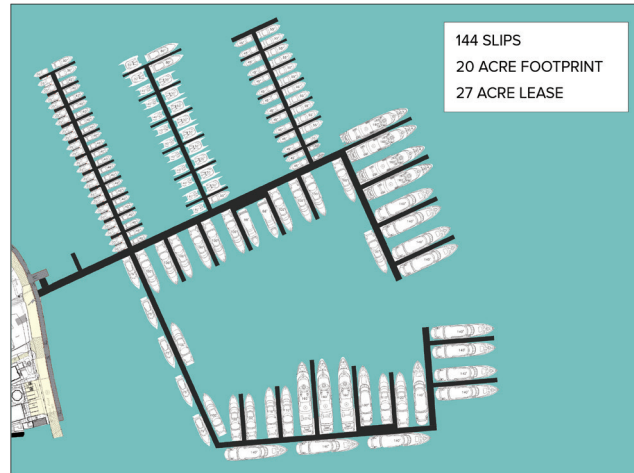
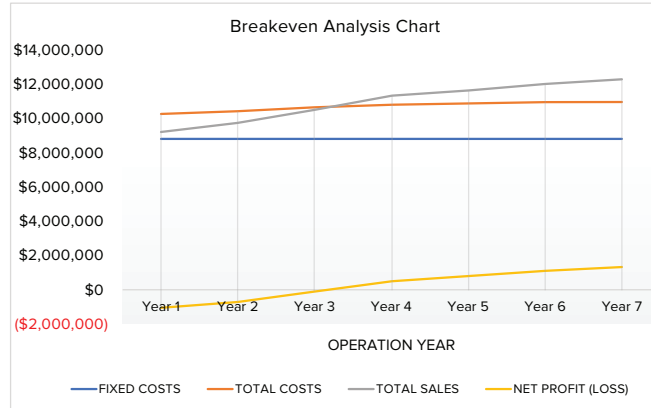
NET PROFIT (LOSS) (\$1,064,119)

| |
|-----------------------------|
| INITIAL CAPITAL COST |
| \$43,431,944 |

RESULTS

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |
|--------------------------------------|--|--|--|--------------|--------------|--------------|--------------|
| FIXED COSTS | \$8,815,312 | \$8,815,312 | \$8,815,312 | \$8,815,312 | \$8,815,312 | \$8,815,312 | \$8,815,312 |
| VARIABLE COSTS | \$1,458,326 | \$1,537,487 | \$1,666,195 | \$1,796,144 | \$1,848,062 | \$1,901,058 | \$1,945,297 |
| ADDITIONAL INTEREST LOSS DEBT | | \$113,989 | \$194,733 | \$210,109 | \$210,109 | \$210,109 | \$210,109 |
| TOTAL COSTS | \$10,273,639 | \$10,466,788 | \$10,676,239 | \$10,821,565 | \$10,873,483 | \$10,926,479 | \$10,970,718 |
| TOTAL SALES | \$9,219,900 | \$9,720,374 | \$10,534,094 | \$11,355,666 | \$11,683,902 | \$12,018,957 | \$12,298,647 |
| NET PROFIT (LOSS) | (\$1,053,739) | (\$746,414) | (\$142,146) | \$534,100 | \$810,419 | \$1,092,478 | \$1,327,928 |

Accrued Profits Losses \$1,822,626
Accrued Cash Reserve \$17,220,000



ANNUAL SALES, COSTS AND PROFIT

Figure 27. Breakeven Analysis 144 Slips

BREAKEVEN ANALYSIS 128 SLIPS, 11% Slip reduction

MARINA NORTH AND SOUTH

AMOUNTS SHOWN IN U.S. DOLLARS

SALES YEAR 1

| | |
|----------------------------------|--------------------|
| BERTH REVENUE TOTAL NORTH | \$2,955,204 |
| FUEL SALES COMMISSIONS NORTH | \$426,096 |
| ELECTRIC SALES COMMISSIONS NORTH | \$151,811 |
| WATER SALES COMMISSIONS NORTH | \$80,798 |
| OTHER REVENUE | \$28,961 |
| TOTAL NORTH SALES | \$3,642,871 |

| | |
|----------------------------------|--------------------|
| BERTH REVENUE TOTAL SOUTH | \$2,157,077 |
| FUEL SALES COMMISSIONS SOUTH | \$1,191,625 |
| ELECTRIC SALES COMMISSIONS SOUTH | \$229,040 |
| WATER SALES COMMISSIONS SOUTH | \$273,630 |
| OTHER REVENUE | \$21,139 |
| TOTAL SOUTH SALES | \$3,872,512 |

| | |
|------------------------|--------------------|
| UPLAND REVENUE | \$385,800 |
| TOTAL ALL SALES | \$7,901,183 |

VARIABLE COSTS

| | |
|---------------------------------|--------------------|
| MANAGEMENT FEES | \$395,059 |
| GROSS RECEIPTS TAX | \$395,059 |
| ADMIN / SEC / ENVIRO on DOCK 9% | \$460,105 |
| TOTAL VARIABLE COSTS | \$1,250,224 |

