



We are excited to present Sleepbox's response for the Port of San Diego's RFP for Lower Cost Overnight Accommodations. We believe in Sleepbox's ability to convert the existing Annex Building into low cost accommodations with the quality typically associated with upper mid-tier hotels. In our proposal we will describe our unique, disruptive approach to hotel development and the technologies that we have created in order to create the best guest experiences possible with a minimal impact into the existing building and surrounding areas.

We believe, like the Port, that travel should be more accessible, and right now the cost of accommodations can be prohibitively high for many prospective visitors. In order to empower more travel, and benefit tourist destinations and their business ecosystems, we have created the novel Sleepbox Hotels. If awarded, the San Diego Sleepbox Hotel would be the first of its kind and attract incredible attention for the implementation of our novel, out of the box approach to hotel development.

Because we are creating a brand new hotel concept and manufacturing our own unique rooms, we are proposing to develop and operate the Project at the Annex Building. Sleepbox will redesign the existing space to update it and make it more hospitable for guests, while creating an attraction open to the public and local communities. Our initial plans include overnight accommodations for up to 70 guests, allowing us to use only 130 square feet per guest and at an all-in construction cost at a fraction of what traditional industry leaders would have to spend to achieve a similar quality.

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We look forward to the opportunity to work together.

Best Regards,
Peter Chambers and Mikhail Krymov



Sleepbox Response

**Port of San Diego
RFP 18-19ME**

**San Diego Bay Development Opportunity
Lower Cost Overnight Accommodations**

About Sleepbox

Sleepbox was founded to help travelers explore more easily and comfortably. We developed contemporary hotel technology inside of our sleek, modular rooms to bring much-needed hospitality solutions to high demand environments. What are high demand environments? Basically, anywhere that you may want to rest, recharge, or just need some personal space to re-center.

We believe in the transformational power of travel. Through experiencing new ways of living and meeting different people and cultures, we grow and learn things about ourselves that are impossible to learn digitally. However, traveling is not easy and is full of many inconveniences, with accommodations being the largest problem. Sleepbox is bringing hospitality solutions to where they do not currently exist and locations that are not meeting traveler's demands.

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Sleepbox considers information included in this report private, and requests that this proposal is not publicly distributed without prior approval.

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Approach to Project

We started Sleepbox in 2016 because we viewed travel as inaccessible due to the lack of affordable, quality accommodations near destinations where people want to travel. We believe in the transformational power of travel that comes from experiencing different cultures and locations. By traveling we learn more about ourselves. We believe that travel should be easier, and a new opportunity exists for innovation in our accommodations. Travelers want an affordable hotel experience as seamless and compelling as other modern technology service. Sleepbox Hotels serve that purpose, to make it easier to travel, and to change the hotel from a golden cage to a vehicle for adventure.

Many of the core values for Sleepbox overlap the intentions of the Port's Lower Cost Accommodations RFP. Sleepbox designs for lower costs by converting existing structures into hotels. These forms of adaptive reuse allow more sustainable, ecologically friendly, and lower cost development. We transfer our benefits to our guests, so they enjoy great accommodations, modern technologies, and affordable travel.

Our approach to the project will focus on taking the existing, vacant section of the Port of San Diego Annex Building, and upgrading the interior and exterior areas to fit a hotel use and support the installation of Sleepboxes onsite. We will focus on offering accommodations for 70 individuals in the 9,200 square feet of leasable space.

Through our approach to the project we intend to demonstrate the alignment between Sleepbox's proposed development and the intention for the Lower Cost Overnight Accommodations initiatives. We will demonstrate our ability to apply our modern designs and high-quality finishes into the space to create a welcoming and comfortable environment that fits within the city and the Port property. We will demonstrate our ability to use modern technologies to increase the access to prospective visitors and offer another, more affordable, option to travelers when searching for accommodations. We will show the uniqueness of our operations and our ability to operate our properties efficiently with a high degree of service. We will also show our ability to work with historically strong teams that have worked locally and nationally, with our focus to bring new, high-quality jobs to the region through our Project. We will also detail the unique features of our hotel, which enables us to deliver service levels associated with middle-upper tier hotels at the price point closer to budget or economic chain scale room rates.

We believe that we will demonstrate the alignment between the Port's intentions for the current development opportunity and our ability to deliver and operate the highest-quality, lower-cost accommodations.



Project Description

Sleepbox is excited to convert the existing Annex building from office and rental car to an unique hotel opportunity that serves as a bridge from the airport to the rest the coast and the city has to offer to travelers. The Sleepbox Hotel in San Diego will extend Sleepbox's previous projects in airport, by taking the next step of having a hotel in the city, just outside of the airport. The Sleepbox Hotel will offer the level of quality service, design and accommodations offered in traditionally mid-scale hotels, but with the uniqueness, coolness, and compactness of the Sleepbox innovations. We will offer all this at the cost of traditional budget or economy hotels.

Defining Sleepbox Hotels

If the contract is awarded, we would launch our first Sleepbox Hotel in San Diego. We want to share what that means, why it's important, and why we are excited to start working with the Port of San Diego and the California Coast.

Our Vision

Micro Hotel, Big Adventure!

We aim to open a hotel at every destination, to create a community of adventure seekers every night, looking for the same self-exploration.

As we have all started to share more online and become digitally social, we have created too many artificial experiences. We are trying to do too much without even leaving our apartments, jobs, and comfort zones. Travel allows us to break down these restrictions, to create real experiences and sincere connections outside of the comfort of our daily routine. We see Sleepbox Hotels as the best way to empower this type of travel and influence new connections.

Sleepbox Guests

Sleepbox guests are urban explorers seeking immersive experiences and to dive into the local culture and embrace the experiences San Diego has to offer. Sleepbox encourages guests travel through urban immersion. Our guests integrate into the culture and create the best opportunities for personal development. Our guests don't care if it's their first time in a city, or if they don't know anyone there. They are exposing themselves to new, different, and contrasting opinions in order to grow their own worldview. Sleepbox Hotels allow for these guests to come together in a communal environment. They can have more enriching experiences exploring a new city. Here's how we align with our guests and connect with our cities.

Get together, and get out there.



San Diego Hotel Vision

Sleepbox is excited by the opportunity to create our new type of hotels with the Port of San Diego. The great history of culture and natural resources in the city and along the coast which, paired with continuous perfect weather, drive constant travel to the region. Sleepbox wants to become part of the story for travel to the coast, and in particular empower and encourage local travelers to come and stay overnight in San Diego more often. Sleepbox plans to combine our traditional advertising and marketing through OTA and search with a local campaign focused on events that encourage day trips for many Californian residents. A vast majority of Californians want to visit and frequently do visit the coast and San Diego, however, less than half of them choose to stay overnight. We believe this is in part due to a lack of lower cost accommodations, that make it economically feasible for more diverse visitors to stay overnight more often.

Sleepbox will offer a level of technology, design, finishes, and service that guests currently expect from mid-tier or higher hotel brands and offer it at the price of a budget or economy hotel. Our approach disrupts hospitality in level of service as well as speed and cost of development. We open new hotels in 1/5th the time and 1/10th the cost of a traditional hotel development, and with a minimum impact to the surrounding community. We share our cost savings with our guests. We implement new technologies in order to decrease our staffing requirements while increasing service. By lowering the amount of busy-work our staff has, we empower them to spend more time and attention on delighting guests.

We design our hotels for minimalist luxuries, and one frequent question we receive is about our bathrooms. Our rooms are too small to comfortably include bathrooms inside. Instead, we emulate luxury airline lounges, with separate, private rooms that enclose a guest's toilet, sink, and shower, but separate from the guestroom. More frequently hotel companies are offering smaller and smaller rooms, without real reprieve on cost. This logical step in separating bathrooms allows for rooms to be ½ the cost, and in similar micro-hotels everything is so closely packed that in many cases guests would rather have a separate space for the bathroom.

The Sleepbox technologies allow guests to find, book, and pay for their room right from our app. Our bookings allow guests to check in at any time during the day, and if we can, check out at any time they like as well. They also have access to their room through the app, they no longer have to interrupt their travel and wait in line for their key. All the other aspects of their room, the color of the lights, the temperature, music, the number of pillows, and soon even the aroma-therapy in the room can be controlled right from their phone. Sleepbox remembers exactly how you like your room and will prepare everything for you as soon as you check in for your next stay. So next time you come to a Sleepbox in San Diego, Boston, or DC, it's like walking right into your own bedroom.

The Sleepbox Hotel will fit into the surrounding area and incorporate itself into other attractions and destinations in the region by incorporating more art and visual design into the façade and frontage of the hotel. We will create murals and feature local artists that will carry artwork from exterior and interior spaces so that it feels like barriers disappear between the hotel and San Diego. We will program the hotel to incorporate local food and beverage providers as well. We will work with local restaurants, vineyards, and breweries



to offer rotating pop-up food and beverage options to guests, nearby residents and other members of the surrounding community. We plan on opening up the exterior spaces for comfortable meeting areas for guests and neighbors to convene or come for drinks, meals or snacks. We propose to activate 3-4 exterior spaces with unique environments, including the rooftop above the Annex building. We will feature rotating food trucks and pop-ups for lunch and dinner 3-7 days per week, depending on demand. These amenities will benefit the local community as much as the hotel guests by providing new food and beverage options compared to traveling a bit further down into Little Italy. The blending of local communities and guests will allow the Sleepbox guests, who often travel alone, to meet with and connect more with the local community.

Key Project Details

- Space Utilized: Just the Annex Building, additional area for parking.
- Number of Rooms: 48 Total, 70 Guests—24 Single Rooms, 22 Queen Rooms, 2 ADA.
- Gross Square Footage: 27,350 including Exterior Common Areas
- Leasable Square Footage: 9,200 interior (Annex Building)
- Height of Structures: Same as existing.
- Number of Floors: 2 (including rooftop activation)
- Approach to Parking: Repurpose section of existing parking lot for the hotel.

Lower Cost Qualifications

Sleepbox often promotes how we provide hotel rooms for half of the average room rates in a city or in the immediate vicinity. We propose to comply with the lower cost accommodation requirement by operating the hotel at a RevPAR between [REDACTED] With the strength of this project, we traditionally try to maximize the RevPAR but because there of minimal financing and potentially no debt-service burdens on the project, we are seek to run the hotel at maximum occupancy for rooms rates that come near the economy chain-scale average daily rates, as provided for guidance in the RFP attachments.

We will allow for ADR and/or RevPAR increases annually in line with market changes. Current projections for ADR growth across the country vary between 1-2% annual increases over the next 10 years. With projected ADR of [REDACTED] Sleepbox rooms fall in line with the guidance provided with the RFP.

Competitive Brands

As a novel hospitality concept, expectations for Sleepbox accommodations will vary. We will be promoting rates in line with chain scales similar to Days Inn, Econo Lodge, Motel 6, and America's Value Inn. However, the brands that we compare our amenities and features to are very different. We compare the value of Sleepbox accommodations to brands such as Moxy, which recently opened in San Diego, Yotel, which is planned in the Seaport Village Development, and Motto, which is Hilton's newest brand as of December 2018. These brands also offer compact accommodations for the larger corporate hotel groups, but mislead guests with rooms rates that range \$120-\$200. For example, Yotel,



which opened one of their first hotels in Boston in the Spring of 2017, had a target room rate of \$180 in the city, and often sold out with rates rising to \$400+ for compact accommodations. We surveyed an Omni hotel, the Lenox, a local luxury boutique hotel, and the Yotel in Boston in the middle of the week in the winter of 2017 and found that the Yotel was the most expensive room at \$275 compared to \$220 for the other 2 brands. So far brands offer a misleading view of compact hotels and affordability, however Sleepbox changes this paradigm by fundamentally offering a new manner of development for hotels. This means Sleepbox has the unique opportunity to offer mid-level services and accommodations for a much lower price than anticipated. We use the example of Yotel because of its similarities to Sleepbox. Yotel started as a compact accommodation for travelers in airports, with rooms at London's Heathrow airport for the past 10 years or so. More recently they have increased their development efforts to open more hotels focusing on their 'cool' factor and the level of technology they offer guests. Sleepbox exceeds expectations of technology in our hotel rooms and constantly works to have a greater footprint in airports internationally.

Sleepbox will demonstrate our ability to operate successfully by providing upper mid-tier service for the cost of economy hotels and motels with its first example being in San Diego.



Preliminary Marketing Plan

Sleepbox will create a varied approach to marketing and advertising the proposed Hotel in San Diego. There will be two key focuses for the Sleepbox Marketing Strategy. Sleepbox will use common industry technology tools for marketing the Sleepbox in order to enter the consideration of travelers coming to the coastal attractions from anywhere around the world. This includes listing Sleepbox on Online Travel Agencies (OTAs), travel metasearch websites sites, as well as paid search advertisements. We design this type of marketing to create the appeal of general travelers looking for accommodations in San Diego, and in these cases Sleepbox will stand out based on the unique ‘coolness’ of our product and surprisingly low nightly rates. The second approach to marketing the hotel relates to cultural events in order to appeal more to the community and cultural events in San Diego and specifically the Californians that are traveling to the San Diego area for these events. In addition, we will create our own programing at the hotel and will develop partnerships that link the Sleepbox Hotel with specific groups of travelers.