FIXED COSTS PER PERIOD

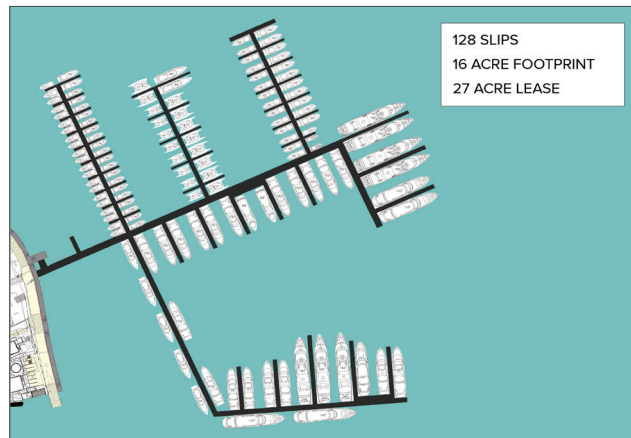
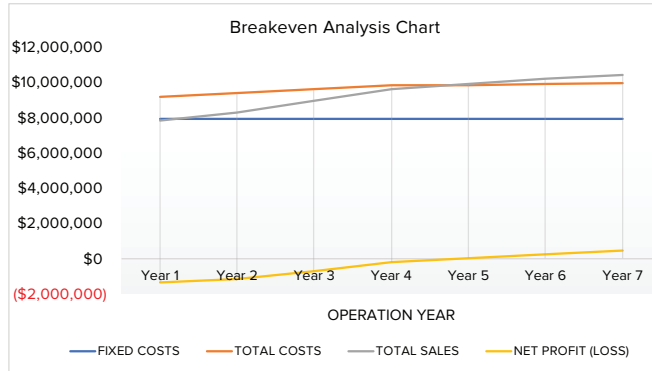
| | |
|--------------------------|--------------------|
| EMPLOYEE COMPENSATION | \$915,757 |
| LAND LEASES | \$359,692 |
| INSURANCE | \$90,526 |
| UTILITIES | \$222,953 |
| MITIGATION | \$213,000 |
| MAINTENANCE | \$63,855 |
| ADMINISTRATION | \$498,671 |
| BANK FEES | \$466,464 |
| DEBT SERVICE | \$3,133,113 |
| RESERVE | \$1,975,619 |
| TOTAL FIXED COSTS | \$7,939,651 |

NET PROFIT (LOSS) (\$1,288,692)

| |
|-----------------------------|
| INITIAL CAPITAL COST |
| \$41,376,060 |

RESULTS

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |
|--------------------------------------|----------------------|----------------------|--------------------|--------------------|-------------|--------------|--------------|
| FIXED COSTS | \$7,939,651 | \$7,939,651 | \$7,939,651 | \$7,939,651 | \$7,939,651 | \$7,939,651 | \$7,939,651 |
| VARIABLE COSTS | \$1,250,224 | \$1,317,119 | \$1,424,791 | \$1,532,387 | \$1,577,977 | \$1,624,517 | \$1,662,858 |
| ADDITIONAL INTEREST LOSS DEBT | | \$145,586 | \$268,755 | \$343,818 | \$365,614 | \$365,614 | \$365,614 |
| TOTAL COSTS | \$9,189,875 | \$9,402,356 | \$9,633,197 | \$9,815,856 | \$9,883,242 | \$9,929,782 | \$9,968,123 |
| TOTAL SALES | \$7,844,045 | \$8,263,751 | \$8,939,298 | \$9,614,370 | \$9,900,405 | \$10,192,406 | \$10,432,958 |
| NET PROFIT (LOSS) | (\$1,345,830) | (\$1,138,605) | (\$693,899) | (\$201,486) | \$17,163 | \$262,624 | \$464,836 |



ANNUAL SALES, COSTS AND PROFIT

Accrued Profits Losses **(\$2,635,197)**
Accrued Cash Reserve **\$13,829,336**

Figure 28. Breakeven Analysis 128 Slips

BREAKEVEN ANALYSIS 115 SLIPS, 20% Slip reduction

MARINA NORTH AND SOUTH

AMOUNTS SHOWN IN U.S. DOLLARS

SALES YEAR 1

| | |
|----------------------------------|--------------------|
| BERTH REVENUE TOTAL NORTH | \$2,515,489 |
| FUEL SALES COMMISSIONS NORTH | \$369,949 |
| ELECTRIC SALES COMMISSIONS NORTH | \$129,931 |
| WATER SALES COMMISSIONS NORTH | \$68,953 |
| OTHER REVENUE | \$24,652 |
| TOTAL NORTH SALES | \$3,108,974 |

| | |
|----------------------------------|--------------------|
| BERTH REVENUE TOTAL SOUTH | \$2,243,298 |
| FUEL SALES COMMISSIONS SOUTH | \$1,226,868 |
| ELECTRIC SALES COMMISSIONS SOUTH | \$235,451 |
| WATER SALES COMMISSIONS SOUTH | \$280,980 |
| OTHER REVENUE | \$21,984 |
| TOTAL SOUTH SALES | \$4,008,581 |

| | |
|------------------------|--------------------|
| UPLAND REVENUE | \$385,800 |
| TOTAL ALL SALES | \$7,503,355 |

VARIABLE COSTS

| | |
|---------------------------------|--------------------|
| MANAGEMENT FEES | \$375,168 |
| GROSS RECEIPTS TAX | \$375,168 |
| ADMIN / SEC / ENVIRO on DOCK 9% | \$428,291 |
| TOTAL VARIABLE COSTS | \$1,178,626 |

FIXED COSTS PER PERIOD

| | |
|--------------------------|--------------------|
| EMPLOYEE COMPENSATION | \$915,757 |
| LAND LEASES | \$359,692 |
| INSURANCE | \$88,034 |
| UTILITIES | \$217,202 |
| MITIGATION | \$213,000 |
| MAINTENANCE | \$62,896 |
| ADMINISTRATION | \$485,253 |
| BANK FEES | \$453,046 |
| DEBT SERVICE | \$3,073,370 |
| RESERVE | \$1,948,777 |
| TOTAL FIXED COSTS | \$7,817,027 |

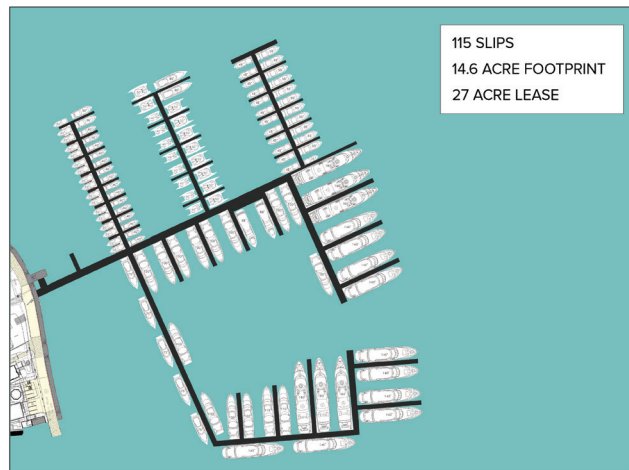
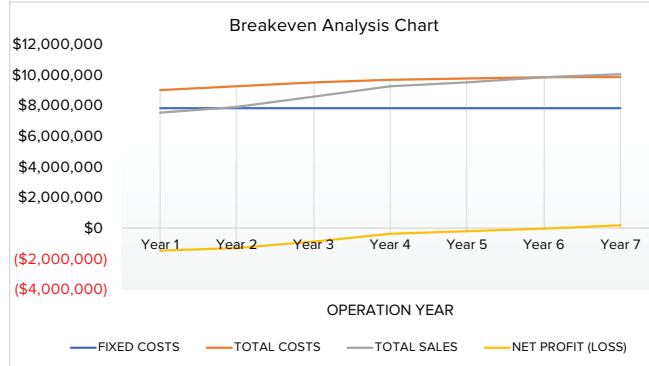
NET PROFIT (LOSS) (\$1,492,298)

| |
|-----------------------------|
| INITIAL CAPITAL COST |
| \$40,587,085 |

RESULTS

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |
|--------------------------------------|----------------------|----------------------|--------------------|--------------------|--------------------|-------------------|------------------|
| FIXED COSTS | \$7,817,027 | \$7,817,027 | \$7,817,027 | \$7,817,027 | \$7,817,027 | \$7,817,027 | \$7,817,027 |
| VARIABLE COSTS | \$1,178,626 | \$1,242,427 | \$1,346,083 | \$1,451,102 | \$1,492,883 | \$1,535,542 | \$1,571,503 |
| ADDITIONAL INTEREST LOSS DEBT | | \$159,274 | \$298,626 | \$392,691 | \$435,777 | \$459,194 | \$460,302 |
| TOTAL COSTS | \$8,995,653 | \$9,218,728 | \$9,461,736 | \$9,660,819 | \$9,745,686 | \$9,811,763 | \$9,848,832 |
| TOTAL SALES | \$7,523,285 | \$7,930,529 | \$8,592,178 | \$9,262,522 | \$9,529,214 | \$9,801,514 | \$10,031,056 |
| NET PROFIT (LOSS) | (\$1,472,369) | (\$1,288,199) | (\$869,558) | (\$398,297) | (\$216,473) | (\$10,249) | \$182,224 |

Accrued Profits Losses (\$4,072,920)
Accrued Cash Reserve \$13,641,441



ANNUAL SALES, COSTS AND PROFIT

Figure 29. Breakeven Analysis 115 Slips

FIRST YEAR OPERATING EXPENSES - FIXED

| FIXED COSTS PER PERIOD | |
|--------------------------|--------------------|
| DEBT SERVICE | \$3,288,791 |
| RESERVE | \$2,460,000 |
| EMPLOYEE COMPENSATION | \$915,757 |
| ADMINISTRATION | \$586,396 |
| BANK FEES | \$554,189 |
| LAND LEASES | \$359,692 |
| UTILITIES | \$260,550 |
| MITIGATION | \$213,000 |
| INSURANCE | \$106,818 |
| MAINTENANCE | \$70,121 |
| TOTAL FIXED COSTS | \$8,815,312 |
| NET PROFIT (LOSS) | \$8,575,967 |