Advertising

Sleepbox works with industry veterans from Google, TripAdvisor, Expedia, and paid search consultancies to determine the best practices for promoting Sleepbox Hotels in competition to every major hotel currently available on OTAs and Metasearch sites.

Sleepbox will focus on paid advertisements over direct bookings for OTAs and Meta as part of our larger digital strategy. An integral part of the Sleepbox Experience includes room control and access provided to our guests through our proprietary technologies. This encourages guests to download our mobile app for Android and Apple cellphones. The app is not required and will not prohibit anyone from staying at our hotel but will increase the enjoyability of their stay.

By downloading and interacting with Sleepbox directly through our app for the first-time guests stay at our properties internationally, will drive direct bookings from our platform for repeat customers.

We work with Google’s startup team and travel industry partners from advertising groups to identify keywords and key demographics in order to target the appropriate guests with our advertising. Sleepbox will increase the paid search ad presence with the specific focus on San Diego during the launch and activation of the Project.

Community Activation

Sleepbox pairs the programing of the hotel with the marketing strategy to attract and retain local guests. Part of the programming included in the project calls for pop-up and food-truck style food and beverage options. We will feature local providers from breweries, wineries, for pop-up tastings and pursue the option to host events on the rooftop and outdoor spaces for our guests and neighbors.

The immediate surrounding area lacks a high number of food and beverage options, and rather than having guests or other community members heading into the Little Italy area as the closest option for food, we think Sleepbox can provide a compelling alternative by



featuring amazing pop-up options. We believe this falls in line with the pop-up nature of our style of modular rooms and pod hotels.

By creating a local stop for community members, we create a more hospitable environment for new guests coming to the city and provide a new service for locals. This level of programming and focus on clientele will allow Sleepbox to better market to local Californians coming to San Diego for events and to experience the coastal areas. Over 70% of Californians enjoy visiting the coastal areas, however most of the visitors are only coming once per year, and less than half are staying overnight. The visitors that are coming overnight are of higher income levels. This information comes from studies commissioned by the California Coastal Commission and demonstrates how Sleepbox empowers visitors to come more often.

For visitors that do not plan to stay overnight, cost remains a primary factor that prevents individuals from staying. However, visitors that stay overnight and for longer periods of time tend to spend more money in the area. The economic benefits from increasing tourism not only benefits hotels but all other businesses in the area. Other travelers that already stay in hotels, might budget \$300-400 for a hotel room for a weekend, but could save \$200+ if there was the option to stay at a Sleepbox Hotel for the same period of time. The additional \$200 in travel budget for an individual or couple creates new opportunities to explore different coastal areas, extend an existing trip, or try new cultural attractions. Ultimately by reducing the cost of lodging, visitors will visit more locations and spend more in the area, acting as an increased economic benefit for local businesses.

We would also partner with companies like Bird and other dockless ridesharing services, because we believe they represent another technology that empowers travelers to see more and experience cities in a new and different way. Rental scooters and bikes make destinations smaller and allow travelers to stay in new areas and experiences different parts of destinations like San Diego and its many different islands and neighborhoods.

As Sleepbox programs the San Diego Hotel, we will continue to focus on events and attractions that will serve local tourists. Sleepbox will align itself with these events to attract and serve this group of guests seeking to find new options to stay at the coast and explore San Diego.

Art & Culture

Highlighting local cultural events, the CRSS festival occurred the weekend of March 2, 2019. The festival featured music and performances by many artists along the San Diego waterfront. Attendees and potential attendees from Southern California view these events, and search the hotels listed on the event's website only to see rooms available for \$200-350 per night. For 2 nights of hotel rooms in addition to the event entrance fees, an individual might have to pay over \$1000 for the weekend at the festival or may travel to and from the event each day.

A better option to offer the choice of Sleepbox's lower cost accommodation that could co-market events like this. Sleepbox has great success with experiential marketing, where travelers and guests get a chance to see and feel the Sleepbox Experience in person. For



guests coming into the city for an event like a music festival do not need hotels to be the greatest expense for their weekend and realizing something like Sleepbox exists changes the way they travel in the future.

Part of the interior design thesis for the Project will feature local artists' work and up-cycled materials collected and repurposed from around San Diego Bay. Artists featured in the Sleepbox Hotel should also be found at locations around the city and create another local link to culture.



Project Design Concept Drawings

Site Plan



The scope of the Sleepbox proposal include 48 rooms, 24 of our Standard size, single occupancy rooms, 22 of our larger Sleepbox Queen units, and 2 of our ADA accessible rooms. This arrangement will allow for up to 70 guests. The Project includes repurposing the existing structure in the Port of San Diego Annex Building. We create additional common areas by activating 3 different outdoor areas. We create a bank of bathrooms easily accommodates the number of guests onsite.

Guests will approach the Sleepbox Hotel from Pacific Highway and walk through the common areas and entrance of the hotel back to the reception desk. From the reception they can enter their room facing the large window-wall letting in copious amounts of light that highlight the high ceilings of the Annex Building, welcoming art, and war, coverings in the hotel.

Inside of their Sleepbox, guests can unpack, store their luggage and recharge. After settling into their rooms, guests can explore the common areas, have a private conversation in under the portico along the side of the building, lounge with a larger group of travelers by the patio near the main entrance, or enjoy local food and drinks from a pop-up vendor in the food-truck area.

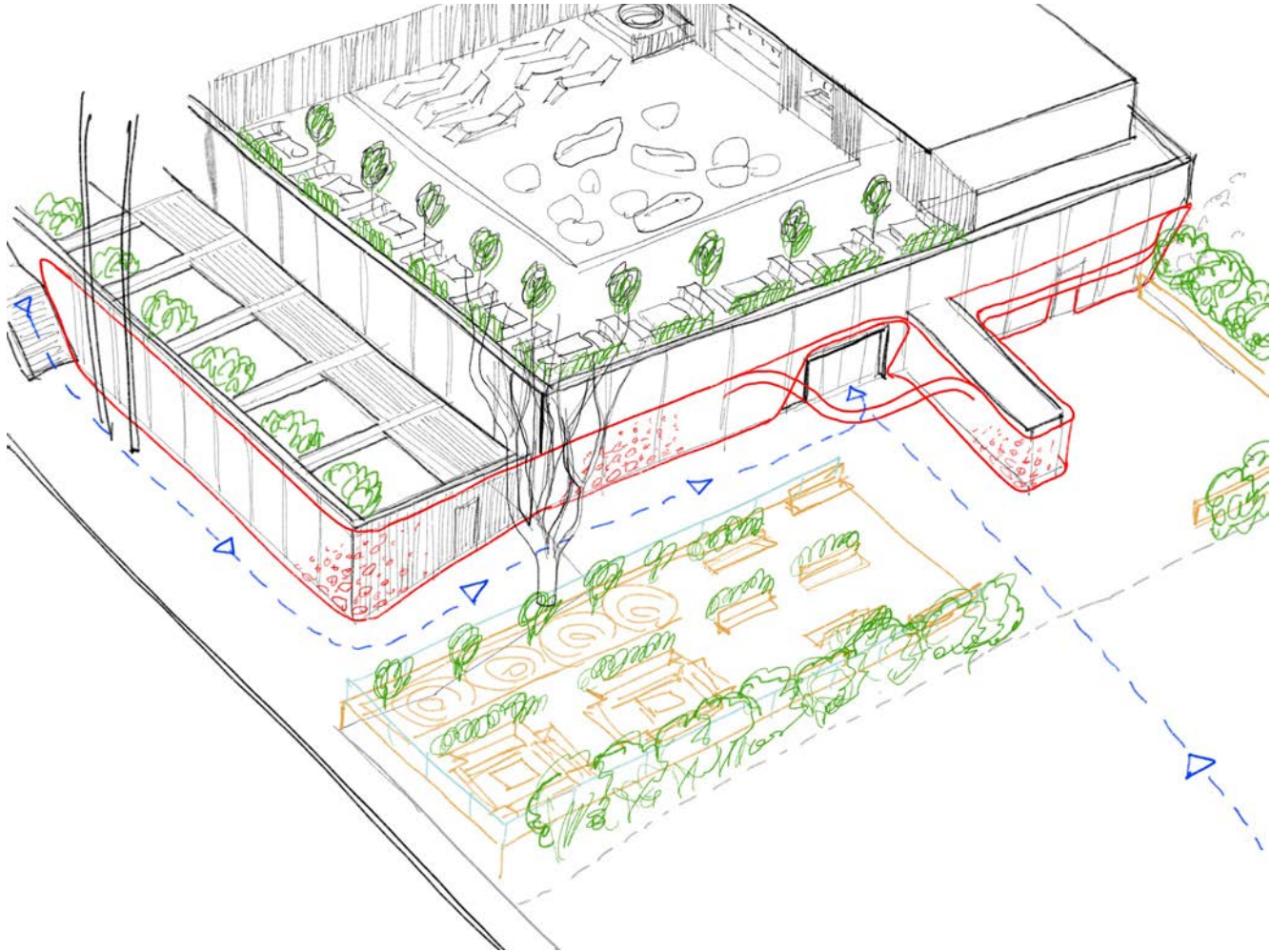
Once a guest has grounded themselves at the Sleepbox Hotel, they will be ready to explore the rest San Diego has to offer.



The dimensioned version of the site plan highlights the design efficiency, and low-impact the Sleepbox Project will have on the area, while creating a new hotel in the space.

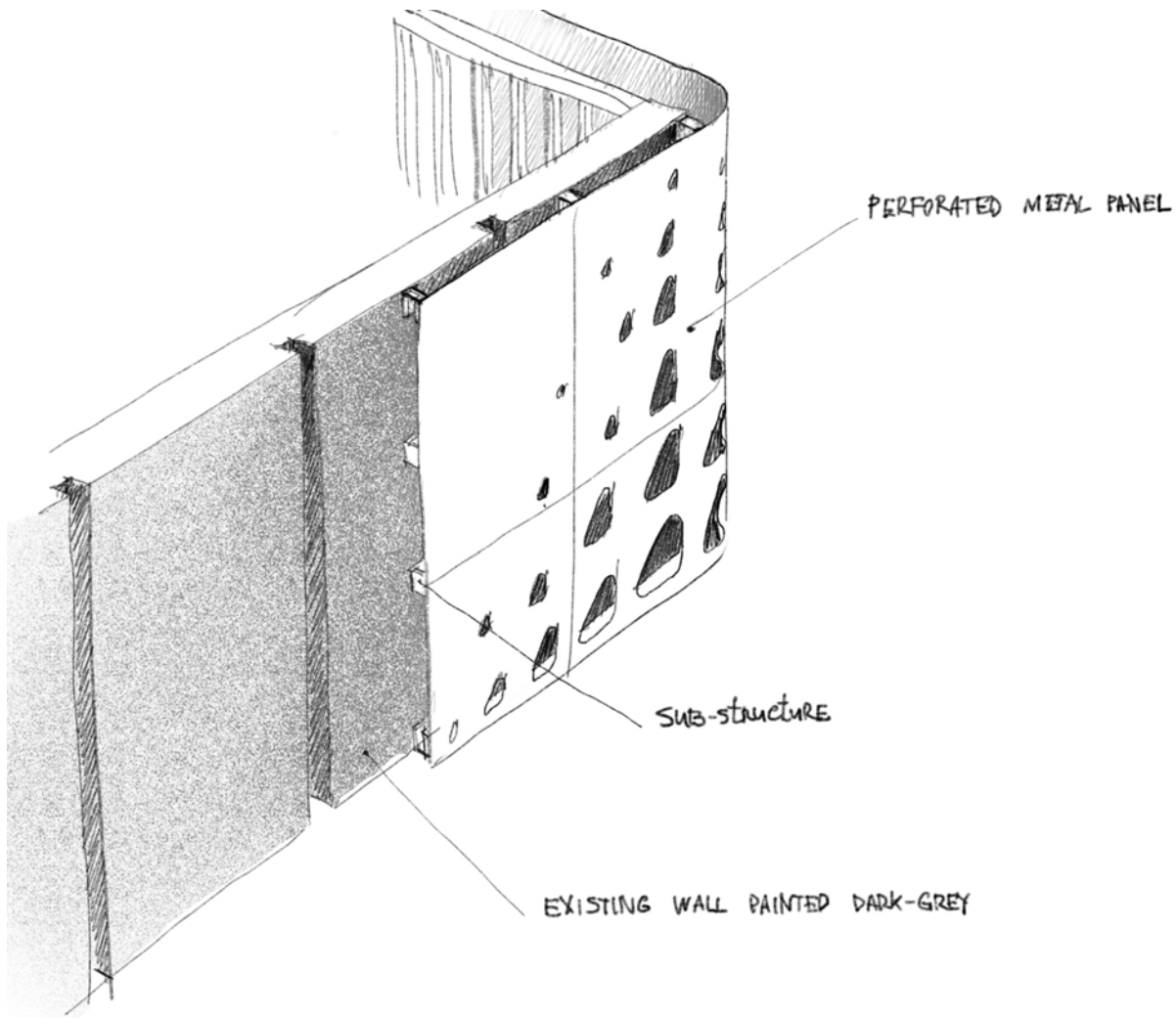


Elevations



The Sleepbox exterior will be clad in a new material that allows the hotel to stand out from the existing construction of the Annex Building. This façade will also run seamlessly between the exterior of the building from the face on Pacific Highway, around to the front entrance of the hotel and inside, as well as extending into the awnings over the proposed outdoor patio areas.