RESULTS

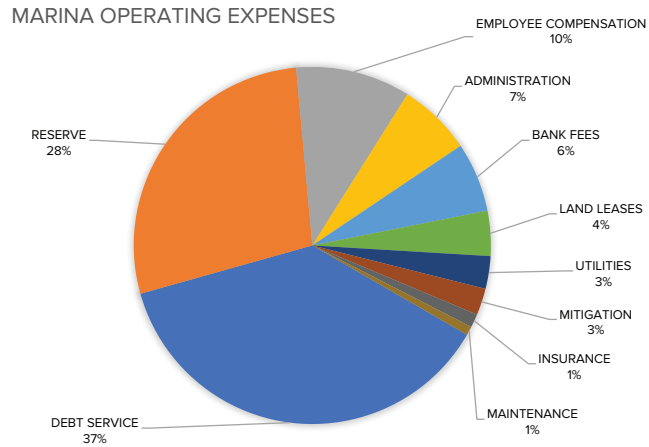


Figure 30. First Year Operating Expenses - Fixed

PROJECTIONS OF MONTHLY REVENUES

The Monthly revenues show the seasonal variability with the yachts, while showing the revenues from the small, long term leases. While some pre-sales of leases will occur on the North Marina, forecasts in the monthly and first five years are presented as stabilized revenues, for analysis.

Research indicates that in her first year of operation the Yacht Club at Summer’s End will reach occupancy of 66% by non-seasonal users with boats up to 75’, and 31% by seasonal guests whose yachts exceed 75’, not including the facilities’ 12 moorings. Painstaking effort has been spent to follow best use practices in the evaluation of the St. John market resulting in the proposed design of the St. John marina that best serve this ideal. The result is a combined marina project that maximizes the consideration for the environment, the recreational boating market and the people of St. John.

| Overall annual occupancy of inventory | January | February | March | April | May | June | July | August | September | October | November | December |
|--|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 66% | | | | | | | | | | | | |
| Projected % Occupancy distribution by month | 8.3% | 8.3% | 8.3% | 8.3% | 8.3% | 8.3% | 8.3% | 8.3% | 8.3% | 8.3% | 8.3% | 8.3% |
| BERTH REVENUE TOTAL NORTH | \$ 176,749 | \$ 176,749 | \$ 176,749 | \$ 176,749 | \$ 176,749 | \$ 176,749 | \$ 176,749 | \$ 176,749 | \$ 176,749 | \$ 176,749 | \$ 176,749 | \$ 176,749 |
| FUEL SALES COMMISSIONS NORTH | \$ 36,766 | \$ 36,766 | \$ 36,766 | \$ 36,766 | \$ 36,766 | \$ 36,766 | \$ 36,766 | \$ 36,766 | \$ 36,766 | \$ 36,766 | \$ 36,766 | \$ 36,766 |
| ELECTRIC SALES COMMISSIONS NORTH | \$ 13,316 | \$ 13,316 | \$ 13,316 | \$ 13,316 | \$ 13,316 | \$ 13,316 | \$ 13,316 | \$ 13,316 | \$ 13,316 | \$ 13,316 | \$ 13,316 | \$ 13,316 |
| WATER SALES COMMISSIONS NORTH | \$ 7,026 | \$ 7,026 | \$ 7,026 | \$ 7,026 | \$ 7,026 | \$ 7,026 | \$ 7,026 | \$ 7,026 | \$ 7,026 | \$ 7,026 | \$ 7,026 | \$ 7,026 |
| ADMIN / SECURITY / ENVIRO on DOCKAGE 9% | \$ 15,907 | \$ 15,907 | \$ 15,907 | \$ 15,907 | \$ 15,907 | \$ 15,907 | \$ 15,907 | \$ 15,907 | \$ 15,907 | \$ 15,907 | \$ 15,907 | \$ 15,907 |
| OTHER REVENUE | \$ 26,512 | \$ 26,512 | \$ 26,512 | \$ 26,512 | \$ 26,512 | \$ 26,512 | \$ 26,512 | \$ 26,512 | \$ 26,512 | \$ 26,512 | \$ 26,512 | \$ 26,512 |
| UPLAND REVENUE | \$ 32,150 | \$ 32,150 | \$ 32,150 | \$ 32,150 | \$ 32,150 | \$ 32,150 | \$ 32,150 | \$ 32,150 | \$ 32,150 | \$ 32,150 | \$ 32,150 | \$ 32,150 |
| TOTAL NORTH SALES | \$ 308,427 | \$ 308,427 | \$ 308,427 | \$ 308,427 | \$ 308,427 | \$ 308,427 | \$ 308,427 | \$ 308,427 | \$ 308,427 | \$ 308,427 | \$ 308,427 | \$ 308,427 |
| Overall annual occupancy of inventory | | | | | | | | | | | | |
| 31% | | | | | | | | | | | | |
| Projected % Occupancy distribution by month | 15.9% | 14.3% | 20.8% | 17.2% | 8.3% | 3.4% | 2.3% | 1.7% | 0.1% | 0.7% | 4.3% | 11.0% |
| BERTH REVENUE TOTAL SOUTH | \$ 437,211 | \$ 393,215 | \$ 571,949 | \$ 472,958 | \$ 228,230 | \$ 93,492 | \$ 63,244 | \$ 46,746 | \$ 2,750 | \$ 19,248 | \$ 118,240 | \$ 302,473 |
| FUEL SALES COMMISSIONS SOUTH | \$ 236,899 | \$ 213,060 | \$ 309,906 | \$ 256,268 | \$ 123,664 | \$ 50,658 | \$ 34,268 | \$ 25,329 | \$ 1,490 | \$ 10,430 | \$ 64,067 | \$ 163,892 |
| ELECTRIC SALES COMMISSIONS SOUTH | \$ 45,045 | \$ 40,512 | \$ 58,927 | \$ 48,728 | \$ 23,514 | \$ 9,632 | \$ 6,516 | \$ 4,816 | \$ 283 | \$ 1,983 | | |
| WATER SALES COMMISSIONS SOUTH | \$ 53,399 | \$ 48,025 | \$ 69,855 | \$ 57,765 | \$ 27,875 | \$ 11,419 | \$ 7,724 | \$ 5,709 | \$ 336 | \$ 2,351 | \$ 14,441 | \$ 36,943 |
| ADMIN / SECURITY / ENVIRO on DOCKAGE 9% | \$ 39,349 | \$ 35,389 | \$ 51,475 | \$ 42,566 | \$ 20,541 | \$ 8,414 | \$ 5,692 | \$ 4,207 | \$ 247 | \$ 1,732 | \$ 10,642 | \$ 27,223 |
| OTHER REVENUE | \$ 65,582 | \$ 58,982 | \$ 85,792 | \$ 70,944 | \$ 34,234 | \$ 14,024 | \$ 9,487 | \$ 7,012 | \$ 412 | \$ 2,887 | \$ 17,736 | \$ 45,371 |
| TOTAL SOUTH SALES | \$ 877,485 | \$ 789,185 | \$ 1,147,905 | \$ 949,229 | \$ 458,058 | \$ 187,638 | \$ 126,932 | \$ 93,819 | \$ 5,519 | \$ 38,631 | \$ 237,307 | \$ 607,065 |
| TOTAL YCSE By Month | \$ 1,185,912 | \$ 1,097,612 | \$ 1,456,332 | \$ 1,257,656 | \$ 766,485 | \$ 496,065 | \$ 435,359 | \$ 402,246 | \$ 313,946 | \$ 347,058 | \$ 545,734 | \$ 915,492 |