The new proposed façade will feature a pattern stamped into the metal as well as finished with graphics as well. This introduces both the art program to the façade of the building as well as linking the design elements from the street, to the common areas, and then inside to the Sleeping areas.



Perspective Drawings



The interior of the Sleepbox space will feature the existing high ceilings and large glass wall that faces a small covered garden area shared with the Port offices. Improvements to the spaces will create the best environment possible for a comfortable and welcoming overnight stay.

Additional interior design features highlight the design ideas of Sleepbox, contrasting the futuristic and high-tech nature of the rooms with warm and welcoming colors and wood grains.





Sleepbox often features copious amounts of natural plants as part of the finishes and decorations of our spaces. Again the welcoming warm colors of the walls and plants are contrasted with the clean, white, and modern furniture.





Bathrooms are unique in Sleepbox Hotels, we create luxury, private bathrooms similar to the what travelers have come to expect from luxury airline lounges that contain guests' sinks, toilets, and showers. We build them in banks, separate from each room. Because building bathrooms separate from each compact room increases our efficiency, we invest in much higher quality finished spaces for our bathrooms. This advantage allows us to create much nicer bathrooms than guests in budget hotels would come to expect.



Sleepbox Products

The proposed installation for our Hotel will feature primarily 2 different configurations of our Sleepboxes. Sleepboxes are private, modular furniture units, that are as easy to assemble as standard furniture and are powered through standard 120V outlets. Our products are designed to provide personal, private accommodations while being flexible in their installation. Once assembled they have lifting caster wheels, allowing them to easily be rearranged or transported to different locations. We can provide the perfect amount of rooms for any given space.



Sleepbox Standard, single occupancy



Sleepbox Queen, dual occupancy

The primary configuration utilized in this proposal is the Standard Plus unit pictured in the center of Figure 8. These rooms feature an exceptional amount of space inside, to stop any guest from worrying about feeling confined or in a small space. There is a full standing height with over 7' ceilings inside. It offers a mattress longer than a king sized bed while being narrower. We have a list of these features available in every Sleepbox model:

- Secure and private
- Soundproof
- Clean and cozy
- Mood light
- Relaxing or personalized music
- Chargers and Wi-Fi
- Comfortable bed and a folding table.





Standard Sleepbox Interior (above), Queen Sleepbox Interior (lower).



The second featured configuration of Sleepbox in the hotel will be the Sleepbox Queen, which features all the same standard amenities to our guests, while having additional storage space and a larger, queen-sized, mattress. This is a great solution for couples looking for new travel experiences together. The ADA unit is very similar to our Double-Queen offering with extended depth and larger doors to accommodate wheelchairs.

Viewing images of the interior of these products, both feature natural wood finishes to make the interior, private space feel homier for our guests, but also include colors, finishes, and fixtures repeated from the exterior architecture. The highlights include the gray carpeting, wide white curved walls, and LED light beams.



Project Schedule

If Sleepbox is awarded the contract from the Port, the pre-construction phase of the work will begin immediately following the award of the contract from the Port of San Diego. The work will consist of initial work, creating primary drawings, beginning and approving entitlements for the hotel, and construction. The timeframes for this schedule will be listed as relative to the award of the contract, and the number of months for the indicated work (C +Xm). The estimated total time for Pre-Construction work is 9-12 months.

Initial Work—C +0-1m

Within 30 days of the contract being awarded to Sleepbox, Sleepbox will execute the requirements in this proposal to create the new contracting entity to be responsible for handling all contracts for the project. Sleepbox then also finalize the development agreement with the Port. Sleepbox will also execute financing agreements that were put in place pending the award of the Project from the Port. The Sleepbox team will also immediately begin preparing the Initial Study for the initial Environmental Impact review.

Primary Drawings— C +1-4m

Sleepbox will work with local architects, engineers and consultants to formulate a full set of architectural and engineering drawings to confirm the status of the existing building, confirm the assumptions made as part of the Proposal, and evaluate the most efficacious options for approaching the entitlements process.

Entitlement Period

While the full set of drawings are drafted, Sleepbox will work with the local Port of San Diego and California Coastal Commission officials to make all stakeholders aware of the intentions of the Sleepbox project and hopefully garner support for the success of the Sleepbox project, including but not limited to including Lower Cost Accommodations to the current Port Master Plan Update, or prepare for the Port Master Plan Amendment process for the Sleepbox Hotel.

Preparation of Negative Declaration—C +2-4m

One of the benefits of the innovative model for all Sleepbox Hotels is the increased sustainability, decreased community disruption, and lack of heavy construction required to create a new hotel. We believe that this allows Sleepbox an unique position to submit for a statement of Negative Declaration. While we intend to change the use of the Port's Annex Building to a use not currently included in the scope of the Port Master Plan, we believe because we do not intend to significantly change the ecological impact of the property, we believe we can create a compelling case with the help of formal reports prepared by local engineers. We will plan to submit arguments to the Port that demonstrate the project will not have a significant impact on the environment 3-4 months after awarded the contract.

PMPA & CDP – C +2-5m

If the Project is evaluated and allowed to move forward with the Negative Declaration, the Sleepbox team will move forward with the process to finalize CDP and PMPA documents. If the timing allows, the best case to keep the project moving forward would be to include



the Annex Building's Low Cost Hotel as part of the current Port Master Plan Update, however, we accept the low likelihood of success considering the scope, scale and previous effort of that initiative. The Sleepbox team is prepared to develop and submit for a PMPA in addition to the CDP to complete the key entitlements

Exception for EIR—C +4-6m (additional 3 months in Entitlements)

Sleepbox will prepare for the exception that the statement of Negative Declaration is refused, in which case Sleepbox will pursue options to submit a revised EIR as part of the CDP. The local Sleepbox team will begin filing the required information for Notice of Preparation, draft EIR, and Public Review Period in accordance with the EIR and CDP Process in conjunction with a PMPA.

Allowance for Appeals and Public Review—C +5-6m

Sleepbox will allow for the 49 day Public Review process on the submitted documents, and time to respond and address any questions or supplemental consideration to the submitted documents.

Agency Review—C +6-7m

We believe that in the scenario where the Project is allowed to move ahead with a Negative Declaration statement within 6-7 months of review we will be able to begin agency review of both the PMPA and the CDP by the California Coastal Commission and the Port of San Diego, respectively. We believe that the alignment between key stakeholders, the RFP, and the Sleepbox Project will allow us to move swiftly through the entitlements phase of the Project. We made appropriate allowances and scenarios for an extended period of entitlements if a more robust EIR is required.

Local Permits & Licensing—C +7-9m

Once the regional and state authorities approve the development Sleepbox will confirm the permitted project with the local AHJs and submit the approved project plans for construction permit. Once the Coastal Commission and the Port approve the Project Sleepbox will move forward with the local organizations responsible for providing local lodging licenses as well as appropriate licenses for the food and beverage program. With the considerations and expected endorsement from Coastal and Port approvals of the project Sleepbox anticipates this step to be shorter than the EIR, CDP, and PMPA processes.



Construction

Once the Project is fully permitted, we will begin construction of the space and manufacturing of the Sleepboxes for the Hotel. Final drawings for local modifications of Sleepboxes will be completed at the time the Permit Drawings are also completed. This will allow us to start manufacturing and demolition immediately after receiving approved construction permits. Timeframes for construction will be indicated by the time the Project receives construction permits and the estimated time to completion (P +Xm). Initial estimates allow us to believe that construction will take between 10-12 months.

Manufacturing Kick-Off— P +0-8m

We will wait for the Proposed Project being fully permitted before we begin manufacturing of the Sleepboxes for the San Diego Hotel. This allows us to accommodate any modifications required to comply with all applicable local, regional, and state code requirements. Once started, manufacturing will take approximately 8 months to deliver all of the rooms required for the San Diego Hotel. Sleepboxes will ship in stages, and as each set of Sleepboxes are completed we will be pack, ship, and store them locally near the Project site for installation at the earliest availability of the local labor teams.

Demolition—P +0-1m

At the same time that manufacturing begins, local contractors will begin preparing the Annex Building for Sleepbox construction. Based on the current state of the interior of the Annex building, only a minimal amount of demolition work is required. The work will focus on creating the new desired entrance. Demolition should complete within 1 month of receiving Construction Permits.

MEP Work—P +1-5m

After we clear the space of existing debris, work will begin to upgrade and/or replace existing infrastructure. Internal mechanical work is limited to replacing current HVAC systems and possibly upgrading the elevator equipment. Additional work should include the rough in of the limited partition walls that divide the interior spaces and between the bathrooms. We will determine the final scope of work when the final plans are submitted and approved by the local authorities having jurisdiction (AHJs). Each Sleepbox can easily plug into a standard outlet to operate, however, because we offer electrical outlets to the guests inside our rooms, each Sleepbox requires a 15 Amp circuit. This will likely require replacement and/or upgrades to existing transformers and additional electrical equipment. Data cable will be run and installed as well. The scope of the electrical work onsite will account for a majority of the work of the building systems. Plumbing work will upgrade and install the infrastructure required in the Annex Building for the additions of bathrooms and showers for hotel guests. Loading plans and appropriate sizing for these systems will be determined by engineering drawings and approved by local AHJ's before the work begins. Based on similar projects we have estimated and the current state of the proposed work, we estimate this to take 3-4 months overall.

Finish Work—P +5-8m

Once the rough in of each major building system is completed, finish work can begin. A majority of the finish work consists of simple paint and finishes for ceilings, walls, and floors. The bathrooms are the only new structures that require construction and finish



work onsite. Work on the bathrooms will begin as soon as allowed from the completion and inspection of the plumbing work, and can continue through the time that Sleepboxes are being installed and configured onsite. The room areas and common areas are expected to take 2-3 months to complete and the bathrooms are expected to take 2-4 months.

Sleepbox Installation—P +7-9m

Sleepbox will begin shipping Sleepboxes and store them locally in San Diego as soon as they we complete them at our manufacturing facilities. This will allow the installation and configuration of Sleepboxes to begin in rolling stages.

Fire and Life Safety Systems—P +7-9m

Fire and Life Safety Systems require that we install Sleepboxes prior to completing this work. These systems will come at the end of the work planned for the site. The details and exact scope of the Fire and Life Safety Systems at the property will be evaluated, designed, and proposed by local, certified professionals and will be reviewed by local AHJs. Any infrastructure upgrades that are deemed required during permitting will be completed with other MEP requirements at the beginning of the project.

Art—P +9-11m

Sleepbox intends to feature local artists that decorate the interiors and exteriors of our property with specific graphics and murals that create the warmth and welcoming design that bridge the interior and exterior areas at the Sleepbox Hotel. Additional artwork will be installed in the interior of the hotel in final preparation of completing the construction and allowing the operating team to take over the Hotel.

Timeline Recap

Based on the scope of work considered in the proceeding sections, Sleepbox believes that in the best-case scenario the entire project timeline could be completed within 18 months. With reasonable considerations for additional time to gain alignment and inform local, regional, and state level stakeholders, we believe a reasonable timeframe from the time the contract is awarded to the completion of construction would be 24 months.