Figure 31. Monthly Revenues Projection



The USVI currently has only 8,700 feet of dockage that is available for a yachts 60 feet or larger, the least amount of dockage on any of the major cruising destinations in the Northern Leeward Islands.

When comparing this dock availability to AIS data, this 8,700 feet of dockage space could only accommodate 9.2% of the total number of mega yachts in the study area between June 2017 and May 2017. During this time, there were just over 800 mega yachts and vessels over 60', totaling 78,268 combined feet.

Tracking the vessels travel patterns, the mega yacht fleet orientated more to the south, where there have been mega yacht marinas developed to accommodate them. The economic output of these vessels have oriented along the same paths. The analysis estimated that mega yachts generated over \$120 million in primary spending during the 2016-2017 season, in the region surveyed. The USVI got only 11% (12.8M) of that spending, and St. John received virtually none. The above projections show that YCSE marina could substantially shift marine revenue into the USVI, and especially, St John.

Of the vessel population that data was collected on of the 2,543 vessels, 805 of those yachts were too large to visit the majority of the moorings on St. John, or 32% of the total vessels in the regional market area.

ECONOMIC ACTIVITY IN THE NORTHERN LEEWARD CARIBBEAN ISLANDS.

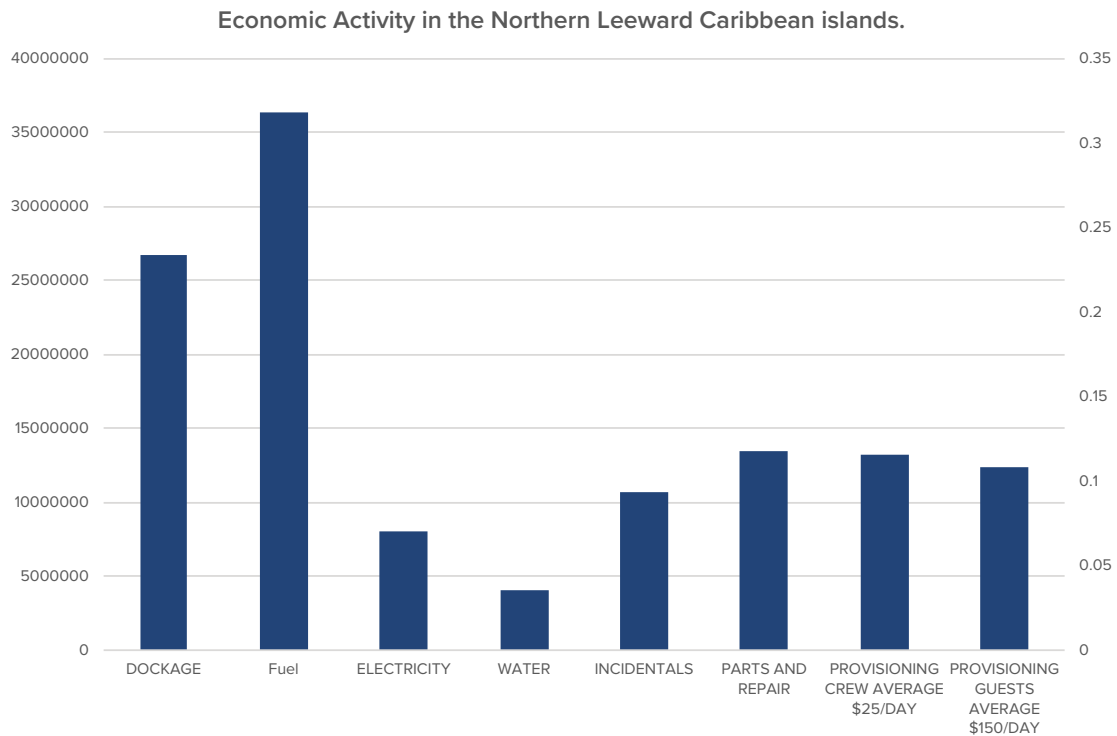


Figure 32. Economic Activity in the Northern Leeward Caribbean islands.

5. Overview of St. John Yachting Market

The Yacht Club at Summer's End market is composed of 7 distinct boating submarkets listed below. These submarkets are currently being either vastly underserved or completely ignored in the region. These diverse submarkets are divided into two basic fee groups, long term or annual leases, and short term or overnight rates.

- Island residents (St. John)
- St. Thomas and other VI docked boats
- Affluent Puerto Rican market
- Day/week trippers
- Sport fishermen
- Charter boat service
- Yachts up to 160'
- +
- BVI cruise passengers¹
- Overnight guests



Figure 33. Caribbean Sailing Vessel

Island residents – The developers of YCSE currently have over 50 unsolicited slip requests. This deluge of slip requests for over 1/3 of the proposed marina clearly shows that this market is underserved and frustrated due to a lack of easy access to the shore. Many St. Johnians keep their boats and yachts on St. Thomas. St. John is the only major U.S. or British Virgin Island without a marina.

St. Thomas and other VI docked boats – are boats owned by non St. Johnians that are currently docked primarily on St. Thomas, Tortola and other surrounding islands. Many of these boat owners would rather be docked on scenic St. John. This submarket is made up of St. Thomians, US continentals, and British and European nationals who are seasonal residents of the USVI.

Affluent Puerto Ricans – An incredibly large number of wealthy Puerto Ricans' yachts descend on the U.S. Virgin Islands, particularly St. John throughout the year. This market segment often affectionately refers to St. John as their equivalent of the Hamptons.

Day/week trippers – The island of Tortola boasts that it is the #1 charter boat location on the planet. All boat charters want to go somewhere, and one of the most desirable destinations in all of the Virgin Islands is St. John, known for its' verdant national park, prolific terrestrial and underwater wildlife, and home to one of the top ten beaches on the planet. The St. John YCSE marina positions itself as a must destination for day trippers whether originating in the U.S. or British Virgin Islands, as it will be the first and only marina on St. John.

Charter boat service – Due to its perfect location and every conceivable amenity necessary, YCSE is the perfect jumping off point for a week long cruise in the Virgin Islands, making it a natural home port for charters.

¹ Counting BVI cruise passengers and overnight guests are additional sources of revenue.



Figure 34. Sporting Fishing

Sport Fisherman – Mostly seasonal, these boat owners typically lease dockage seasonally or annually during fishing season in and around the Virgin Islands. The St. John marina will be one of the least congested, most convenient marinas available to this segment.

Yachts – Each vessel represents a sizable consumer group when its crew is taken into account. This market segment is known for having considerable disposable income and being significant consumers of services and products of every type when at port.

ADDITIONAL YCSE MARKETS

BVI Cruise Passengers – While this segment isn't expected to utilize dockage, it could be a very nice consumer of goods and services available at the marina facility, and from other local restaurants, car rentals, water and land tours, as well as retail sales.

The proposed US Customs and Border Protection office at YCSE would make check in simple for this submarket and all other submarkets for non U.S. citizen visitors.

Overnight guests – Like the BVI cruise passengers, overnighters won't use dock facilities, but will be perfect consumers for the amenities at the St. John marina and surrounding Coral Bay merchants. Amenities of restaurants, provision and recreational services will make Coral Bay the perfect headquarters from which to explore St. John's National Park and quieter eastern end.

SALES STRATEGY FOR EACH SUBMARKET

It is important to again note that currently, the developers of the proposed St. John marina have over 50 unsolicited slip requests. The strategy for additional sales for the proposed world class, state of the art, environmentally considerate facility revolves around a vivid understanding of the marketplace and a well-executed marketing plan.