Sleepbox San Diego Project Schedule Timeline

	Contract Awarded	1	2	3	4	5	6	7	8	9	10	11	12
Entitlements													
Initial Work													
Primary Drawings													
Perparation of Degative Declaration													
PMPA & CDP													
EIR Extension (if needed)													
Public Review													
Agency Review													
Local Permitting & Licensing													

Sleepbox San Diego Project Schedule Timeline (Construction)

** Construction to follow immediately after Local Permitting and Licensing is completed.

	Construction Permit Approved	1	2	3	4	5	6	7	8	9	10	11	12
Construction													
Manufacturing													
Demolition													
MEP Work													
Finish Work													
Sleepbox Installation													
Fire and Life Systems													
Art													



Project Team and Relevant Experience

Sleepbox spent the last 10 years growing our team and improving our services to create the best possible hotel accommodations for guests. Mikhail Krymov, CEO, and Alexei Goriainov, Chief Designer, drafted the original designs for the Sleepbox in 2009 as part of the architecture company, Arch-Group, they were growing together at the time in Europe. Over the following 5 years Sleepbox grew as a side project of the architecture firm with prospective installations and demonstrations in airports causing international news attention. Two hotels adopted Sleepbox as part of designs provided by Arch Group in Moscow and Stockholm. The initial successes of these projects proved the acceptance of the Sleepbox in the hotel market and drove an increased focus on growing the Sleepbox business.

Mikhail came to the US through a program at MIT in 2015 where he met Sleepbox COO, Peter Chambers. Peter brought a background of technology and real estate to help drive the development of Sleepbox in the US. The initial efforts of Sleepbox over the following 2 years allowed the growing team to secure manufacturing locations in the US, develop new apps for both guests and hotel operators as well as create novel technology to power the hotel rooms. In the same period of time the team secured a contract with Dulles International Airport by winning its first public RFP.

In the last year, Sleepbox has won its first contract, completed the construction of our first property while winning numerous industry awards and recognitions in areas regarding the future of hotels, innovation in travel, and rethinking design. At the Phocuswright Conference in 2018, an industry leading summit for travel and technology companies Sleepbox was the most awarded and recognized startup in a field of over 30 presenting companies. Sleepbox was recognized as one of the Top 25 Startups to Watch in 2019, it won the People's Choice Award by industry leaders in the Innovation Summit, and Sleepbox was recognized as Best in Show by a panel of over 14 judges, which came with a \$100,000 investment prize from General Catalyst, an industry leading VC firm whose investments include AirBNB, Snapchat, and Stripe among others. Sleepbox has also been featured in many, many industry publications ranging from New York Times, Forbes, USA Today, Lonely Planet, and many others.

Sleepbox has simultaneously proven our ability to grow and gain recognition among top startups to acquire top talent, partnerships, and investors. Sleepbox continues to grow its team with top talent in engineering and manufacturing partners, marketing and design team members as well as hotel operations and staff. The growth opportunities and excitement of a new and growing company with a viral product allows us to have better talent acquisition and retainment than other industry competitors. This is validated by the investors and advisors we added to our team along the way. This includes top travel influencers such as the Founder and CEO of Expedia and the former Head of Product for TripAdvisor Hotels.



Project Team

The project team for the proposed development will be led by Sleepbox, in partnership with local project management and general contractors as well as national architects we work with on projects around the country. We also have a long-time partnership with a national investment banking team that works with us to finance individual projects. We may contract supplemental resources to aid with successful and efficient completion of the proposed work.

Developer Responsibilities

Sleepbox, Inc. will be responsible for leading the development and will maintain the authority to execute any and all agreements on behalf of this proposal. Sleepbox will provide preliminary design, development and operation of the project. At different points in the total timeline of the proposed project, contractors may supplement the Sleepbox team in these efforts, but not replace Sleepbox's responsibilities. The core concepts, unique advantages, and distinctive features of Sleepbox Hotels are unique and continuously under development directly by Sleepbox staff. As one of our first US projects, the entire focus and strength of the Sleepbox team and network will be dedicated to making the Port of San Diego Low Cost Accommodation project successful. Sleepbox will remain the first point of contact throughout the entire project, and delegate individual tasks and responsibilities between the Architects project management, entitlements contractors, or the GC and construction teams.

Architectural & Engineering Team

Sleepbox created a partnership with Sargenti Architects to work on development projects around the country. Sargenti has a long-standing track record of working with large retail clients to roll out large scale developments around the country. They are expanding their scope of work to include more hospitality projects, and this has created a compelling opportunity for a successful partnership between Sargenti and Sleepbox. Sleepbox Hotels are closer in their manner, method, and scope of work to a retail or food and beverage real estate buildout than traditional hotels and ground-up construction or simple re-flagging of an existing property. In the proposed scope of work, rehabbing an existing building and creating a change of use to hospitality is in line with the work that Sargenti and Sleepbox work on nationwide. Sargenti will be the signing architect on the project and will be coordinating with their local project management and contractor teams in San Diego.





SARGENTI

Markets we serve

RETAIL
HOSPITALITY
RESTAURANTS
CORPORATE
COMMERCIAL
BIG BOX
HEALTH &
WELLNESS
AUTOMOTIVE

Sargenti sets standards of distinction through meritorious business practice and exclusivity, providing architecture, engineering and design that leaves a lasting impression through iconic spaces and signature concepts.

We are a one-stop, one-point of contact company with over 20 years of experience, working with an array of industries. Our unique model keeps costs low and quality high, delivering perfectly on the brand promise and everything that the brand communicates to the clients.

Sargenti is licensed in 49 states and Puerto Rico. We are not licensed in Alaska, however, are partnered with an architect who can sign on our behalf.

Services

ARCHITECTURE
INTERIOR DESIGN
CONSTRUCTION
MANAGEMENT
BRAND STRATEGY
GRAPHIC DESIGN
DESIGN
MANAGEMENT
EXTERIOR DESIGN

COMPANY SIZE

150

OFFICES

Paramus, NJ
Los Angeles, CA
Philadelphia, PA
Scottsdale, AZ
Dallas, TX



sargenti.com

CONSTRUCTION MANAGEMENT

Due Diligence-
Coordinating Liaison
Quality Assurance

With complete knowledge of our client's needs and expectations, we develop comprehensive and concise schedules and budgets that establish proper and clear understanding of project details.

Our mission is to bring your vision to life with superior quality products and exceptional services.

ROLL-OUTS

Surveys-
Construction Documents
Engineering

Maintaining brand identity and prototype, our qualified professionals provide a full architecture and engineering service package including:

- self-performing site surveys
- schematic designs
- construction documents
- permitting
- engineering
- construction administration

DESIGN DEVELOPMENT

Completed Prototype-
Visualization
Identity Developments

Working closely with our client's marketers, merchandisers and corporate teams, our experts provide an all-encompassing design package that outlines:

- brand guideline implementation
- space planning
- value engineering
- specified programming renderings & animations

INDUSTRY ACCLAIMED

Top 50 Design Firms

INTERIOR
DESIGN

Top Retail Design Firms



Financing Team

Sleepbox partners with Shiboomi, Inc. and their partner firms for project financing and banking. The Shiboomi team and their partners have a long-standing track record of successful developments and financing for traditional-style hotel and real estate financing as well as work with startups and innovative concepts. The partnership with Shiboomi allows us to approach a large number of interested individuals and institutions to provide both debt and equity financing instruments.

A majority of the construction for this project will be the direct responsibility of Sleepbox in providing our pre-fabricated units from our manufacturing shop. Sleepbox prides itself on its ability to source local materials and local manufacturing for its projects. Sleepbox currently has 2 fabrication shops in Baltimore, MD, USA creating the Sleepboxes and delivers each Sleepbox with ETL Certification for safety and performance of the Sleepboxes. Sleepbox products are tested by Intertek labs to UL 1286 and UL 962 standards.

Technology Development Team

A major point of differentiation of our product is our focus on technology. Sleepbox partnered with a technology development team with a shared vision for the future of Sleepbox to consistently deliver quality software and hardware products to drive our guest experience. We have built a competitive modern hotel management software that can provide business insights from any of our properties to our leadership anytime anywhere in the world. We also partnered with one of the top security and access control platforms to provide reliable, safe, and secure access to all of our guest at all of our locations directly through our technology.

We work alongside our partner company, Oomf, Inc. to continuously develop and maintain our entire technology stack. Oomf has the vision to create a platform for connected devices to enable the next generation sharing economy. The CEO and staff of this company have a proven track record in large technology companies and dealing with bleeding edge product development. The CEO of Oomf was previously the head of \$1B high-technology business unit of a \$40B technology brand.

We have dedicated the time to create and support the new Sleepbox technologies, which we are excited to expand for the first time with the first Sleepbox Hotel property.

Entity Structure

Sleepbox, Inc. will create a subsidiary for the purposes of contracting with the Port of San Diego. NewCo will have majority ownership by Sleepbox, Inc. and the key members of NewCo will mirror the key members of Sleepbox. The primary contacts for NewCo will remain Sleepbox COO, Peter Chambers and Sleepbox CEO, Mikhail Krymov.



Key Personnel

Peter Chambers – COO, Sleepbox, Inc.

Peter Chambers is the COO and co-founder of Sleepbox. Peter brought his breath of experiences and insights into the founding of Sleepbox and helping to create Sleepbox as a holistic, novel approach to hospitality.

Peter applies a system-engineering approach borrowed from his robotics background to create strong and adaptive new developments inside of Sleepbox. Whether it is designing new software systems to track employee engagement or manufacturing processes that allow for increased quality through the life of our products, Peter sets high standards and seeks to continuously improve the organization to meet or exceed those goals. Peter has also led the business development initiatives at Sleepbox creating strong partnerships with airports, landlords, service providers, and leaders in hospitality to partner with Sleepbox to align with a vision of success that serves all of the stakeholders in our various projects.

Prior to founding Sleepbox Peter served as the President and Chief Strategy Officer for Forecastle Research & Consulting since 2014. At Forecastle, Peter created strategies and best practices for startups and growing companies in industries ranging from biotechnology to branding consultancies. Peter also created and co-authored training programs for mid-size and large companies that focused on employee alignment, cultural development, and

Peter developed skills in multiple industries through his work in Commercial Real Estate Finance (CMBS) at Citi Group in New York and leading a New Product Development team for Amazon Robotics. Peter's has also worked in manufacturing for an international medical device firm and holds Editing and DIT credits on independent feature films.

Peter also has 6 years of experience leading a hospitality team through his role with the Growth Group. Peter was responsible for a staff and service in the Food & Beverage group of a prestigious country club in New Jersey. Peter created custom training and service offerings to best serve the high expectations of the frequent members, and as a result was recognized as receiving the highest scores for F&B year after year under his leadership.

Peter received a Bachelor of Science in Robotics Engineering degree with Honors from Worcester Polytechnic Institute.



Mikhail Krymov – CEO, Sleepbox, Inc.**ABOUT ME:**

All my projects are about the spaces shaping human beings and human beings shaping the spaces. As an architect, I have designed and built dozens of private and public spaces which enabled people to enjoy their lives and made them better persons. As a CEO, I have managed dozens of people who transformed the spaces through their collective efforts and created new environments for a better living. Now I am heading my most important project, Sleepbox, which will transform hospitality as we know it.

EXPERIENCE:**Co-founder & CEO**

Sleepbox, Inc. | Greater Boston Area, MA | 2016 - now

At Sleepbox, Inc., we have created a new type of technology-driven micro-hotel. Sleepbox Hotel is a flexible hotel solution with modular stand-alone hotel rooms that can be launched anywhere.

Research Fellow

Massachusetts Institute of Technology (MIT) | Greater Boston Area, MA | 2015-2016

- Participated in Special Program for Urban and Regional Studies (SPURS) at MIT's Department of Urban Studies and Planning designed to nurture professionals at a turning point in their professional careers, to retool and reflect on their policy-making and planning skills

Co-founder & CEO

OOO Arch Group | Moscow, Russia | 2008-2015

Co-founded and directed an award-winning architecture firm of 40 architects and designers that won first prizes at various national and international competitions and was named among top 10 Architecture companies in Russia

Editor-in-Chief

Interior + design 100% Office magazine | Moscow, Russia | 2011-2014

Supervised the editorial board of an architecture and design magazine with 20,000 copies in circulation and wrote critical reviews on the subjects of architecture and design

M. Arch

Moscow Architecture Institute | Moscow, Russia | 1999-2006



DaQuan Washington – Opening General Manager, Sleepbox Lounge, Dulles International

DaQuan Washington joins the Sleepbox team with 7yrs of hospitality experience, having held management positions working in luxury resorts, urban boutique hotels and extended stay properties.

In his new role, DaQuan will oversee all facets of employee engagement, daily operations, guest satisfaction and client and guest retention at Sleepbox.

DaQuan is leading Sleepbox Hospitality Operations through his current role as General Manager at the first US Sleepbox property. DaQuan has the experience as skills to grow the best practices developed at the Dulles Sleepbox Lounge to future hotels.

A graduate Shaw University Hotel Administration, DaQuan began his career at True Blue Management as General Manager. While Progressing through the hotel Industry, he was promoted to Director of Rooms at The Sanctuary Hotel, Kiawah Island while earning his MBA with Honors at Johnson & Wales University, Charlotte, NC.

DaQuan is a Top-performing Solutions-Driven Professional, acknowledge for empowering teams to excel and leading by example. Launching new marketing initiatives, revitalizing operations and maximizing customer service.