Each submarket of YCSE's overall market can require different strategies. Here is a simplified overview of how each is accessed and converted.

St. John residents that are boat owners will be presold for the most part while the YCSE marina complex is under construction. During this period, sales leads will be generated through:

1. Press releases
2. Networking via first person contact
3. Social networks like Facebook and Twitter
4. Referrals
5. Advertising in local media

These pre-sales will be facilitated by the local staff of the professional management team.

St. Thomas and other VI docked boats is a submarket that represents a potential floodgate of sales. Local introductory events and advertising in local publications will be an effective way to induce sales. Again referral and networking will be an integral part of sales strategy for this group. Marina management with support from the development team will facilitate this sales strategy.

Affluent Puerto Rican market presales will be facilitated through a combination of hosting a series of events at local P.R. yacht and fishing clubs, networking, referrals and local print media advertising as needed. This is a very close knit demographic in which referrals are key.



Figure 35. Sailing Vessel

Day/week tripper sales will be generated through:

1. Coop and networking with local charter operators like Moorings, CYOA and others
2. Online advertising and web search results
3. Ads in local and regional marine publications like: All At Sea, Yacht Essentials & First Mate
4. Word of mouth
5. Coop advertising through corporate sponsored events throughout the year including; St. Thomas Regatta, ABMT/Boy Scouts, the Moorings, others.
6. Media coverage in publications such as: Sail, Cruising World and Islands magazines

YCSE's differentiation as a destination and gateway to St. John, in addition to state-of-the-art dockage, premium amenities and facilities, area villa accommodations, and top of the line provisioning and services will make the marina dominant in this market segment.

Ongoing sales will be handled through the marina manager's office via internet registration, telephone inquiry and radio contact.

Game/Sport Fisherman sales leads will be generated through networking with area fishing tournament organizers and fishing clubs, as well as ads in popular sport fishing media outlets. Presales will be facilitated via telephone and email handled by staff of marina management.

Boat charter service will be presold by direct contact via Internet and phone through the marina manager's office with USVI & BVI charter companies and others throughout the Caribbean.

Yacht owners will be sold through:

1. High profile representation at top boat shows incl. Ft. Lauderdale International (world's largest), Miami, Annapolis Boat Shows et al.
2. Partnering with other independent, first rate marinas throughout the U.S. east coast, the Mediterranean and Caribbean.
3. Networking through yacht transport companies who annually deliver anywhere between 80-110 yachts from the American northeast and the Mediterranean region each season.
4. Networking to vessel captains and crew via website, social media and referral.
5. Referrals through Realtors, professional associations, and civic and business groups such as Rotary and Chamber of Commerce

TWO ADDITIONAL YCSE MARKETS

BVI cruise ship passengers are a small market where access will come directly through contacting major cruise lines whose primary port of call is Road Town, Tortola, the closest neighboring cruise port to the proposed St. John marina. Contact through the marina manager's office will be made with the major cruise lines calling on Tortola as well as Tortola based tour operators seeking a visit to St. John to establish an ongoing customer base.

Overnight guests will come from short term villa rentals via rental agencies, car rental and restaurant referral, and various island concierge services. The YCSE facility makes Coral Bay the perfect location for a land and sea vacation combination.

Walk up/local traffic can easily be counted on as the media coverage starting with the initial construction through the ribbon cutting at the grand opening of the Yacht Club at Summer's End. The news of St. John's first and only marina will dominate local headlines.

Sales of all types will be managed through a central database that will allow YCSE to track real market distribution and the effectiveness of advertising, marketing efforts and sales productivity.



Figure 36. Couple walking along harbor. Illustration

“Annual Survey Continues to Show Growth in Industry Performance and Profits”

This was a headline created by a survey of marina owners whose results were featured in the DEC’16 issue of leading industry publication Marina Dock Age magazine; *“Over half (56.8%) reported a higher occupancy”*. The article clearly points out that for 2016, marina occupancy is on a steady increase with 66.3% of medium size marinas like YCSE reporting 85 percent occupancy or higher.

Results in profits from the same survey revealed: *“Looking at 2016 gross profits, compared to the year before, the majority of facilities reported increased gross profits (64%).”*

Marina Dock Age’s 2016 Marina/Boatyard Trends Annual Report states: *“Growing occupancy rates, increased or steady slip/service rates and product/service revenues, combined with increased investment has led to growth in the industry over a number of years, and that looks poised to continue for some years to come.”*



Figure 37. Yacht Club Port De Plaisance, St. Maarten

6. Global Marina Market Trends

To develop a relevant context for the analysis of demand for yachting and marina services in the Caribbean, it is first necessary to understand the variables of the business on a global scale.