Nicole Simone & Jonathan Olguin, Sargenti Architects



SARGENTI



NICOLE SIMONE, RA
STUDIO DIRECTOR

Nicole is a licensed architect in New York and California with over 13 years of experience, 11 of which are in retail. Nicole's experience in retail architecture varies from commercial tenant shell work, tenant coordination and design management to tenant improvement construction and construction management. She enjoys the challenge of the fast paced retail market. Through positive relationships with contractors and consultants her team sharpens skills that improve the economy and constructability of their projects.

In 2014 Nicole opened the Los Angeles office to have a Sargenti presence on the West Coast and to better serve her clients. As the Regional Managing Director, Nicole has been instrumental in building a strong team and client base in Los Angeles. Nicole holds a Master's of Architecture degree from Roger Williams University.



JONATHAN OLGUIN
SENIOR PROJECT
MANAGER

As a Senior Project Manager Jonathan has 11 years of hands on experience in architectural design, project management and construction administration. Architecture has always involved a collaborative effort to solve problems for the benefit of the client and their project; he has found his success merging the client's needs and overcoming project hurdles to provide valuable solutions to obstacles that may arise during the extent of a project. Jonathan always approaches every development project with design, function, and cost in mind to allow the most efficient and feasible solutions for the client.

Jonathan has focused his career in retail & hospitality architecture, adaptive re-use, design development, and working with clients to assist with important retail re-positioning strategies. He is capable of managing large project teams, but more importantly stays available to the Client for the important communication needed to get the project done on time and on budget. Jonathan is a graduate of New School of Architecture and design. is bilingual (English/ Spanish).

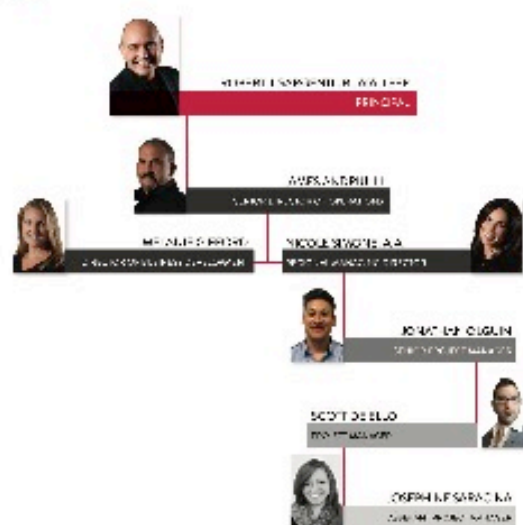
OFFICES

Paramus, NJ
Los Angeles, CA
Philadelphia, PA
Scottsdale, AZ
Dallas, TX



sargarch.com

Organizational Chart.



LOS ANGELES DIVISION



Gary Woolf—CEO, Shiboomi, Inc.

Mr. Woolf is the Founder & CEO of Shiboomi LLC and serves as the Managing Director of Shiboomi's investment banking arm, Shiboomi Capital, which operates under the IIB Corp umbrella. IIB Corp is a US investment banking broker dealer platform with over 60 seasoned and accomplished investment bankers from across the US who represent a variety of sectors and collaborate on the execution of deals within the group. The group specializes in both buy and sell side investment banking services including equity financings, debt financings, project financings, and M&A and closes over \$1 billion in transactions per year. Sleepbox has engaged IIB Corp with Mr. Woolf as the head banker to execute the project financing and corporate equity financing for Sleepbox's pipeline of expansion projects. The group has an expansive network of investors across the US and around the world and has executed a multitude of projects in the hospitality and technology spaces over the years. Mr. Woolf has also brought on seasoned hotel, real estate, and high tech finance experts, Aarin Yu and Andrew Tumilowicz, to round out the project team for Sleepbox's financing efforts.

Mr. Woolf has over 30 years of experience in C-level management and corporate and project finance. He was the CEO of Bob Woolf Associates, which was one of the leading sports and entertainment representation and marketing firms of its time. The firm represented over 1,000 professional athletes and entertainers over its life cycle in contract negotiations. During his tenure at the firm, he helped the company grow into new areas of business, co-developed the Champions Sports Bar concept in partnership with the Marriott Corporation, and oversaw the firm's investment division to help advise the firm's clients in their entrepreneurial endeavors—getting companies built, financed, and sold. He ran the company through its eventual sale.

Mr. Woolf went on to found Shiboomi LLC in 2003. As CEO of Shiboomi, Mr. Woolf has founded and helped build various companies and projects around the world and led in raising the required capital needed for their growth. Since 2008, Mr. Woolf has worked closely with Skanska, the world's 5th largest construction company in the development of projects in the US and internationally.

Mr. Woolf is a cum laude graduate of Harvard University ('87 Economics). He is a Registered Investment Banking Representative and holds both the Series 79 and Series 63 licenses.



Aarin Yu—CEO, Heritage Venue Advisors (Shiboomi Affiliate)

Aarin Yu is a Founding Partner of Heritage Venue Advisors (HVA). Through HVA and its affiliates, Mr. Yu provides clients advisory services on transactions, valuation, and capital market assignments. Mr. Yu has supported real estate clients in valuing their portfolio holdings across retail, office, residential, and hospitality asset classes. Mr. Yu's assignments have encompassed developments in construction, stabilized properties, turnaround projects, and workout scenarios. Notable projects have included a shopping retail development in Las Vegas, build-to-suit retail strip plazas for the QSR industry, and several large-scale commercial developments.

More broadly, Mr. Yu has worked closely with the management team and board members of middle market companies across software, business services, and industrial sectors, particularly where these companies have a real estate component to their asset base.

Previously, Mr. Yu was at Karlin Asset Management, a \$1.8 billion investment fund based in Los Angeles. He was responsible for conducting bottoms-up research on small and mid-cap companies for the fund's public equities portfolio. Mr. Yu evaluated companies across multiple sectors for deep value opportunities, relying on industry research, relationships with management teams, and a network of contacts with extensive sector experience.

Before Karlin Asset Management, Mr. Yu worked in the Mergers & Acquisitions Group of Oppenheimer Inc (CIBC World Markets) where he helped run several M&A processes for public and private companies.

Mr. Yu holds a Bachelor of Science in Finance and International Studies from Washington University in St. Louis. He lives in Los Angeles.

SELECTED PROJECT EXPERIENCE

Project Location	Project Type	Interest	Size
Las Vegas, NV	Mixed Use Development	Equity	52,000 SF innovative retail
Fort Lauderdale, FL	Luxury residential with retail	Equity, JV	272+ units, condominium
Various, U.S.A	Retail	Equity	6,500 SF retail strips for QSR



Andrew Tumilowicz– Founding Partner, Heritage Venue Advisors (Shiboomi Affiliate)

Andrew Tumilowicz is a Founding Partner of Heritage Venue Advisors (HVA). Mr. Tumilowicz uniquely straddles real estate and middle market sectors with focus on bridging operations capabilities to capital markets requirements. He began his career spending 12 years with a private family office managing their privately held real estate portfolio including office, retail and multifamily assets. Mr. Tumilowicz brought this operating expertise to build the asset management group and ultimately manage the real estate portfolio as Managing Director at XE Capital Management, a multi-strategy alternative asset fund with \$1B AUM. At XE Capital, Mr. Tumilowicz utilized his operations expertise to reposition the fund's positions in large scale real estate developments across the United States, India and Costa Rica. In 2010, Mr. Tumilowicz founded a consultancy practice focused on providing independent valuation support to private equity and hedge funds. He then cultivated relationships across private equity and single-family office investors across middle market assets, again focusing on building internal capabilities at operating companies while matching growth strategies with capital markets mandates. Collectively, Mr. Tumilowicz contributed toward \$5.5 billion of real estate and operating company product including both performing and distressed positions across equity, debt, and securitization platforms.

Mr. Tumilowicz's industry experience spans all real estate asset classes along with general middle market operating companies. Specific middle market sectors include healthcare, manufacturing, distribution, and consumer goods/services.

Mr. Tumilowicz holds a Bachelor of Science in Applied Economics from Cornell University, resides in New York City, and most enjoys spending time with his two children.

SELECTED PROJECT EXPERIENCE

Project Location	Project Type	Interest	Size
Ridgefield, NJ	Mixed Use Development	Equity	202,000 sf retail, 141,000 town center, 1,150+ multifamily units, 300 room hotel, 342 luxury residential condominiums
Sullivan County, NY	Land/luxury planned community with hotel	Debt/Equity, JV	50+ units, hotel
Bhubhaneshwar, India	Mixed use commercial	Private Equity - LP	5 acre retail/hotel
Chicago, IL	High-rise condominium	Debt/Equity, JV	260+ units, 925 space parking garage, building pad for second tower



Project Experience

Sleepbox Lounge, Washington Dulles International Airport—Sleepbox, Inc.



The first US Sleepbox project was the Sleepbox Lounge located at Washington-Dulles International Airport. Sleepbox won a public RFP in 2018 to open a Nap Lounge behind security at Dulles Airport near Washington, D.C. Sleepbox was the developer and operator of this project, and worked with Shiboomi for project financing.

The Sleepbox Lounge at Dulles International is a prime example of the flexibility and efficiency of the Sleepbox model and ability to solve the biggest hospitality problems that face travelers. Sleepbox was contracted to create private, quiet, comfortable accommodations for travelers at an affordable price. In 1,263 square feet, Sleepbox was able to introduce 16 individual rooms for travelers. One key difference between this airport property and a hotel property is the lack of bathrooms and showers for guests, based on the restrictions of the airport lease. However, the advantage of the airport allows us to test and create the most efficient operations for running our hotels, as rooms need to be turned over in 15 minutes and can be rented out 4+ times per day. We have designed our organization, staffing, rooms, and technology to accommodate this level of efficiency. In hotels this means we can decrease our maintenance costs, and provide more affordable accommodations for overnight guests, while offering custom check in and check out times in 15 minute increments.

Address: Dulles International Airport, Gate A14, Mezzanine Level, Sterling, VA. 20166

Role: Sleepbox, Inc. is the developer and operator.

Project Executive: Peter Chambers, Mikhail Krymov

Project Manager: Peter Chambers

Uses: Assembly, similar to airline lounge

Size: 1,263 sqft, 16 single Sleepboxes

Value: \$750,000

Construction Type: Sleepbox refit of existing Type IIB construction.



Sleepbox Hotel Tverskaya, Moscow – ArchGroup



Sleepbox was originally developed by Mikhail Krymov and Alexei Goriainov as a design concept for their architecture firm, ArchGroup, based in Moscow. One of their architecture clients requested a hotel designed around the initial Sleepbox Concept in 2011.

Hotel Tverskaya was the first hotel to be built around the Sleepbox concept. The hotel was designed around 50 rooms to serve an upscale hostel clientele in Moscow, it kept affordable prices, but provided more privacy and comfort than a hostel. As the first installation, it was created under the Sleepbox name, but Sleepbox, Inc. had not yet been created and the hotel operated under independent standards and without the current technologies which only add to the overall Sleepbox Hotel experience. The Hotel operated with occupancies between 70-80% and room rates between \$70-100 USD until the political and economic crises in Russia caused the hotel to cease operations.

Hotel Tverskaya proved the advantages of Sleepbox over traditional hotels and hostels, and that guests enjoyed the accommodations.

Address: 1st Tverskaya-Yamskaya St., 27, Moscow 125047, Russia

Role: ArchGroup was the architect on the project.

Project Executive: Alexei Goriainov, Mikhail Krymov

Project Manager: Irina Cociuc

Uses: Hotel

Size: 50 Double Sleepboxes, 5 family suites.

Value: \$1.25MM USD

Construction Type: Sleepbox refit of existing Type III construction.



Radisson Blu, Luxury Hotel Development, Moscow – ArchGroup



Radisson Blu is Radisson's flagship line of hotels. The ArchGroup project was selected in 2015 as the architects for this \$120M development. The project includes unique shapes, materials, and finishes to fit the natural landscape around the Moskva River. The Radisson Blu is a new addition to the skyline, and is meant to appear as a natural extension of the geography along the banks of the river. Additionally rooms are positioned and designed to allow for perfect sight lines and views of the surrounding area. The development includes 3 floors of short-term stay rooms, 12 floors for extended stay suites, and 2 floors of luxury penthouse residences. The first two floors incorporate entrances, retail, food and beverage options, as well as conference and business centers for the guests and residents.

The project also incorporates key materials that make the development more efficient and more sustainable in its construction and operation. ArchGroup has locally-sourced 2 different glass manufacturers with preferred treatments to automatically adjust for the sunlight and heat focused on these areas of the building. By adding parks and greenery to the roofs and terraces make the overall development more ecologically friendly as well.

Address: Radisson Blu- Moscow, Russia, 125371

Role: ArchGroup was the architect on the project.

Project Executive: Alexei Goriainov, Mikhail Krymov, Irina Cociuc

Project Manager: Karim Vafin, Christina Karacharskova, Anna Chludeneva

Uses: Hotel, Residential, Retail, Food & Beverage, Conference Centers

Size: 60,000sqm, 300 Guest Rooms, 100 Luxury Residences

Value: \$120MM USD

Construction Type: Type I New Construction



Seasons, Office and Retail Mixed Use Development – ArchGroup



The “Seasons” project won first prize at the Office+ Competition on the PinWin Design and Architecture industry site.

The reconstructed building is located on the territory of Research and Production Association "Polymetal" and is a part of the industrial section located along Novoostapovskaya St. The building has a precast concrete frame and external walling as mounted concrete panels, stained glass and window glazing. After reconstruction the building became multifunctional including offices, retail, cafes, other different services. We want to make not just a new facade but to create a small piece of a modern, friendly environment passing through which any person will get great aesthetic pleasure. This will increase the value of rental space as affect the image of the tenants and will stop passers-by causing them to go to the store or cafe.

Passing along this building person will experience all new sensations and feels as though in a small modern and well-kept town. So we do not just make a new facade but create a skyline forming its particular environment. Each tenant will have the feeling that he is not part of one big anthill but sitting in his comfortable and lovely home.

This solution fits well with the proposed residential development as seems more "alive" and humane than typical office facades. This facade is associated with new residential neighborhoods in the Netherlands or in Tokyo where such characteristic scale and proportion combined with completely different textures facades. Facade of individual town offices very positive impact on trade or cafe on the ground floor as it will create a pleasant environment with "stopping" effect. For shops and cafes are also very important effect of the exclusivity of their facades.

Address: "Seasons", Sharikopodshipnikovskaya St., Moscow

Role: ArchGroup was the architect on the project.

Project Executive: Alexei Goriainov, Mikhail Krymov

Project Manager: Irina Cociuc

Uses: Office, Retail,

Size: 3,500 square meters **Value:** \$5MM USD **Construction Type:** Type II rehab



Scala! USA Headquarters, PA— Sargenti Architects



S A R G E N T I

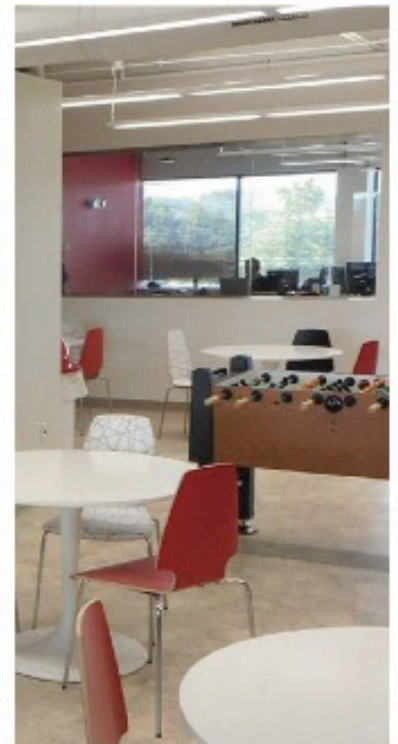
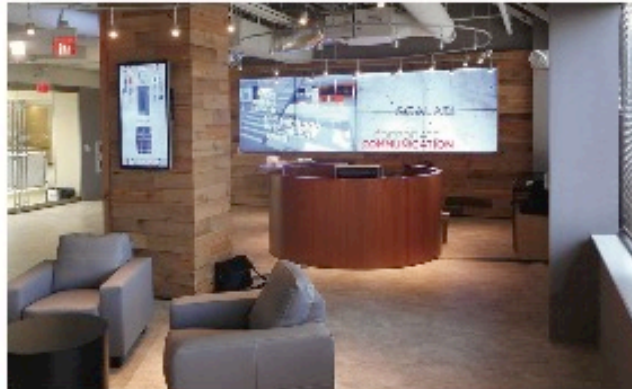
SCALA! USA

Corporate Headquarters

The SCALA! USA Corporate Headquarters was a progressive design that incorporated the client's requirements for both collaborative and private work spaces with the ability to streamline workflow.

The overall design concept is cohesive across 20,000 SQ FT through program adjacencies which promote connectivity between all team members. The primary design element, located at the entry point of the space, is the Experience Center. This design utilizes the latest technology in a modular fashion which is essential in promoting the company's culture to its employees and client alike.

LOCATION	SIZE	MARKET	SERVICE
Pennsylvania	20,000 SF	Corporate Design	Administration Architecture Construction Documents Construction Management Interior Design Space Planning
TYPE	Corporate office fit-out		



sargarch.com



RFP 18-19ME

40

San Diego Bay Development Opportunity
Lower Cost Overnight Accommodations

Thirsty Lion Gastropub & Grille, Dallas— Sargenti Architects



SARGENTI

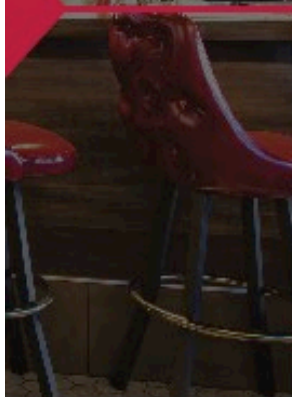
THIRSTY LION GASTROPUB & GRILL

Thirsty Lion is a modern gastropub that features an eclectic variety of multicultural cuisines with an emphasis on scratch recipes, craft cocktails and local draft beers. In 2018, the restaurant made the FSR Top 50 emerging restaurant brands in the United States.

Today, Thirsty Lion Gastropub & Grill continues to be an ever-evolving and multi-cultural concept that appeals to the mass consumer. The brand is rolling out in lifestyle and regional centers across the United States.

The emerging regional gastropub based in Portland, Oregon opened its first Lone Star State location in the Dallas / Fort Worth market in 2018, with 8 additional locations to be completed by 2019. Sargenti worked closely with the development team and ownership to create a unique look to each location, while keeping the operational functions of the restaurant intact.

Together, we developed new innovative designs and layouts that continue to attract customers to the restaurant. We continue to develop an experience for customers through dynamic designs that encompass the brand's image and unifies the space in a more streamlined manner.



sargenti.com



Capability to Perform

Sleepbox intends to demonstrate our ability to execute on this contract, if awarded, by showing the past history of our own projects, our partners in this project, and the various methods and options we have for funding the development for this project.

Financing Plan

Sleepbox intends to apply for the in-lieu funds available to distribute towards incurred costs in entitlements and development or as allowed under the agreement between the California Coastal Commission and the Port of San Diego.

We anticipate that for the proposed scope of our project the funds available should cover the construction cost and entitlements cost for the project. We intend to apply for the in-lieu funds available for approximately \$3.5 in order to fund near 100% of the entitlement and construction costs. This number may change based on the actual entitlements costs incurred prior to applying for the funds. The two main fundraising challenges to this approach will be the negative cash flow incurred by costs accumulated prior to the first distribution of funds from an application and disbursement of the in-lieu funds, and the fundraising need will be for additional soft costs and investment required to initially activate the new hotel.

In both cases we will rely on our ability to fundraise both as a viable hotel project, and as a high-growth startup with venture capital. In the past year Sleepbox has raised approximately \$2M with no firm hotel projects, no previous projects opened, and just a single firm contract. This demonstrates our ability to attract speculative capital and the relationships that we have built within the finance industry. Sleepbox previous financing included venture capital/angels, private equity, and debt for project financing. The first \$1M of funds raised by startups are usually referred to as the most difficult as the company is in the most speculative position. In the proposed project and future projects, we will be working with our partners, Shiboomi and their associates for debt and equity project financing. We currently have interested investors looking for projects with \$1M+ requirements, and when discussing projects like the proposed scope for this Project these investors have already show positive interest and willingness to fund additional costs, if the contract is awarded to Sleepbox. The basis of this financing arrangement is based on NOI cash flows where a preferred equity structure favoring the investors is initially created where 80-100% of the NOI flows to the investors until the total invested capital is returned, then their percentage is lowered in the proposed waterfall, and Sleepbox as the developer and operator are able to achieve long-term success with the project. These sources will be utilized to fund the initial operating costs, prior to stabilization in the ramp-up, and for soft costs incurred prior to disbursements from in-lieu funds.

Shiboomi has experience funding tenant roll-outs nationally and partnering with the largest hospitality brands in the world. They are confident that sufficient project financing is available in addition to disbursements from in-lieu funds. More information on Shiboomi and their affiliates which will be working on Sleepbox projects are available in the Project Team section under Key Personnel.



The second fundraising requirement will be tied to the activation of the space, and the marketing launch. These costs are typically not covered under the scope of our project financing, and are instead covered by Sleepbox, Inc. at the parent company level. Sleepbox is currently building up increasing collateral material for Sleepbox marketing which is used to build our brand and recognition nationally. Part of our marketing occurs through the installation of our Airport Lounges. These locations help us build brand recognition and customer acquisition continuously. In addition to building up the brand materials for the eventual launch of the San Diego Hotel, Sleepbox is undergoing additional fundraising efforts for a 2019 fundraise of a typical 'Series A' financing. In the speculative scenario where Sleepbox is awarded the contract for the proposed Project, during entitlements, construction and pre-launch Sleepbox has a significant period of time to complete this fundraise and maintain its ability to grow the marketing team to add dedicated support to the San Diego project. The current fundraise would include \$5-15M from reputable and industry-leading venture capital and private equity firms. If awarded these funds would support any additional soft costs that are required in the development of the Sleepbox project and could be used to expedite the required processes by increasing our team or increasing our construction or manufacturing capacities.

Based on previous success and the increasing positive growth of Sleepbox, we do not anticipate any issues with addressing the challenges identified with financing this project through common methods previously used by Sleepbox.

Financial Statements

Sleepbox is still considered an early stage startup and prior to February 2018 was bootstrapped by the founders to cover the costs incurred. Since February 2018, Sleepbox has raised nearly \$2M in financing, both in debt and equity, but primarily through the issuance of convertible notes, a financial instrument commonly used to court 'angel' investments in early startups. However, given the age of the company, there is not a long history of financial information, and the financials are not currently audited, according to the requirements for our company. The following financial documents are an accurate history of Sleepbox financials from the past two years.

While much of our historical information is sparse, 2018 was our first year of full operations, and we began by only fundraising with convertible debt. We already have our first international client expanding Sleepbox to the middle east, and working with one of the largest global logistics supplier to provide their pilots with Sleepboxes in Q2 of 2019. With these leaps and with the addition of our first property opening in Q2 of 2019, we will be able to continue our growth by raising even more capital and increasing our revenues from room sales and license fees.



Income Statement

Sleepbox

For the year ended December 31, 2018

2018

[illegible]

Balance Sheet

Sleepbox

As of December 31, 2018

DEC 31, 2018

Category	Percentage
1	100%
2	100%
3	100%
4	100%
5	100%
6	100%
7	100%
8	100%
9	100%
10	100%
11	100%
12	100%
13	100%
14	100%
15	100%
16	100%
17	100%
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86	100%
87	100%
88	100%
89	100%
90	100%
91	100%
92	100%
93	100%
94	100%
95	100%
96	100%
97	100%
98	100%
99	100%
100	100%



Statement of Cash Flows

Sleepbox

For the year ended December 31, 2018

	2018
Operating Activities	
Net income	
Depreciation and amortization	
Changes in accounts receivable	
Changes in accounts payable	
Changes in other assets and liabilities	
Net cash provided by operating activities	
Investing Activities	
Capital expenditures	
Acquisitions	
Net cash used in investing activities	
Financing Activities	
Proceeds from the issuance of debt	
Proceeds from the issuance of equity	
Net cash provided by financing activities	
Net change in cash and cash equivalents	
Cash and cash equivalents at the beginning of the year	
Cash and cash equivalents at the end of the year	



Operating Pro Forma

Summary of Funding Sources

Predevelopment

Sleepbox will utilize equity investments from partners, including, Sleepbox, Inc. to fund the initial expenses of predevelopment. Sleepbox has begun working with Shiboomi to secure a bridge debt financing instrument with interested parties, which would cover all of the preconstruction costs prior to the opportunity to apply for in-lieu funds.

Construction

Prior to construction Sleepbox will propose to use in-lieu funds to develop the site. We believe the strength of our winning bid and our alignment with the intended use of in-lieu funds, would yield a successful application. In the case that not all of the construction costs would be covered by in-lieu funds, Sleepbox and its partners have sourced prospective investors, who have positively indicated interest in the past, and have indicated their interest in similar financing for the Project if needed.