According to a report on the 2016 market by Boat International, the number of new yachts on order or under construction is 755 yachts 24 meters (78') or longer. The bulk of these orders are for yachts between 90 feet and 150 feet, a 9% increase from 2015.¹

- There are currently 7,500 mega yachts (defined as larger than 25 meters or (82') actively cruising in the world today, of which roughly a quarter are available for charter.
- This decade has seen a steady order book, with an average of 237 new mega yachts being launched every year, with an average size of 37 meters (121') each. This size and is the beginning of long range cruising, such as trans-Atlantic crossings.
- A 25 meter (82') mega yacht begins to define the luxury market. Vessels of this size offer an array of amenities, making crew a necessity. The vessel must also be seaworthy to travel from the US to the Caribbean easily.

The top five countries for Ultra High Net Worth Individuals (UHNWI) who are mega yacht owners are the United States (33%), United Kingdom (11%), Italy (5%), Australia (4%) and Russia (3%).²

UHNWIs are about 88% of the share of the luxury market for yachts, with an annual spend of US\$22 billion.

THE GLOBAL YACHT CHARTER MARKET



IS GROWING WITH THE VALUATION OF \$35 BILLION
IN 2014 EXPECTED TO REACH **\$51 BILLION BY 2020.**

The global yacht charter market is growing with the valuation of \$35 billion in 2014 expected to reach \$51 billion by 2020. The boom is due to the rising disposable income of consumers globally and the increasing number of yacht charter destinations.³

Sailing yachts are projected to grow 6.5% through to 2020, with motor yachts to grow by 6.7%.

A rise in the number of wealthy buyers wanting to own property in coastal locations, as well as a global increase in the number of boat owners, is prompting international developers to create more waterfront enclaves.

¹ Boat International - [Source](#)

² THE STATE OF WEALTH, LUXURY, AND YACHTING - A Report by Camper & Nicholsons International and Wealth-X

³ The Advantaged [Source](#)

Estimates suggest that about 10 million yachting holidays are taken each year. This number includes 2.5 million trips taken by residents of the United States and one million by residents of the United Kingdom (two of the largest source markets for yachting and sailing). The yachting industry has been exhibiting significant growth over the past 5 years and this growth is fueled by an increasing desire for more active leisure holidays by the affluent. Yachting is turning more towards destination adventure tourism to exclusive beaches that offer yachters a remote destination to explore like St. John.

Not only have more people taken up yachting over the past 5 years, but yachts are getting more numerous and bigger.

CARIBBEAN MARINA MARKET TRENDS

The influence of these uptrends in the marina tourism sector worldwide and throughout the US is apparent in terms of vessel traffic in the Caribbean region. Refer to Figure 10 to see pleasure craft vessel density patterns.

This overall tourism and marina market growth is leading to longer stays (as compared to cruise ship single-day visitors) and increasing demand on local services including hotels and marinas, as tourists explore the territory over multiple days. Air visitors also include those tourists arriving to embark on yacht charter vacations.

USVI MARINA MARKET TRENDS

To estimate the strength of existing demand for marinas across the Caribbean, an evaluation of trends in several aspects of demand was considered from the existing marinas in the region and demand from existing anchorages in the region. An examination was also made of economic conditions in countries where recreational boat registrations are the highest.

The USVI is dependent on tourism, and with a strengthening U.S. economy coupled with being one of the more desirable destinations in the Caribbean, the outlook holds potential for expansion for the USVI economy. With the addition of a world class marina on the island of St. John, marine revenues will greatly benefit the economy not only on the island but throughout the region, while at the same time helping to protect the pristine environment.

In the 2016 Virgin Islands port authority fiscal year 2016 operating and capital budget summary statements, the committee projected that growth in the marine sector would experience an annual growth rate of 5.2%. With the addition of the first and only marina on the island of St. John, this is likely to be higher.

When compared to FY2015 projected revenue collections of \$30.4M marine revenues anticipated for FY2016 of \$32M are \$1.6M higher (05.2%). Conversely, when marine revenues projected for FY2016 (\$32M) are measured against the FY2015 budget (\$30.9M), marine revenues suggest an increase of \$1.2M (03.7%).

7. Summary

St. John is one of the most beautiful tropical islands anywhere and under the protection of the U.S. flag. Because of her preferred status as a U.S. territory, the YCSE marina is positioned to take advantage of the robust economic recovery in the American and international recreational boating market. Transient boat traffic from outside of the market is impacted by the global economy and tourism in the general region, tourism across the USVI has increased over the last year, suggesting increased transient boat traffic as well.

The St. John boating market is underserved for boat slips based on vessel traffic and adjacent market demand, combined with the underserved sub markets potential demand is greater than current supply, including a need for a significant percentage of slips greater than 80+ ft.

The slip mix and actual dock configuration of the Yacht Club at Summer's End marina is the result of the application of a combination extensive local market research and over 35 years of experience in the marina industry in the areas of design, construction and operation by industry stalwart, Mr. Jeffery D. Boyd, CEO and managing partner of Marine Management & Consulting N.V. headquartered in St. Maarten.

In the USVI, he is best known as one of the co-founders of Island Global Yachting and the designer and front line developer of IGY's Yacht Haven Grand, St. Thomas, USVI. Over the past 25 years, he has designed and consulted on marina facilities throughout the Caribbean including St. Maarten, Costa Rica, Turks and Caicos, Dominica, USVI and the Bahamas.



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