Permanent & Operations











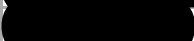
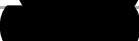

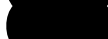

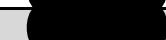








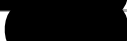

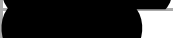
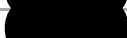



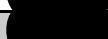









We can sustainably operate the hotel at profitable levels at very reasonable room rates and occupancy levels and stabilize in a short period of time. However, working capital banking loans would provide additional financing as needed. For larger improvements such as technology or furniture improvements, operating history of the Sleepbox Hotel at the property will indicate the Project's ability to sustain a larger loan. These types of improvements are not anticipated within the first 10 years of the lease.



Operating Assumptions

The following chart outlines the stabilized budgeting assumptions used for the pro forma purposes in this proposal. This includes both property-level economics and per unit economics for ease of understanding. Revenue is clearly listed in terms of estimated occupancy, average daily room rates, and Revenue Per Available Room.

(b) (7)(C), (b) (7)(D) We account for inflation with annual increases ADR and departmental expenses based on industry expectations for price increases. (b) (7)(C), (b) (7)(D)



Financing Terms

Equity Partners

Sleepbox, Inc. will be the primary equity sponsor for the Project. Additional partners have identified their interest of funding Sleepbox projects pending the contract being awarded. In previous scenarios one prospective investor, Perl Street Financial, an alternative financing group for startups working in real estate and construction, has created a fund with distributions of \$ [REDACTED] available. For our equity partners we have offered very favorable terms in the past decrease the time to return of invested capital. We offer a [REDACTED] split between investors and Sleepbox until capital has been repaid, after which the split would reverse and offer a smaller royalty to investors for the remainder of the contract.

Debt Service

Sleepbox intends to utilize the in-lieu funds to minimize any debt service requirements for the Project. The primary source of debt would be in the form of bridge loan or construction financing to be made available during the construction period or prior to disbursements of in-lieu funds. If needed, Sleepbox has access to many different lenders and would work with Shiboomi to secure any funds required at the current market rate when required.



Operating Projections

Sleepbox Pro Forma P/L		San Diego -Port of San Diego Annex Building							
		Year 1		Year 2		Year 3		Year 4	
		\$	% EGI	\$	% EGI	\$	% EGI	\$	% EGI
Revenue	Target Occupancy								
	ADR	\$		\$		\$		\$	
	Rev/PAR	\$		\$		\$		\$	
	Room Revenue	\$		\$		\$		\$	
Expenses	Rooms Expenses								
	Housekeeping								
	Receptionist								
	Department Expenses								
Departmental Profit		\$		\$		\$		\$	
Undistributed Expenses	SG&A								
	Utility Costs	\$							
	Insurance								
	Total Sleepbox Fees								
Total Undistributed Expenses									
Gross Operating Profit									
Fixed Expense	Ground Lease Payme								
	Total Fixed Expense								
Hotel EBITDA									
FF&E Reserves									



Development Example for Site Visit

Sleepbox proposed that representative from the Port of San Diego visit our location at Dulles International Airport. As the first Sleepbox property that includes our own staffing, technology, and branding, we believe this will be the best representative set of work on our way to developing the Sleepbox Hotel in San Diego.

We are more than happy to accommodate Port Staff on site, however, our property is located behind security at the airport. As such, special arrangements need to be made prior to the arrival of the Staff. We will be required to escort you to the lounge for the tour, with the simple requirements that we know the names and birth days of the Staff prior to the visit. Visitors will be required to present government-issued ID. We apologize for any inconvenience in advance.

Please contact Peter Chambers at pc@sleepbox.com or (508) 538-4745 to schedule this tour.

The Sleepbox Lounge is located in Concourse A at Dulles International Airport, on the Mezzanine level between the train station and the main concourse level. To approach the space, either take the airport train to Concourse A or from Concourse A follow the signage to the escalators near gate A15.



APPENDIX A – Lessee Questionnaire – Form 317

Redacted - Intentionally Removed



ATTACHMENT B

**SUPPLEMENTAL
PROPOSAL
INFORMATION
PROVIDED
pg 60-85**

From: [Peter Chambers](#)
To: [Tara Cutshaw Henos](#)
Cc: [Penny Maus](#)
Subject: Re: RFP Proforma - Sleepbox
Date: Wednesday, March 20, 2019 9:39:26 AM
Attachments: [Sleepbox Clarifying Questions.pdf](#)
[SAN DIEGO outdoor dimentions copy.pdf](#)
[Sleepbox San Diego Org chart.pdf](#)
[image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.png](#)
[Sleepbox Financial Clarification Questions 03182018.pdf](#)

Hello Tara and Penny,

I am happy to submit the following answers to the clarifying questions received on 3/18. I have attached the referenced budgeting documents, the organizational chart, and another dimensioned plan view of the Project. The organizational chart provides a graphical depiction of the relationship between Sleepbox, the new Sleepbox San Diego LLC and the consultants on the project, as well as additional prospective investors in the project. Additional contractors or consultants may be identified and chosen to supplement the expected team as needed during the progression of the project.

The dimensioned plan of the interior and exterior hospitality spaces is also attached, where the total area in the purple line is 19,500 square feet.

I apologize for any previous confusions, and if there is anything that I can add or clarify moving forward, please let me know.

Best,
Peter Chambers

sleepbox.com
+1 (508) 538-4745
pc@sleepbox.com

On Mar 18, 2019, at 6:18 PM, Tara Cutshaw Henos
<thenos@portofsandiego.org> wrote:

Hi Peter,
Please see attached for clarifying questions pertaining to your proforma. In addition, can you also resend the dimensioned version of the site plan in feet vs. meters?

Thank you,

Tara Cutshaw Henos

Asset Manager, Real Estate
Business Development & Asset Management

3165 Pacific Highway, San Diego, CA 92101
619.400.4778



connect:



Port administration offices are open Monday-Thursday and [every other Friday](#) from 8am-5pm.
This email may contain public information and may be viewed by third parties pursuant to the Cal. Public Records Act.

From: Tara Cutshaw Henos
Sent: Friday, March 15, 2019 2:04 PM
To: 'pc@sleepbox.com' <pc@sleepbox.com>
Cc: Penny Maus <pmaus@portofsandiego.org>
Subject: RFP Proforma - Sleepbox

Hello,

Please be advised that on Monday, March 18th, we will be sending additional clarifying questions about your proforma. Please be prepared to send responses by Wednesday, March 20th.

Thank you,

Tara Cutshaw Henos

Asset Manager, Real Estate
Business Development & Asset Management

3165 Pacific Highway, San Diego, CA 92101
619.400.4778

connect:

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This email may contain public information and may be viewed by third parties pursuant to the Cal. Public Records Act.

The San Diego Unified Port District (District) respectfully requests responses to the following clarifications no later than end of day, Wednesday, March 20, 2019.

Development

- Please clarify the approximate total land area (square footage) required for the proposed ground lease, including parking, hospitality uses and exterior common space.
- Please confirm the total number of parking spaces proposed for the development.
- Please confirm the total proposed ground lease term (number of years).

Costs

- Please clarify the estimated total development costs for the project, inclusive of predevelopment, entitlement, marketing, design and construction costs.
- Please confirm all anticipated predevelopment expenses – e.g. legal, insurance, consultants/studies, permitting – are included in the estimated budget.
- Please clarify whether development fees are included in the development cost estimates.
- Please confirm that anticipated costs associated with parking and exterior common areas are included in the proposed construction budget.
- Please clarify whether any contingency is being held for construction/development costs.

Financial Assumptions

- Please confirm the anticipated operating stabilized year.
- Please confirm the average ADR is calculated based on a one-night stay for all unit types.
- Please clarify whether partial/day rates will be offered for the proposed project, and if so, the rate structure proposed for each unit type.
- Please identify additional annual revenue to the project associated with exterior common area food and beverage operations (if any), and confirm any such revenue would be available in the calculation of District ground rent.
- Please confirm District ground rent payments will begin with the first year of operations.
- Please confirm parking is assumed to be free for guests.
- Please confirm that proposed 5% EGI / \$5,000 ongoing marketing expenses are included in the operating budget.
- Please clarify why common area maintenance expenses do not appear to be included in the operating projections.
- Please clarify whether taxes are included in the operating budget.
- Please clarify what services/costs the 15% Sleepbox fee represent and how this expense may be similar or different to a typical hotel operator management fee and/or franchise fee.
- Please clarify the expected/target equity partner return (IRR) for the proposed project (if applicable).



Response to Clarifying Questions

Development

- Please clarify the approximate total land area (square footage) required for the proposed ground lease, including parking, hospitality uses and exterior common space
 - The total proposed area for the ground lease is at maximum 35,100 square feet
 - The total area for hospitality use and outdoor common areas is 19,500 and the maximum estimated parking area is 15,600 square feet.
- Please confirm the total number of parking spaces proposed for the development
 - The maximum number of parking spaces that would be required is 48, or an estimated 15,600 square feet.
 - Our vision for development is to have a minimum impact on the property, and we would revise the total number of parking spaces down to the total required after CEQA review. We believe that because of the nature of our customer, and factors such as proximity to the airport and public transit, the final number of parking spaces may be less than 48.
- Please confirm the total proposed ground lease term (number of years).
 - We propose to take the total available ground lease term of 66 years.

Costs

- Please clarify the estimated total development costs for the project, inclusive of predevelopment, entitlement, marketing, design and construction costs.
 - The total development costs are estimated at \$3.2 Million, as enumerated in the proposal.
- Please confirm all anticipated predevelopment expenses- eg legal, insurance, consultants/studies, permitting—are included in the estimated budget.
 - In the 9-12 months of estimated time to complete the predevelopment and entitlement work, we have budgeted a total of \$600,000 or an \$50,000-\$65,000 per month to complete predevelopment work. This would include the legal, consultants, studies, permits which are pursued in that time. Insurance in this period would be extended from the Sleepbox, Inc. existing policies, until construction begins.
- Please clarify whether development fees are included in the development cost estimates

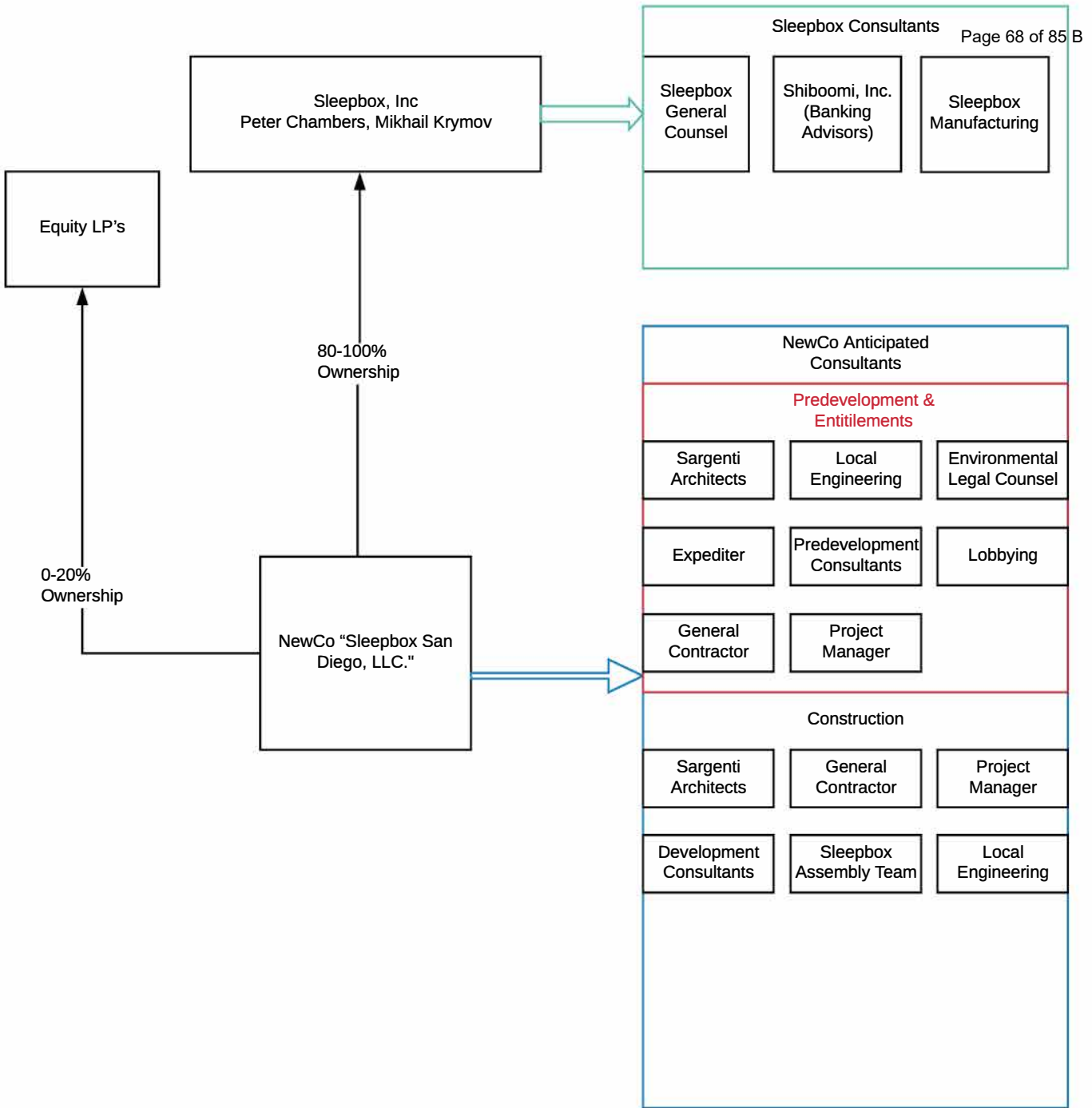
- We have included development fees in the development budget, as we intend to be both the operator and developer.
- Please confirm the anticipated costs associated with parking and exterior common areas are include in the proposed construction budget
 - There is approximately \$680,000 included for the build out of common areas which includes the cost associated with creating the common areas and preparing the parking areas.
- Please clarify whether any contingency is being held for construction/development costs.
 - There is not currently funds held in escrow for contingency, however, Sleepbox plans to evaluate the need for contingency funding prior to beginning construction. This will also coincide with our application for in-lieu funds, after receiving our development permit. We would be in the best position to put contingency funds in place once we understand the composition of the final capital stack at that point in time.

Financial Assumptions

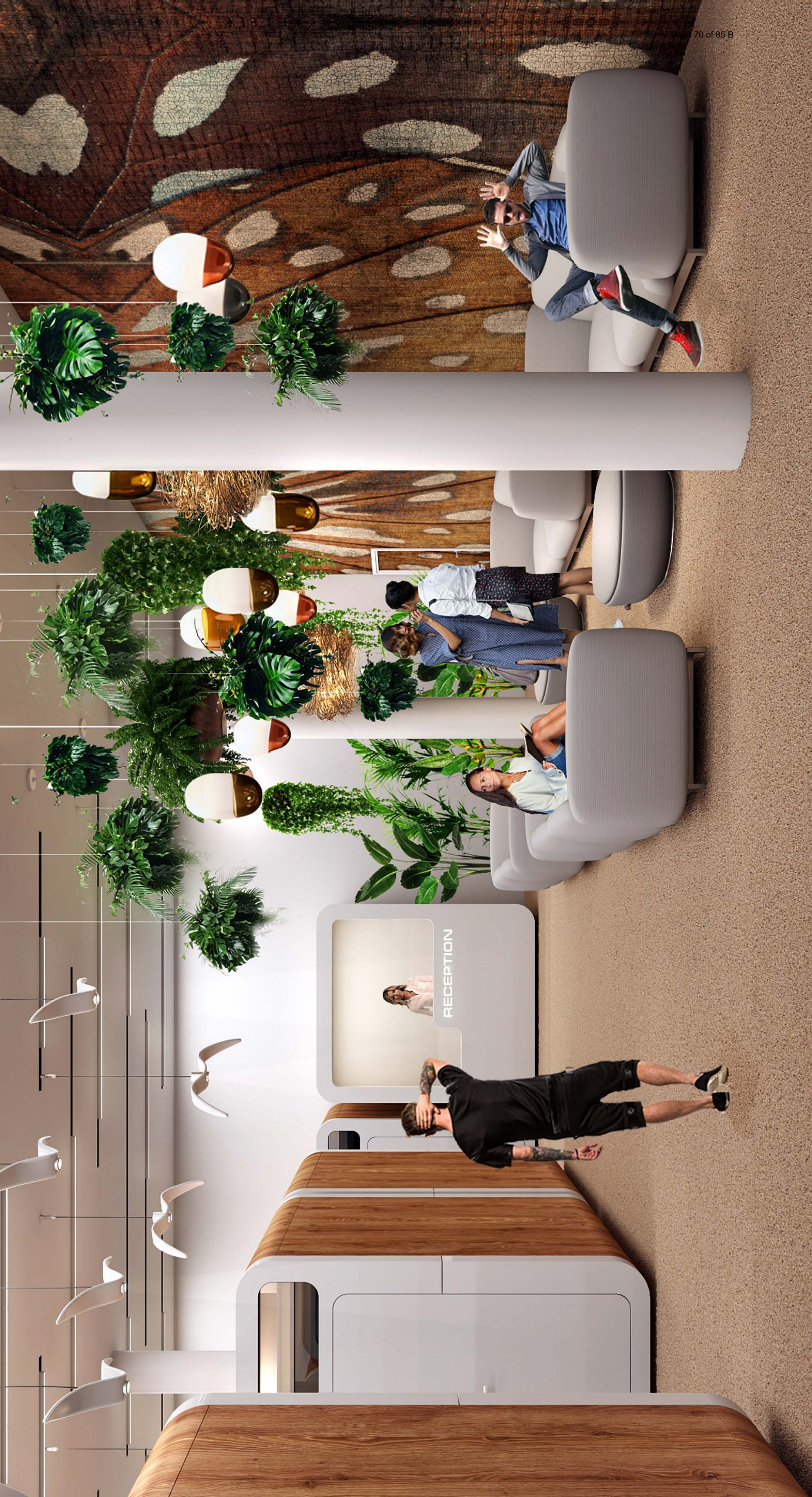
- Please confirm the anticipated operating stabilized year.
 - We assume that the revenue will stabilize in the first year of operations. The current assumptions indicate that will be 2022. We project a shorter ramp period for our hotels than industry standards, in part because of the difference of our hotel model. One benefit of a smaller number of rooms, allows us to fill a larger percentage of our supply for the same number of bookings. For example, if it takes 6 months for a 200 room hotel to run at 25% occupancy, and stabilize at 50 bookings per night, a 48 room Sleepbox Hotel would be booked at 100%.
- Please confirm the average ADR is calculated based on a one-night stay for all unit types.
 - Correct, the ADR is based on the weighted average of one-night stays, for all unit types.
- Please clarify whether partial/day rates will be offered for the proposed project, and if so, the rate structure for each unit type.
 - There may be some confusion between our Airport Lounge product and our Hotels, but in the hotels, we only have overnight rates. Our Lounges, which are behind security inside of airports have hourly bookings because of the nature of those customers.
- Please identify additional annual revenue to the project associated with the exterior common area food and beverage operations (if any) and confirm any such revenue would be available in the calculation of District ground rent.

- The projected revenue from the F&B will be available for the calculation of the ground rent, we have attached an additional spreadsheet that indicates the assumptions for the F&B operators on premise
 - The initial estimates call for [REDACTED] annual F&B Revenues, and an additional [REDACTED] annual ground rent.
- Please confirm District ground rent payments will begin the first year of operations
 - The District ground rent payments will begin the first year of operations.
- Please confirm parking is assumed to be free for guests.
 - Parking will be free to guests.
- Please confirm that proposed 5% EGI marketing budget assumed in operating budget
 - 5% of the EGI is allocated in the 15% of fees that are paid to Sleepbox, the parent company. We believe that the parent company is in a better position to handle the marketing and advertising spend for the hotels, and the marketing fee is part of the total Sleepbox fees collected.
- Please clarify why common area maintenance expenses do not appear to be included in the operating projections.
 - I apologize for any confusion in this term, CAM expenses will be covered by the hotel, this line item is typically to compare triple net, modified gross, and gross lease terms for different commercial lessors.
- Please clarify whether taxes are included in the operating budget.
 - The budget figures are estimated on an EBITDA basis. Estimated room rates do not include sales, occupancy, or convention/local taxes.
- Please clarify what services/costs the 15% Sleepbox fee represent and how this expense may be similar or different to a typical hotel operator management fee and/or franchise fee
 - The 15% fees represent an industry standard for combined management, brand, booking, and marketing franchise fees. For transparency and clarity we prefer to be upfront and succinct about the fees that get charged back to Sleepbox. The fee includes, Marketing, Advertising, Brand, Training, Technology, Booking, and Property Management platforms. It's similar to fees an operator would pay for a brand like Residence Inn although in multiple line items. For its owned and operated properties, Sleepbox subordinates its fees to all other expenses associated with a Property.
- Please clarify the expected/target equity partner return (IRR) for the proposed project (if applicable).
 - The nature of this project, and the application of the in-lieu funds, will allow the District and Sleepbox to partner in order to test a new, innovative concept that

allows for a new approach to lower cost accommodations. Based on the nature of the in-lieu funds, the IRR is relatively high, but inline with similar developments we have forecasted. This is a good representation of how we can maintain our return expectations, while also maintaining lower room rates, with the help of the District programs. That being said, the target IRR is [REDACTED] over the first 10 years, based on the final investment of the equity partners and how much of the allowances are required.































Representative Site Visit

Date:	March 26, 2018	Location:	Dulles Airport	Project Visited:	Sleepbox, Inc.
Port Attendees:	Penny Maus, Dept. Mgr. Bus. Dev. RE	Attendees:	Peter Chambers Mikail Krymov DaQuan Washington		

Meeting Summary:

Q.1	Approach to the Project: As a newer concept, how do you plan to ensure success?
A.1	<p>The team has spent many years with the concept and has been working on the concept for four years. They have spent their time trying to create the best product and the best technology prior to launching their first product, the Sleepbox Lounge in Dulles International Airport.</p> <p>In San Diego, prior to the official opening, the team would work with OTAs and meta search sites to ensure Sleepbox is listed for travelers who aren't familiar with them. They also plan to partner with events and festivals to drive brand awareness and partner to increase room stays and activation of the f&b spaces.</p>
Q.2	Approach to the Project: How do you plan to activate spaces both for the public and guests?
A.2	<p>Sleepbox plans to partner with local restaurants, breweries and wineries to create a robust food and beverage program in the outdoor space and on the rooftop. They also thoughtfully provided the rooftop as the most active space for both guests and the public, with the food truck area close behind. For visitors wanting to connect with others and enjoy a city view, the courtyard is an option. For guests wanting a more intimate area or a quiet place to read, they would have access to the lounge area and garden. Sleepbox emphasized that part of their mission is to provide travelers with opportunities to connect with others.</p>
Q.3	Project Team and Relevant Experience: How familiar are you with the CEQA and Coastal process? How will a longer project schedule affect your project proposal?
A.3	<p>While the team acknowledged that they do not have experience with CEQA or Coastal, they did meet with locals and did due diligence on both to gain an understanding of the process. If selected, they hope to hire a local consultant or expeditor that may be able to assist them with this process.</p> <p>The team understood that the timeline they provided may not be realistic and that it could be twice as long. They were not deterred by this and want to be in the market and launch the new project and are committed, regardless of the time.</p>

Project Specific Questions:

How sound proof are the boxes? This is especially important given the close proximity to the airport runway.

The boxes are not completely sound proof. The reason the team put the sleeping units closer to Pac Hwy was in an effort to reduce noise heard through the building and the box by guests from the trolley/train. The team will have to conduct due diligence regarding noise impacts through the building and the box from the airport and can modify as need be, but with the airport having acurfew, impacts are expected to be minimal.

Related to the above question, are the boxes customizable? Or are they all the wood and white look?

Yes, the boxes are customizable but this is the current brand standard.

I noted in their proposal that they aren't proposing to update the boxes until Year 10. How have the boxes been holding up at other locations – Russia, Stockholm?

The team does not have data on this as the boxes were sold to others and the Moscow project closed and are not affiliated with this concept.

Building permits – have these types of facilities been permitted anywhere else in the USA? I have heard in the past that health and safety concerns have been one of the reasons why these types of facilities are not yet in the USA.

The boxes are manufactured in Boston, where the team has worked closely with the Boston Fire Department. Each jurisdiction is likely to have varying requirements regarding fire and life safety, but the units are rated and can be customized to include smoke detectors and sprinklers.

For this site, did they consider the 2-story boxes that I see they have in other Sleepbox locations?

Two story boxes were not contemplated since the boxes include seven foot standing room.

Can you get more info on the Sleepboxes at the Bo Hotel in Stockholm? What are they hearing about that facility? There are only a few reviews on TripAdvisor.

The units were sold and are not affiliated with this brand.

Are televisions proposed in each room? TVs are in the photos, but not listed in the list of in-room amenities.

Tablets are proposed at this project, they are not included in the Dulles lounge. The trend for travelers is leaning towards bring your own device and streaming so a tablet was deemed the best option.

On the Site Plan, what do the 1 and 2 next to arrows denote? This notation is near the Reception.

They are callouts that reference the pop out renderings.

What other projects does Sleepbox have in the pipeline?

The team is hoping to expand within Dulles. They are also in discussions with Ohare airport.

How are you ensuring access to District remains secure from guests and the public?

We would work with the District to ensure that staff has appropriate access to the rooftop, while ensuring a secure building entrance. They have worked with TSA, Homeland Security, etc. at Dulles and would expect to consult with HPD at this location.

Photos:

