

INVESTMENT OFFERING MEMORANDUM



**Courtyard Fort Myers @ I-75 and Gulf Coast Town Center &
SpringHill Suites Fort Myers Airport – Fort Myers, Florida**

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Confidentiality & Conditions

This is a **confidential** Investment Offering Memorandum ("Memorandum"), which is intended solely for your limited use and benefit in determining whether you desire to express any further interest in participating with AD1 Global (the "Client") in the acquisition of the **Fort Myers Marriott 2-Pack (the "Properties" or "Hotels")**, located in **Fort Myers, Florida**. This Memorandum was prepared by HREC Investment Advisors and has been reviewed by the Client. It contains select information pertaining to the Properties and does not purport to be all-inclusive or to contain all of the information which prospective investors may desire. It should be noted that all the market analysis projections are provided for general reference purposes and are based on assumptions relating to the general economy, competition, and other factors beyond our control and, therefore, are subject to material variation. Additional information and an opportunity to inspect material related to the Properties will be made available to interested and qualified prospective investors. Neither the Client nor HREC Investment Advisors nor any of their respective officers have made any representation or warranty, expressed or implied, as to the accuracy or completeness of this Memorandum or any of its contents, and no legal commitments or obligations shall arise by reason of this Memorandum or its contents. It is essential that all parties to real estate transactions be aware of the health, liability and economic impact of environmental factors on real estate. HREC Investment Advisors does not conduct investigations or analyses of environmental matters and, accordingly, urges interested parties to retain qualified environmental professionals to determine whether hazardous or toxic wastes or substances (such as asbestos, PCBs and other contaminants or petrochemical products stored in underground tanks) or other undesirable materials or conditions are present at the Properties and if so, whether any health danger or other liability exists. Various laws and regulations have been enacted at the federal, state and local levels dealing with the use, storage, handling, removal, transport and disposal of toxic or hazardous wastes and substances. Depending on past, current and proposed uses of the Properties, it may be prudent to retain an environmental expert to conduct a site investigation and/or building inspection. If such substances exist or are contemplated to be used at the Properties, special governmental approvals or permits may be required. Consequently, legal counsel and technical experts should be consulted where these substances are or may be present. In this Memorandum, certain documents are described in summary form. The summaries do not purport to be complete descriptions of the full agreements involved, nor do they purport to constitute any legal analysis of the provisions of the documents. This brochure shall not be deemed an indication of the state of affairs of the Client nor constitute an indication that there has been no change in the business or affairs of the Client since the date of preparation of this Memorandum. Photocopying or other duplication of the Investment Offering Memorandum in part or entirety is not authorized. **If you do not agree to be bound by the above terms, or received this in error, please contact the sender and delete the material from all computers.**

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Opportunity Overview

HREC Investment Advisors is pleased to present the opportunity to invest as a majority equity partner with AD1 Global (minority equity partner and property management partner) in their acquisition of the Courtyard Fort Myers at I-75 and Gulf Coast Town Center & the SpringHill Suites Fort Myers Airport (the “Properties” or “Hotels”). The Properties, which are approximately six miles from each other within the Fort Myers Airport submarket, are both located off Interstate 75 – providing close access to the area’s prominent airport, Southwest Florida International Airport.

The 134-room Courtyard Fort Myers at I-75 and Gulf Coast Town Center opened in 2007 and the 106-room SpringHill Suites Fort Myers Airport was completed in 2006.

The Hotels are institutional quality assets that generated strong cash flow (NOI after replacement reserves) of \$6.024mm over the September 2023 TTM period. Purchase and sale agreement is being negotiated at a price of +\$42.75mm (approx \$178k/key). AD1 anticipates a combined PIP cost of \$7.4mm (\$30.9k/key) to be executed during the offseason of 2025, with minimal interruption to Properties’ operations. AD1 is open to allowing the JV partner to execute the PIP, or complete the PIP themselves.

AD1 Global is a Hollywood, Florida-based hotel owner and management company that offers tailor-made property-level management throughout Florida and the East Coast with 2,659 guestrooms across 18 properties.

AD1 Global has been an active hotel owner and manager in Florida since 2011, and in the Fort Myers market since 2017, and as such is in a great position to evaluate and execute on this acquisition opportunity. The AD1 team has identified significant operational upside to the Properties and will bring to the table a business plan focused on both revenue growth and expense containment. More specifically, AD1 will (1) bring stability at the property management level from replacing McKibbin as management and taking a



Courtyard Fort Myers

more individualistic management style at the Hotels, (2) continue to grow and profit from the re-building efforts in Ft Myers due to Hurricane Ian (3) work to control expenses, continue to build corporate group contracts, particularly with airlines from the growing Southwest Florida International Airport (4) capitalize on FGCU’s recent growth and popularity and (5) pushback with Marriott on conservative PIP estimates using positive GSS scores and local General Contractors input as evidence.

AD1 Global has a long track record of successful acquisitions throughout Florida and up the Eastern Seaboard as far as Portland, Maine.

Most recently, in mid-2022, AD1 acquired (with an institutional majority equity partner) the DoubleTree and Tru by Hilton hotels in Portland, ME at a cost of \$50 million. As the managing partner for the investment, AD1 has increased cash flow by 35% after the first 12 months of operations.

Similarly, AD1 acquired and took over management of the Residence Inn Avon CT in December 2019 and through revenue management and operational efficiencies improved the hotel’s NOI in 2022 by 20% over 2019 performance.

Southwest Florida, specifically Fort Myers and Naples, are both growing quickly as a luxury leisure destination for families and couples alike in order to experience the relaxing atmosphere that the area has to offer. Even after Hurricane Ian wreaked havoc upon the area in September of 2022, causing over \$100 billion in damages, the area has quickly recovered; as of August of 2023, twelve-month RevPAR in the Fort Myers/Bonita Springs submarket has increased 30.8% annually, according to STR. Furthermore, both Hotels benefited from their inland location, and since they were above the flood plain, they both served as accommodations for displaced residents and support workers.



Investment Highlights

1 Top Tier Local Operating Partner

AD1 Global is a top tier local hotel owner/developer/operator founded in 2008 and based in Hollywood FL. The company's highly experienced team is composed of professionals who possess deep knowledge in hotel management, real estate development, finance, and operations. Their collective expertise allows AD1 Global to effectively navigate the complexities of the industry and execute successful strategies.

2 Inland Location for Hurricane Protection

Due to the inland location above the flood plain of both Hotels, the Courtyard and the SpringHill were both spared from major damage from Hurricane Ian, the destructive Category 5 hurricane that hit the Fort Myers area in September of 2022. This benefit has major implications for insurance and the feasibility of operations during hurricane season in the Gulf of Mexico.

3 Stable Cash Flowing Machine

Combined, the two Properties have achieved over \$14mm in revenue as of the September 2023 TTM period and \$6.024mm in NOI flowthrough for the same time period. Both Properties have RevPAR penetrations of +110% per the September 2023 YTD STR report.

4 Popular Ft Myers Market

The Ft Myers Market and surrounding areas are one of the most popular tourism destinations in the state with approximately 5 million visitors per the last count.

5 Diverse Demand Generators

Although Fort Myers is primarily a leisure destination, the area also contains a diverse array of demand generators. These include Southwest Florida International Airport, Florida Gulf Coast University, Gulf Coast Town Center, Hertz Global Headquarters, Chico's FAS Headquarters, JetBlue Park at Fenway South, Hammond Stadium, and Hertz Arena.

6 Potential Economies of Scale

Located less than six miles from each other, the Properties share significant potential in regard to cost containment initiatives through economies of scale.



chico's

Hertz



gulf coast
TOWN CENTER

Property Summary – Courtyard Fort Myers at I-75 and Gulf Coast Town Center

Located at the intersection of I-75 and Alico Road, the Courtyard's proximity to Gulf Coast Town Center is unmatched. The shopping center, which is walking distance from the Hotel, offers over one million square feet of retail and dining space and contains over 20 anchor stores, 50 specialty shops, and 20 restaurants. Even after Hurricane Ian, the Hotel has seen significant growth due to its inland location above the flood plain. The Property served as an essential resource for residents and aid workers alike in the aftermath of the Category 5 hurricane. The Hotel is also one of the closest Marriott properties to Florida Gulf Coast University ("FGCU"), which enrolled over 16,000 students in the Fall of 2022.

Property Overview

Address	10050 Gulf Center Drive, Fort Myers, Florida 33913
Year Opened	2007
Year Renovated	2015
Number of Guestrooms	134
Gross Building Area	76,548 square feet
Meeting Space	1,294 square feet
Number of Stories	4
Food & Beverage Outlets	The Bistro, Grab-and-Go
Features & Amenities	Complimentary airport shuttle, WiFi, business center, fitness center, outdoor pool



Guestroom Breakdown

Room Type	#
King	79
Queen - Queen	28
Executive Queen - Queen	17
Suites	6
King - Spa	4
Total	134

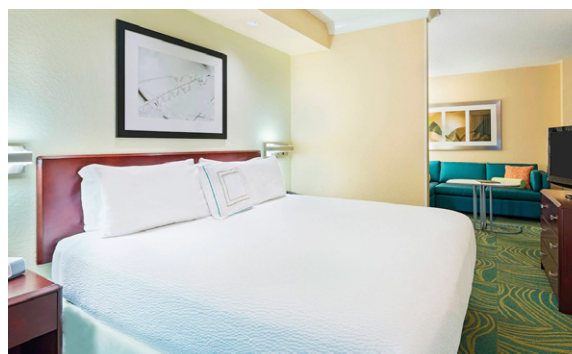


Property Summary – SpringHill Suites Fort Myers Airport

The SpringHill Suites is ideally located at the intersection of I-75 and Daniels Parkway, a short drive from Southwest Florida International Airport and two MLB Spring Training facilities. The northernmost of the two Hotels in this portfolio, the SpringHill Suites is located between the Spring Training Facilities of the Boston Red Sox and the Minnesota Twins. The JetBlue Park, the spring home of the Boston Red Sox, which is just north of the rapidly expanding Southwest Florida International Airport, opened in 2012, and the stadium was modeled closely after Fenway Park. Between the airport and JetBlue Park, the Lee County Port Authority is developing a large commercial office district, titled “Skyplex,” which is approximately 3.1 miles from the Hotel.

Property Overview

Address	9501 Marketplace Road, Fort Myers, Florida 33912
Year Opened	2006
Year Renovated	2015
Number of Guestrooms	106
Gross Building Area	58,098 square feet
Meeting Space	161 square feet
Number of Stories	4
Food & Beverage Outlets	Complimentary Breakfast, Grab-and-Go
Features & Amenities	Complimentary airport shuttle, WiFi, business center, fitness center, outdoor pool, all-suite product



Guestroom Breakdown

Room Type	#
King Suites	48
Double - Double Suites	58
Total	106



Market Overview

The Fort Myers Area

Located approximately 120 miles to the south of Tampa and 150 miles to the northwest of Miami/Fort Lauderdale, Fort Myers and Cape Coral, separated by the Caloosahatchee River, are two of Southwest Florida's largest cities. Described as the "perfect combination of exhilaration and total relaxation" by Smithsonian Magazine, the Fort Myers area is known for its abundance of leisure activities, and this range of activities has attributed to its rapid growth. From Fort Myers historic downtown to kayaking in a mangrove forest to relaxing on Sanibel Island, the Fort Myers area has everything that one could ask for on a trip to Florida.

Some of the area's attractions are rather unique in comparison to typical beach-town activities. The city is one of the largest destinations for shelling in the world, and its southern location along the Gulf of Mexico means that it has more shell varieties than any other place in North America.

Boca Grande is a small community on Gasparilla Island, which is located to the northwest of Fort Myers, and the community is known as the "Tarpon Fishing Capital of the World." Lastly, the Boston Red Sox and the Minnesota Twins of Major League Baseball have their spring training facilities in Fort Myers, and during February and March, the area turns into a baseball hub for players, fans, and team personnel alike.

The Naples Area

Both Hotels are approximately thirty minutes north of Naples, Florida, which is a top leisure destination in the Sunshine State. In 2022-2023, Naples was ranked by U.S. News & World Report as the sixth best place to retire in the United States. The area is known for its crystal-clear beaches, top-ranked golf courses, high-end shopping, fine dining, and much more. Naples is also the gateway to Everglades National Park, the largest tropical wilderness in the United States.



Demand Generators

Southwest Florida International Airport

Southwest Florida International Airport (RSW) is the main airport serving the Fort Myers and Naples region. RSW is the second-busiest single-runway airport in the United States, and in 2022, the airport saw 10,343,802 passengers, the most that it has ever seen. In order to accommodate this growth, the Lee County Port Authority (LCPA) announced a \$331M terminal expansion project in October of 2021, and the project, which is currently under construction, is expected to be completed in 2025. Nonstop service to RSW has expanded rapidly over the last few years due to the introduction of many low-cost carriers. Breeze Airways, which commenced operations in 2021 and has expanded rapidly since then, will soon serve fourteen nonstop, domestic destinations in the United States from RSW, including markets that are currently unserved by any airline out of RSW, such as Akron, Portland (Maine), and Las Vegas. RSW is currently served by 11 US-based airlines (Alaska, American, Breeze, Delta, Frontier, JetBlue, Southwest, Sun Country, and United), 2 Canadian airlines (Air Canada Rouge and WestJet). In November and December of 2023, Porter Airlines and Lynx Air, both based in Canada, will bring nonstop service to Toronto Pearson International Airport. The airport also has nonstop flights to Frankfurt on Discover Airlines, a leisure branch of Germany's Lufthansa.

Southwest Florida International Airport	
Year	Total
2014	7,970,493
2015	8,371,801
2016	8,604,673
2017	8,842,549
2018	9,373,178
2019	10,225,180
2020	5,978,414
2021	10,322,434
2022	10,343,802
August 2023 TTM	9,346,563

Source: Lee County Port Authority Department of Communications and Marketing

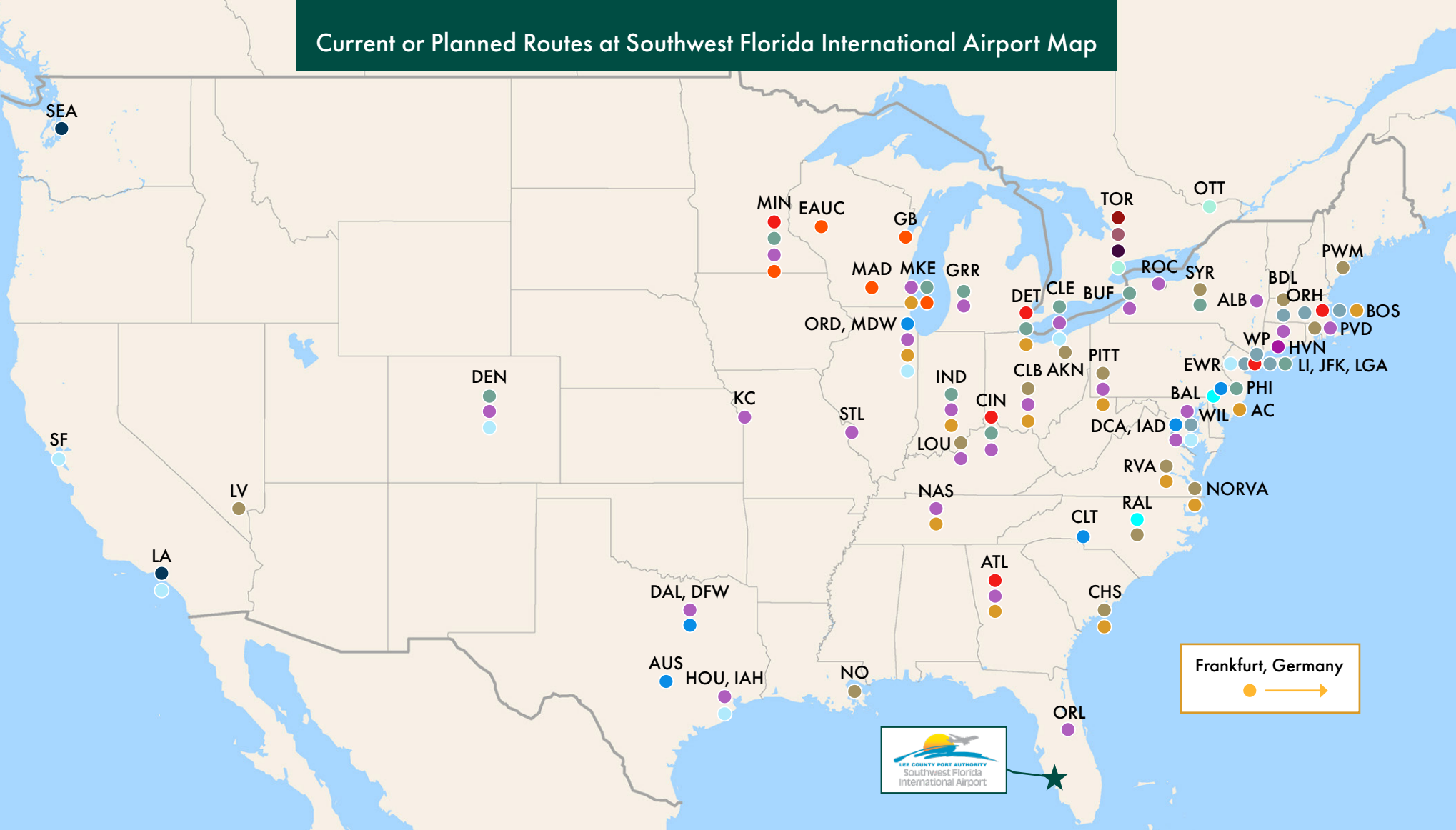


Southwest Florida International Airport



Southwest Florida International Airport

Current or Planned Routes at Southwest Florida International Airport Map



 AIR CANADA

 Breeze

 jetBlue

 spirit

 Alaska

 DELTA

 Lynx AIR

 sun country airlines

 American Airlines

 discover airlines

 porter

 UNITED

 avelo

 FRONTIER AIRLINES

 Southwest

 WESTJET

Downtown Fort Myers

Originally established in 1841 as a fort for the U.S. Army during the Second Seminole War, which was known as Fort Harvie at the time, Fort Myers grew from its original function into a farming community in the period after the Civil War. In the 1880s, the area began to develop into the commercial center of southwest Florida. Today, the historic Downtown Fort Myers River District contains many of the same historic buildings that were built over 100 years ago, and many are very well-preserved thanks to a 2003 master plan by DPZ CoDesign, the same firm that designed Seaside (FL), Alys Beach (FL), Rosemary Beach (FL), Kentlands (MD), Village of Providence (AL), and other master-planned communities. The River District is known for its fine dining, location along the Calahoosatchee River, historic architecture, and much more.

Florida Gulf Coast University

Florida Gulf Coast University (FGCU) is Southwest Florida's largest public university, which is located in Fort Myers. Established in 1991 as Florida's tenth state university, the school has grown significantly over its twenty-two years in operation, and FGCU enrolled over 16,000 students in the fall of 2022. FGCU is fully

dedicated to preserving the ecology of the area that it was built upon; approximately half of the 800-acre campus is composed of restored or preserved nature. FGCU's athletes compete in the ASUN Conference of the NCAA's Division I, and in 2013, FGCU's men's basketball team became the first no. 15 seed to reach the Sweet 16.

Other Demand Generators

- Gulf Coast Medical Center
- Hertz Global Headquarters
- JetBlue Park (Boston Red Sox)
- Hammond Stadium at Lee County Sports Complex (Minnesota Twins)
- Hertz Arena (Florida Everblades and Gulf Coast Showcase)
- Florida SouthWestern State College
- Gartner
- Chico's FAS Headquarters
- NeoGenomics
- Barbara B. Mann Performing Arts Hall
- Caloosa Sound Convention Center & Amphitheater



Gulf Coast Medical Center



Hertz Arena



Florida Gulf Coast University



Caloosa Sound Convention Center & Amphitheater



CALOOSA
SOUND
AMPHITHEATER

Downtown Fort Myers

Cape Coral

Caloosahatchee River

chico's

FLORIDA
SOUTHWESTERN
STATE COLLEGE

Gulf Coast
Medical Center

SPRINGHILL
SUITES
BY MARRIOTT

jetBlue
Park

Gartner
Skyplex Commercial Center

BARBARA B. MANN
PERFORMING ARTS HALL

Twins
Hammond Stadium at Lee
County Sports Complex

LEE COUNTY PORT AUTHORITY
Southwest Florida
International Airport

NEO
GENOMICS

COURTYARD
BY MARRIOTT

Florida Gulf Coast
University

Hertz

Hertz Arena

Comparable Sales Overview

The following chart represents comparable Gulf Coast, West Florida sales. All information is per CoStar and RCA.

Comparable Transactions Analysis – Ft Myers, Florida							
#	Property	Location	Date	Year Built/Reno	Sale Price	Rooms	Price/Room
1	Hampton Inn & Suites Ruskin I-75	Ruskin, FL	Sep-23	2023	\$14,750,000	85	\$173,529
2	Hampton Inn Tampa-Veterans Expwy Airport	Tampa, FL	Aug-23	2001/2018	\$13,700,000	85	\$161,176
3	Aloft Tampa Downtown	Tampa, FL	Aug-23	1965 /2014	\$27,303,600	130	\$210,028
4	Hampton Inn & Suites Clearwater/St Petersburg	Clearwater, FL	Aug-23	2007/2021	\$18,737,000	128	\$146,383
5	Best Western Plus Siesta Key Gateway	Sarasota, FL	Mar-23	1986 /2018	\$18,000,000	114	\$157,895
6	Hawthorn Suites Naples	Naples, FL	Nov-22	2000	\$16,700,000	82	\$203,659
7	Courtyard St. Petersburg Downtown	Saint Petersburg, FL	Sep-22	2006 /2012	\$29,100,000	128	\$227,344
8	InTown Suites Fort Myers FL	Fort Myers, FL	Jul-22	2000/2014	\$20,950,607	137	\$152,924
9	Courtyard By Marriott Naples	Naples, FL	Jun-22	1996/2006	\$22,500,000	98	\$229,592
10	Fairfield Inn & Suites Fort Myers Cape Coral	Fort Myers, FL	Jun-22	1998 /2016	\$11,450,000	100	\$114,500
11	Aloft Tampa Midtown	Fort Myers, FL	Apr-22	2021	\$40,685,985	111	\$366,540
12	Hampton Inn & Suites Bradenton Downtown	Tampa, FL	Feb-22	2013	\$26,000,000	119	\$218,487
Average					\$21,656,433	110	\$196,838
Subject Properties - Base Purchase Price		Fort Myers, FL	est. Dec-23	2007 & 2006	\$42,750,000	240	\$178,125

Source: HREC IA, CoStar, & Real Capital Analytics



Southwest Florida International Airport

Financing Analysis

Financing Overview

The following chart provides current, market estimates for financing potential at the two Properties given current PSA Pricing, PIP Cost Estimates, and all Closing Costs. HREC Investment Advisors and the Seller encourage potential investors to conduct their own research and analysis of the Hotels and the market.

HREC Investment Advisors – Five-Year Hold Period - Fixed Rate Financing – Fort Myers Two Pack

Uses and Sources of Funds

Purchase Price	\$42,750,000	81.9%	First Mortgage	\$32,600,000	62.5%
PIP	\$7,424,103	14.2%	Equity	\$19,566,603	37.5%
Working Capital	\$240,000	0.5%			
Financing Costs	\$470,000	0.9%			
Acquisition Fee	\$427,500	0.8%			
Closing Costs	\$855,000	1.6%			
Total Use of Funds	\$52,166,603	100.0%	Total Source of Funds	\$52,166,603	100%

Number of Guestrooms	240
Total Cost per Guestroom	\$217,361
Total Loan per Guestroom	\$135,833

First Mortgage

Mortgage Amount	\$32,600,000	Monthly Payment	\$226,842
Interest Rate	8.35% 5T + 350	Annual Payment	\$2,722,100
Interest Only Period	5-year Par, non-recourse CMBS		

Yearly Cash Flow Summary

	Actual		Projected				
	YE 2022	Sep 2023 TTM	2024	2025	2026	2027	2028
Net Operating Income	\$5,190,950	\$6,024,523	\$5,071,936	\$4,384,985	\$4,754,559	\$5,084,062	\$5,236,584
Debt Service			\$2,722,100	\$2,722,100	\$2,722,100	\$2,722,100	\$2,722,100
Cash Flow After Debt Service			\$2,349,836	\$1,662,885	\$2,032,459	\$2,361,962	\$2,514,484
Debt Service Coverage Ratio	1.91	2.21	1.86	1.61	1.75	1.87	1.92
Debt Yield	15.9%	18.5%	15.6%	13.5%	14.6%	15.6%	16.1%
Cash-on-Cash Return			12.0%	8.5%	10.4%	12.1%	12.9%

Sales Price at Reversion

Year 6 NOI	\$5,393,681	
Residual Cap Rate	8.0%	
Gross Sales Price	\$67,421,013	
Selling Costs	\$2,022,630	3.0%
Net Proceeds	\$65,398,382	
Remaining Mortgage Balance	\$32,600,000	
Return to Equity	\$32,798,382	

Levered IRR Analysis

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Opening Contribution	(\$19,566,603)					
Cash Flow After Debt Service		\$2,349,836	\$1,662,885	\$2,032,459	\$2,361,962	\$2,514,484
Return to Equity Proceeds						\$32,798,382
Net Cash Flow	(\$19,566,603)	\$2,349,836	\$1,662,885	\$2,032,459	\$2,361,962	\$35,312,866
	(\$52,166,603)	\$5,071,936	\$4,384,985	\$4,754,559	\$5,084,062	\$70,634,966
Levered IRR	20.1%					
Unlevered IRR	13.3%					
Average Cash-on-Cash Return	11.2%					

Note 1: Closing costs consist of third party reports, legal expenses, franchise application fees, lender and mortgage brokerage fees.
Source: HREC Investment Advisors

Financial Overview

The following pages provide the operating history for BOTH Hotels. The operating history table represents the results of operations during the YE 2019 through YE 2022, a Pre-Hurricane T-12 (September 2022 TTM), and the September 2023 TTM period. The profit and loss statements, although deemed to be accurate, are presented for informational purposes only and should not be relied upon in making a final investment decision with regard to the Hotel. In this regard, HREC Investment Advisors and the Seller encourage potential investors to conduct their own research and analysis of the Hotels and the market.

Historical Operating Analysis – Fort Myers Two Pack																
Year	YE 2019	% REV	\$POR	\$PAR	YE 2020	% REV	\$POR	\$PAR	YE 2021	% REV	\$POR	\$PAR	Pre Hurricane T 12 (Oct '21-Sept '22)	% REV	\$POR	\$PAR
Number of Guestrooms:	240				240				240				240			
Number of Days in Year:	365				366				365				365			
Occupancy:	84.2%				51.6%				74.7%				80.4%			
Average Room Rate:	\$123.92				\$129.14				\$120.06				\$170.87			
RevPAR:	\$104.29				\$66.59				\$89.74				\$137.42			
Occupied Rooms:	73,722				45,297				65,477				70,451			
Available Rooms:	87,600				87,840				87,600				87,600			
REVENUES																
Rooms	9,135,453	93.7%	\$123.92	\$38,064	5,849,454	95.0%	\$129.14	\$24,373	7,861,447	94.3%	\$120.06	\$32,756	10,366,446	94.3%	\$147.14	\$43,194
Food and Beverage	303,877	3.1%	4.12	1,266	142,524	2.3%	3.15	594	193,520	2.3%	2.96	806	232,384	2.1%	3.30	968
Other Income	<u>306,552</u>	<u>3.1%</u>	<u>4.16</u>	<u>1,277</u>	<u>165,827</u>	<u>2.7%</u>	<u>3.66</u>	<u>691</u>	<u>279,983</u>	<u>3.4%</u>	<u>4.28</u>	<u>1,167</u>	<u>397,896</u>	<u>3.6%</u>	<u>5.65</u>	<u>1,658</u>
TOTAL REVENUES	\$9,745,882	100.0%	\$132.20	\$40,608	\$6,157,805	100.0%	\$135.94	\$25,658	\$8,334,950	100.0%	\$127.30	\$34,729	\$10,996,726	100.0%	\$156.09	\$45,820
DEPARTMENTAL COSTS¹																
Rooms	1,807,007	19.8%	\$24.51	\$7,529	1,098,486	18.8%	\$24.25	\$4,577	1,707,074	21.7%	\$26.07	\$7,113	2,287,442	22.1%	\$32.47	\$9,531
Food and Beverage	335,519	110.4%	4.55	1,398	146,807	103.0%	3.24	612	181,890	94.0%	2.78	758	257,562	110.8%	3.66	1,073
Other Expenses	<u>84,451</u>	<u>27.5%</u>	<u>1.15</u>	<u>352</u>	<u>55,827</u>	<u>33.7%</u>	<u>1.23</u>	<u>233</u>	<u>93,002</u>	<u>33.2%</u>	<u>1.42</u>	<u>388</u>	<u>150,975</u>	<u>37.9%</u>	<u>2.14</u>	<u>629</u>
TOTAL DEPARTMENTAL COSTS	\$2,226,977	22.9%	\$30.21	\$9,279	\$1,301,120	21.1%	\$28.72	\$5,421	\$1,981,966	23.8%	\$30.27	\$8,258	\$2,695,979	24.5%	\$38.27	\$11,233
GROSS OPERATING INCOME	\$7,518,905	77.1%	\$101.99	\$31,329	\$4,856,685	78.9%	\$107.22	\$20,236	\$6,352,984	76.2%	\$97.03	\$26,471	\$8,300,747	75.5%	\$117.82	\$34,586
UNDIST. OPERATING EXPENSES																
Administrative & General	773,199	7.9%	\$10.49	\$3,222	554,173	9.0%	\$12.23	\$2,309	707,636	8.5%	\$10.81	\$2,948	744,574	6.8%	\$10.57	\$3,102
Information & Telecom	86,454	0.9%	1.17	360	80,094	1.3%	1.77	334	74,311	0.9%	1.13	310	66,028	0.6%	0.94	275
Management Fee ²	292,376	3.0%	3.97	1,218	184,734	3.0%	4.08	770	250,049	3.0%	3.82	1,042	329,902	3.0%	4.68	1,375
Franchise Fees	717,861	7.4%	9.74	2,991	484,615	7.9%	10.70	2,019	627,696	7.5%	9.59	2,615	728,140	6.6%	10.34	3,034
Sales & Marketing	487,188	5.0%	6.61	2,030	278,704	4.5%	6.15	1,161	397,942	4.8%	6.08	1,658	654,492	6.0%	9.29	2,727
Property Operations & Maint.	347,585	3.6%	4.71	1,448	262,567	4.3%	5.80	1,094	371,763	4.5%	5.68	1,549	371,183	3.4%	5.27	1,547
Utility Cost	<u>298,515</u>	<u>3.1%</u>	<u>4.05</u>	<u>1,244</u>	<u>241,741</u>	<u>3.9%</u>	<u>5.34</u>	<u>1,007</u>	<u>288,514</u>	<u>3.5%</u>	<u>4.41</u>	<u>1,202</u>	<u>343,078</u>	<u>3.1%</u>	<u>4.87</u>	<u>1,429</u>
TOTAL UNDIST. OPERATING EXPENSES	\$3,003,178	30.8%	\$40.74	\$12,513	\$2,086,628	33.9%	\$46.07	\$8,694	\$2,717,911	32.6%	\$41.51	\$11,325	\$3,237,397	29.4%	\$45.95	\$13,489
GROSS OPERATING PROFIT	\$4,515,727	46.3%	\$61.25	\$18,816	\$2,770,057	45.0%	\$61.15	\$11,542	\$3,635,074	43.6%	\$55.52	\$15,146	\$5,063,350	46.0%	\$71.87	\$21,097
FIXED CHARGES																
Property Taxes	279,339	2.9%	\$3.79	\$1,164	375,187	6.1%	\$8.28	\$1,563	365,478	4.4%	\$5.58	\$1,523	413,720	3.8%	\$5.87	\$1,724
Insurance	140,397	1.4%	1.90	585	171,529	2.8%	3.79	715	196,206	2.4%	3.00	818	202,744	1.8%	2.88	845
Rent, Misc. Taxes & Other	<u>12,413</u>	<u>0.1%</u>	<u>0.17</u>	<u>52</u>	<u>0</u>	<u>0.0%</u>	<u>0.00</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>	<u>0.00</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>	<u>0.00</u>	<u>0</u>
TOTAL FIXED CHARGES	\$432,149	4.4%	\$5.86	\$1,801	\$546,716	8.9%	\$12.07	\$2,278	\$561,684	6.7%	\$8.58	\$2,340	\$616,464	5.6%	\$8.75	\$2,569
C/F BEFORE RESERVE	\$4,083,578	41.9%	\$55.39	\$17,015	\$2,223,341	36.1%	\$49.08	\$9,264	\$3,073,390	36.9%	\$46.94	\$12,806	\$4,446,886	40.4%	\$63.12	\$18,529
Reserve for Replacement ²	<u>389,835</u>	<u>4.0%</u>	<u>5.29</u>	<u>1,624</u>	<u>246,312</u>	<u>4.0%</u>	<u>5.44</u>	<u>1,026</u>	<u>333,398</u>	<u>4.0%</u>	<u>5.09</u>	<u>1,389</u>	<u>439,869</u>	<u>4.0%</u>	<u>6.24</u>	<u>1,833</u>
NET OPERATING INCOME	\$3,693,742	37.9%	\$50.10	\$15,391	\$1,977,029	32.1%	\$43.65	\$8,238	\$2,739,992	32.9%	\$41.85	\$11,417	\$4,007,017	36.4%	\$56.88	\$16,696

Note 1: Departmental expenses ratios are expressed as a percentage of their respective departmental revenues.

Note 2: A base management fee of 3% and a reserve for replacement expense of 4% of total revenues were imputed.

Source: Owner

Financial Overview

The following pages provide the operating history for BOTH Hotels. The operating history table represents the results of operations during the YE 2019 through YE 2022, a Pre-Hurricane T-12 (September 2022 TTM), and the September 2023 TTM period. The profit and loss statements, although deemed to be accurate, are presented for informational purposes only and should not be relied upon in making a final investment decision with regard to the Hotel. In this regard, HREC Investment Advisors and the Seller encourage potential investors to conduct their own research and analysis of the Hotels and the market.

Historical Operating Analysis – Fort Myers Two Pack												
Year	YE 2022	% REV	\$POR	\$PAR	Sep 2023 TTM	% REV	\$POR	\$PAR	A/F thru Sep	% REV	\$POR	\$PAR
Number of Guestrooms:	240				240				134			
Number of Days in Year:	365				365				365			
Occupancy:	84.4%				88.3%				84.8%			
Average Room Rate:	\$170.87				\$176.68				\$162.39			
RevPAR:	\$144.19				\$155.92				\$137.63			
Occupied Rooms:	73,920				77,310				74,243			
Available Rooms:	87,600				87,600				87,600			
REVENUES												
Rooms	\$12,218,019	95.2%	\$165.29	\$50,908	13,658,899	95.0%	\$176.68	\$56,912	12,056,503	94.4%	\$162.39	\$89,974
Food and Beverage	\$323,886	2.5%	4.38	1,350	395,691	2.8%	5.12	1,649	389,655	3.1%	5.25	2,908
Other Income	<u>\$296,542</u>	<u>2.3%</u>	<u>4.01</u>	<u>1,236</u>	<u>320,255</u>	<u>2.2%</u>	<u>4.14</u>	<u>1,334</u>	<u>327,269</u>	<u>2.6%</u>	<u>4.41</u>	<u>2,442</u>
TOTAL REVENUES	\$12,838,447	100.0%	\$173.68	\$53,494	\$14,374,845	100.0%	\$185.94	\$59,895	\$12,773,427	100.0%	\$172.05	\$95,324
DEPARTMENTAL COSTS¹												
Rooms	\$2,468,195	20.2%	\$33.39	\$10,284	2,531,899	18.5%	\$32.75	\$10,550	2,452,435	20.3%	\$33.03	\$18,302
Food and Beverage	\$328,592	101.5%	4.45	1,369	353,482	89.3%	4.57	1,473	369,452	94.8%	4.98	2,757
Other Expenses	<u>\$94,369</u>	<u>31.8%</u>	<u>1.28</u>	<u>393</u>	<u>92,910</u>	<u>29.0%</u>	<u>1.20</u>	<u>387</u>	<u>90,685</u>	<u>27.7%</u>	<u>1.22</u>	<u>677</u>
TOTAL DEPARTMENTAL COSTS	\$2,891,156	22.5%	\$39.11	\$12,046	\$2,978,291	20.7%	\$38.52	\$12,410	\$2,912,572	22.8%	\$39.23	\$21,736
GROSS OPERATING INCOME	\$9,947,291	77.5%	\$134.57	\$41,447	\$11,396,554	79.3%	\$147.41	\$47,486	\$9,860,855	77.2%	\$132.82	\$73,588
UNDIST. OPERATING EXPENSES												
Administrative & General	\$933,670	7.3%	\$12.63	\$3,890	1,289,134	9.0%	\$16.67	\$5,371	979,914	7.7%	\$13.20	\$7,313
Information & Telecom	\$66,136	0.5%	0.89	276	81,521	0.6%	1.05	340	83,157	0.7%	1.12	621
Management Fee ²	\$385,153	3.0%	5.21	1,605	431,245	3.0%	5.58	1,797	383,203	3.0%	5.16	2,860
Franchise Fees	\$717,230	5.6%	9.70	2,988	509,811	3.5%	6.59	2,124	698,213	5.5%	9.40	5,211
Sales & Marketing	\$785,302	6.1%	10.62	3,272	1,005,161	7.0%	13.00	4,188	901,024	7.1%	12.14	6,724
Property Operations & Maint.	\$394,713	3.1%	5.34	1,645	497,474	3.5%	6.43	2,073	470,459	3.7%	6.34	3,511
Utility Cost	\$356,535	2.8%	4.82	1,486	<u>357,213</u>	2.5%	4.62	1,488	<u>354,297</u>	2.8%	4.77	2,644
TOTAL UNDIST. OPERATING EXPENSES	\$3,638,739	28.3%	\$49.23	\$15,161	\$4,171,559	29.0%	\$53.96	\$17,381	\$3,870,267	30.3%	\$52.13	\$28,883
GROSS OPERATING PROFIT	\$6,308,552	49.1%	\$85.34	\$26,286	\$7,224,995	50.3%	\$93.45	\$30,104	\$5,990,588	46.9%	\$80.69	\$44,706
FIXED CHARGES												
Property Taxes	\$399,296	3.1%	\$5.40	\$1,664	396,603	2.8%	\$5.13	\$1,653	360,340	2.8%	\$4.85	\$2,689
Insurance	\$204,768	1.6%	2.77	853	228,875	1.6%	2.96	954	231,509	1.8%	3.12	1,728
Rent, Misc. Taxes & Other	\$0	0.0%	0.00	0	0	0.0%	0.00	0	0	0.0%	0.00	0
TOTAL FIXED CHARGES	\$604,064	4.7%	\$8.17	\$2,517	\$625,478	4.4%	\$8.09	\$2,606	\$591,849	4.6%	\$7.97	\$4,417
C/F BEFORE RESERVE	\$5,704,488	44.4%	\$77.17	\$23,769	\$6,599,517	45.9%	\$85.36	\$27,498	\$5,398,739	42.3%	\$72.72	\$40,289
Reserve for Replacement ²	\$513,538	<u>4.0%</u>	<u>6.95</u>	<u>2,140</u>	<u>574,994</u>	<u>4.0%</u>	<u>7.44</u>	<u>2,396</u>	<u>510,937</u>	<u>4.0%</u>	<u>6.88</u>	<u>3,813</u>
NET OPERATING INCOME	\$5,190,950	40.4%	\$70.22	\$21,629	\$6,024,523	41.9%	\$77.93	\$25,102	\$4,887,802	38.3%	\$65.84	\$36,476

Note 1: Departmental expenses ratios are expressed as a percentage of their respective departmental revenues.

Note 2: A base management fee of 3% and a reserve for replacement expense of 4% of total revenues were imputed.

Source: Owner

Income & Expense ProForma

The following provides the forward facing five-year pro forma for BOTH the Properties. NOTE: This proforma is based on estimates, assumptions and other information developed from our analysis of the hotel market area and characteristics of the lodging facility. Since the projections are based upon estimates and assumptions that are inherently subject to uncertainty and variation depending upon the evolving events, we do not represent or warrant them as results that will actually be achieved. Investors should base their pricing decisions on their own independent analyses' projections. In this regard, HREC Investment Advisors and the Client encourage potential investors to conduct their own research and analysis of the Hotels and the market.

Income & Expense ProForma – Fort Myers Two Pack																				
Year	Year 1	% REV	\$POR	\$PAR	Year 2	% REV	\$POR	\$PAR	Year 3	% REV	\$POR	\$PAR	Year 4	% REV	\$POR	\$PAR	Year 5	% REV	\$POR	\$PAR
Number of Guestrooms:	240				240				240				240				240			
Number of Days in Year:	365				365				365				365				365			
Occupancy:	83.4%				77.8%				80.2%				81.7%				81.7%			
Average Room Rate:	\$169.79				\$171.81				\$176.91				\$182.91				\$188.40			
RevPAR:	\$141.52				\$133.65				\$141.94				\$149.40				\$153.88			
Occupied Rooms:	73,015				68,146				70,284				71,547				71,547			
Available Rooms:	87,600				87,600				87,600				87,600				87,600			
REVENUES																				
Rooms	12,397,400	94.8%	\$169.79	\$51,656	11,707,740	94.7%	\$171.81	\$48,782	12,434,330	94.7%	\$176.91	\$51,810	13,087,030	94.8%	\$182.91	\$54,529	13,479,641	94.8%	\$188.40	\$56,165
Food and Beverage	270,629	2.1%	3.71	1,128	259,359	2.1%	3.81	1,081	273,933	2.1%	3.90	1,141	285,703	2.1%	3.99	1,190	294,274	2.1%	4.11	1,226
Other Income	412,968	3.2%	5.66	1,721	396,411	3.2%	5.82	1,652	419,966	3.2%	5.98	1,750	439,236	3.2%	6.14	1,830	452,414	3.2%	6.32	1,885
TOTAL REVENUES	\$13,080,998	100.0%	\$179.16	\$54,504	\$12,363,510	100.0%	\$181.43	\$51,515	\$13,128,228	100.0%	\$186.79	\$54,701	\$13,811,969	100.0%	\$193.05	\$57,550	\$14,226,328	100.0%	\$198.84	\$59,276
DEPARTMENTAL COSTS ¹																				
Rooms	2,441,427	19.7%	\$33.44	\$10,173	2,347,742	20.1%	\$34.45	\$9,782	2,495,599	20.1%	\$35.51	\$10,398	2,618,109	20.0%	\$36.59	\$10,909	2,696,652	20.0%	\$37.69	\$11,236
Food and Beverage	255,005	94.2%	3.49	1,063	251,887	97.1%	3.70	1,050	257,951	94.2%	3.67	1,075	263,385	92.2%	3.68	1,097	271,287	92.2%	3.79	1,130
Other Expenses	165,187	40.0%	2.26	688	158,564	40.0%	2.33	661	167,986	40.0%	2.39	700	175,695	40.0%	2.46	732	180,965	40.0%	2.53	754
TOTAL DEPARTMENTAL COSTS	\$2,861,618	21.9%	\$39.19	\$11,923	\$2,758,193	22.3%	\$40.48	\$11,492	\$2,921,536	22.3%	\$41.57	\$12,173	\$3,057,188	22.1%	\$42.73	\$12,738	\$3,148,904	22.1%	\$44.01	\$13,120
GROSS OPERATING INCOME	\$10,219,379	78.1%	\$139.96	\$42,581	\$9,605,317	77.7%	\$140.95	\$40,022	\$10,206,692	77.7%	\$145.22	\$42,528	\$10,754,781	77.9%	\$150.32	\$44,812	\$11,077,424	77.9%	\$154.83	\$46,156
UNDIST. OPERATING EXPENSES																				
Administrative & General	985,667	7.5%	\$13.50	\$4,107	987,490	8.0%	\$14.49	\$4,115	1,026,960	7.8%	\$14.61	\$4,279	1,065,016	7.7%	\$14.89	\$4,438	1,096,966	7.7%	\$15.33	\$4,571
Information & Telecom	83,544	0.6%	1.14	348	79,065	0.6%	1.16	329	84,001	0.6%	1.20	350	88,451	0.6%	1.24	369	91,104	0.6%	1.27	380
Management Fee ²	392,430	3.0%	5.37	1,635	370,905	3.0%	5.44	1,545	393,847	3.0%	5.60	1,641	414,359	3.0%	5.79	1,726	426,790	3.0%	5.97	1,778
Franchise Fees	991,792	7.6%	13.58	4,132	936,619	7.6%	13.74	3,903	994,746	7.6%	14.15	4,145	1,046,962	7.6%	14.63	4,362	1,078,371	7.6%	15.07	4,093
Sales & Marketing	640,000	4.9%	8.77	2,667	659,200	5.3%	9.67	2,747	678,976	5.2%	9.66	2,829	699,345	5.1%	9.77	2,914	720,326	5.1%	10.07	3,001
Property Operations & Maint.	458,039	3.5%	6.27	1,908	471,780	3.8%	6.92	1,966	485,933	3.7%	6.91	2,025	500,511	3.6%	7.00	2,085	515,526	3.6%	7.21	2,148
Utility Cost	362,732	2.8%	4.97	1,511	362,333	2.9%	5.32	1,510	378,390	2.9%	5.38	1,577	392,920	2.8%	5.49	1,637	404,707	2.8%	5.66	1,686
TOTAL UNDIST. OPERATING EXPENSES	\$3,914,203	29.9%	\$53.61	\$16,309	\$3,867,392	31.3%	\$56.75	\$16,114	\$4,042,852	30.8%	\$57.52	\$16,845	\$4,207,564	30.5%	\$58.81	\$17,532	\$4,333,791	30.5%	\$60.57	\$18,057
GROSS OPERATING PROFIT	\$6,305,176	48.2%	\$86.36	\$26,272	\$5,737,925	46.4%	\$84.20	\$23,908	\$6,163,840	47.0%	\$87.70	\$25,683	\$6,547,217	47.4%	\$91.51	\$27,280	\$6,743,633	47.4%	\$94.25	\$28,098
FIXED CHARGES																				
Property Taxes	430,000	3.3%	\$5.89	\$1,792	570,000	4.6%	\$8.36	\$2,375	587,100	4.5%	\$8.35	\$2,446	604,713	4.4%	\$8.45	\$2,520	622,854	4.4%	\$8.71	\$2,595
Insurance	280,000	2.1%	3.83	1,167	288,400	2.3%	4.23	1,202	297,052	2.3%	4.23	1,238	305,964	2.2%	4.28	1,275	315,142	2.2%	4.40	1,313
TOTAL FIXED CHARGES	\$710,000	5.4%	\$9.72	\$2,958	\$858,400	6.9%	\$12.60	\$3,577	\$884,152	6.7%	\$12.58	\$3,684	\$910,677	6.6%	\$12.73	\$3,794	\$937,997	6.6%	\$13.11	\$3,908
C/F BEFORE RESERVE	\$5,595,176	42.8%	\$76.63	\$23,313	\$4,879,525	39.5%	\$71.60	\$20,331	\$5,279,688	40.2%	\$75.12	\$21,999	\$5,636,540	40.8%	\$78.78	\$23,486	\$5,805,637	40.8%	\$81.14	\$24,190
Reserve for Replacement ⁴	523,240	4.0%	7.17	2,180	494,540	4.0%	7.26	2,061	525,129	4.0%	7.47	2,188	552,479	4.0%	7.72	2,302	569,053	4.0%	7.95	2,371
NET OPERATING INCOME	\$5,071,936	38.8%	\$69.46	\$21,133	\$4,384,985	35.5%	\$64.35	\$18,271	\$4,754,559	36.2%	\$67.65	\$19,811	\$5,084,062	36.8%	\$71.06	\$21,184	\$5,236,584	36.8%	\$73.19	\$21,819

Note 1: Departmental expenses ratios are expressed as a percentage of their respective departmental revenues.

Note 2: A base management fee of 3% and a reserve for replacement expense of 4% of total revenues were imputed.

Source: Owner

Hotel Market Overview

Competitive Set Overview – Courtyard

As determined by hotel management, the Property competes with five other area hotels. The set was determined based on location, size, market positioning, and overall quality of facilities and is believed to be made up of the most comparable assets relative to the Property. The competitive set, including the Property, includes 801 guestrooms.

Competitive Set Market Results – Courtyard

The table below summarizes the occupancy, ADR, and RevPAR for the defined competitive set for the September 2021-2023 TTM and September 2022-2023 YTD periods.

Primary Competitive Set			
#	Hotel	# of Rooms	Opening Date
-	Courtyard Fort Myers at I-75 and Gulf Coast Town Center	134	Nov - 2007
1	Crowne Plaza Ft. Myers Gulf Coast	169	Feb - 2009
2	Hilton Garden Inn Fort Myers Airport/FGCU	163	Oct - 2009
3	Homewood Suites by Hilton Fort Myers Airport/FGCU	133	Apr - 2009
4	Four Points by Sheraton Fort Myers Airport (Closed)	108	Mar - 2009
5	Hampton Inn & Suites Fort Myers-Estero/FGCU	94	Jan - 2007
Totals		801	

Source: Smith Travel Research



Occupancy, ADR & RevPAR Primary Competitive Set

Year	Occupancy			ADR			RevPAR		
	Hotel	Comp Set	Penet.	Hotel	Comp Set	Penet.	Hotel	Comp Set	Penet.
Sep 2021 TTM	74.5%	70.1%	106.2%	\$122.71	\$111.09	110.5%	\$91.38	\$77.90	117.3%
Sep 2022 TTM	82.5%	77.5%	106.5%	\$155.08	\$138.93	111.6%	\$127.94	\$107.65	118.9%
Sep 2023 TTM	90.5%	80.3%	112.7%	\$178.40	\$174.06	102.5%	\$161.51	\$139.79	115.5%
% Change ('22-'23)	9.7%	3.7%	5.9%	15.0%	25.3%	-8.2%	26.2%	29.9%	-2.8%
Sep 2022 YTD	85.0%	77.2%	110.1%	\$163.57	\$147.27	111.1%	\$139.02	\$113.67	122.3%
Sep 2023 YTD	89.9%	77.5%	116.1%	\$173.29	\$174.62	99.2%	\$155.79	\$135.27	115.2%
% Change ('22-'23)	5.8%	0.4%	5.4%	5.9%	18.6%	-10.7%	12.1%	19.0%	-5.8%

Source: Smith Travel Research

Financial Overview

The following pages provide the operating history for the Courtyard by Marriott. The operating history table represents the results of operations YE 2019 through YE 2022, a Pre-Hurricane T-12 (September 2022 TTM), and the September 2023 TTM period. The profit and loss statements, although deemed to be accurate, are presented for informational purposes only and should not be relied upon in making a final investment decision with regard to the Hotel. In this regard, HREC Investment Advisors and the Seller encourage potential investors to conduct their own research and analysis of the Hotel and the market.

Historical Operating Analysis – Courtyard Fort Myers at I-75 and Gulf Coast Town Center - Fort Myers, FL

Year	YE 2019	% REV	\$POR	\$PAR	YE 2020	% REV	\$POR	\$PAR	YE 2021	% REV	\$POR	\$PAR	Pre-Hurricane T-12 (Oct '21-Sept '22)	% REV	\$POR	\$PAR
Number of Guestrooms:	134				134				134				134			
Number of Days in Year:	365				366				365				365			
Occupancy:	86.1%				61.7%				75.6%				82.7%			
Average Room Rate:	\$131.65				\$127.99				\$128.13				\$170.87			
RevPAR:	\$113.31				\$78.92				\$96.88				\$141.34			
Occupied Rooms:	42,099				30,241				36,979				40,456			
Available Rooms:	48,910				49,044				48,910				48,910			
REVENUES																
Rooms	\$5,542,136	91.2%	\$131.65	\$41,359	\$3,870,440	93.5%	\$127.99	\$28,884	\$4,738,259	92.7%	\$128.13	\$35,360	\$6,245,741	92.5%	\$154.38	\$46,610
Food and Beverage	303,877	5.0%	7.22	2,268	142,524	3.4%	4.71	1,064	193,520	3.8%	5.23	1,444	232,384	3.4%	5.74	1,734
Other Income	<u>228,575</u>	<u>3.8%</u>	<u>5.43</u>	<u>1,706</u>	<u>128,495</u>	<u>3.1%</u>	<u>4.25</u>	<u>959</u>	<u>182,222</u>	<u>3.6%</u>	<u>4.93</u>	<u>1,360</u>	<u>270,756</u>	<u>4.0%</u>	<u>6.69</u>	<u>2,021</u>
TOTAL REVENUES	\$6,074,588	100.0%	\$144.29	\$45,333	\$4,141,459	100.0%	\$136.95	\$30,906	\$5,114,001	100.0%	\$138.29	\$38,164	\$6,748,881	100.0%	\$166.82	\$50,365
DEPARTMENTAL COSTS¹																
Rooms	\$928,828	16.8%	\$22.06	\$6,932	\$694,851	18.0%	\$22.98	\$5,185	\$945,502	20.0%	\$25.57	\$7,056	\$1,283,848	20.6%	\$31.73	\$9,581
Food and Beverage	335,519	110.4%	7.97	2,504	146,807	103.0%	4.85	1,096	181,890	94.0%	4.92	1,357	257,562	110.8%	6.37	1,922
Other Expenses	<u>51,994</u>	<u>22.7%</u>	<u>1.24</u>	<u>388</u>	<u>38,342</u>	<u>29.8%</u>	<u>1.27</u>	<u>286</u>	<u>53,286</u>	<u>29.2%</u>	<u>1.44</u>	<u>398</u>	<u>108,594</u>	<u>40.1%</u>	<u>2.68</u>	<u>810</u>
TOTAL DEPARTMENTAL COSTS	\$1,316,341	21.7%	\$31.27	\$9,823	\$880,000	21.2%	\$29.10	\$6,567	\$1,180,678	23.1%	\$31.93	\$8,811	\$1,650,004	24.4%	\$40.79	\$12,313
GROSS OPERATING INCOME	\$4,758,247	78.3%	\$113.03	\$35,509	\$3,261,459	78.8%	\$107.85	\$24,339	\$3,933,323	76.9%	\$106.37	\$29,353	\$5,098,877	75.6%	\$126.04	\$38,051
UNDIST. OPERATING EXPENSES																
Administrative & General	\$487,619	8.0%	\$11.58	\$3,639	\$332,663	8.0%	\$11.00	\$2,483	\$419,013	8.2%	\$11.33	\$3,127	\$482,647	7.2%	\$11.93	\$3,602
Information & Telecom	44,306	0.7%	1.05	331	35,738	0.9%	1.18	267	36,128	0.7%	0.98	270	35,703	0.5%	0.88	266
Management Fee ²	182,238	3.0%	4.33	1,360	124,244	3.0%	4.11	927	153,420	3.0%	4.15	1,145	202,466	3.0%	5.00	1,511
Franchise Fees	441,742	7.3%	10.49	3,297	319,229	7.7%	10.56	2,382	384,608	7.5%	10.40	2,870	401,931	6.0%	9.94	2,999
Sales & Marketing	312,549	5.1%	7.42	2,332	185,433	4.5%	6.13	1,384	230,323	4.5%	6.23	1,719	342,801	5.1%	8.47	2,558
Property Operations & Maint.	184,063	3.0%	4.37	1,374	141,099	3.4%	4.67	1,053	206,362	4.0%	5.58	1,540	209,406	3.1%	5.18	1,563
Utility Cost	<u>162,857</u>	<u>2.7%</u>	<u>3.87</u>	<u>1,215</u>	<u>141,053</u>	<u>3.4%</u>	<u>4.66</u>	<u>1,053</u>	<u>152,655</u>	<u>3.0%</u>	<u>4.13</u>	<u>1,139</u>	<u>182,149</u>	<u>2.7%</u>	<u>4.50</u>	<u>1,359</u>
TOTAL UNDIST. OPERATING EXPENSES	\$1,815,374	29.9%	\$43.12	\$13,548	\$1,279,459	30.9%	\$42.31	\$9,548	\$1,582,509	30.9%	\$42.79	\$11,810	\$1,857,103	27.5%	\$45.90	\$13,859
GROSS OPERATING PROFIT	\$2,942,873	48.4%	\$69.90	\$21,962	\$1,982,000	47.9%	\$65.54	\$14,791	\$2,350,814	46.0%	\$63.57	\$17,543	\$3,241,774	48.0%	\$80.13	\$24,192
FIXED CHARGES																
Property Taxes	\$174,197	2.9%	\$4.14	\$1,300	\$221,594	5.4%	\$7.33	\$1,654	\$215,660	4.2%	\$5.83	\$1,609	\$242,831	3.6%	\$6.00	\$1,812
Insurance	79,942	1.3%	1.90	597	96,468	2.3%	3.19	720	110,615	2.2%	2.99	825	115,367	1.7%	2.85	861
Rent, Misc. Taxes & Other	<u>12,413</u>	<u>0.2%</u>	<u>0.29</u>	<u>93</u>		<u>0.0%</u>	<u>0.00</u>	<u>0</u>		<u>0.0%</u>	<u>0.00</u>	<u>0</u>		<u>0.0%</u>	<u>0.00</u>	<u>0</u>
TOTAL FIXED CHARGES	\$266,552	4.4%	\$6.33	\$1,989	\$318,062	7.7%	\$10.52	\$2,374	\$326,275	6.4%	\$8.82	\$2,435	\$358,198	5.3%	\$8.85	\$2,673
C/F BEFORE RESERVE	\$2,676,321	44.1%	\$63.57	\$19,973	\$1,663,938	40.2%	\$55.02	\$12,417	\$2,024,539	39.6%	\$54.75	\$15,108	\$2,883,576	42.7%	\$71.28	\$21,519
Reserve for Replacement ²	<u>242,984</u>	<u>4.0%</u>	<u>5.77</u>	<u>1,813</u>	<u>165,658</u>	<u>4.0%</u>	<u>5.48</u>	<u>1,236</u>	<u>204,560</u>	<u>4.0%</u>	<u>5.53</u>	<u>1,527</u>	<u>269,955</u>	<u>4.0%</u>	<u>6.67</u>	<u>2,015</u>
NET OPERATING INCOME	\$2,433,338	40.1%	\$57.80	\$18,159	\$1,498,280	36.2%	\$49.54	\$11,181	\$1,819,979	35.6%	\$49.22	\$13,582	\$2,613,620	38.7%	\$64.60	\$19,505

Note 1: Departmental expenses ratios are expressed as a percentage of their respective departmental revenues.

Note 2: A base management fee of 3% and a reserve for replacement expense of 4% of total revenues were imputed.

Note 3: September 2023 TTM Franchise Fees Estimated at 6%.

Source: Owner

Financial Overview

The following pages provide the operating history for the Courtyard by Marriott. The operating history table represents the results of operations YE 2019 through YE 2022, a Pre-Hurricane T-12 (September 2022 TTM), and the September 2023 TTM period. The profit and loss statements, although deemed to be accurate, are presented for informational purposes only and should not be relied upon in making a final investment decision with regard to the Hotel. In this regard, HREC Investment Advisors and the Seller encourage potential investors to conduct their own research and analysis of the Hotel and the market.

Historical Operating Analysis – Courtyard Fort Myers at I-75 and Gulf Coast Town Center - Fort Myers, FL

Year	YE 2022	% REV	\$POR	\$PAR	Sep 2023 TTM	% REV	\$POR	\$PAR	A/F thru Sep	% REV	\$POR	\$PAR
Number of Guestrooms:	134				134				134			
Number of Days in Year:	365				365				365			
Occupancy:	87.0%				90.7%				87.9%			
Average Room Rate:	\$170.87				\$177.72				\$163.80			
RevPAR:	\$148.74				\$161.16				\$144.05			
Occupied Rooms:	42,576				44,352				43,013			
Available Rooms:	48,910				48,910				48,910			
REVENUES												
Rooms	\$7,274,851	93.5%	\$170.87	\$54,290	\$7,882,258	92.8%	\$177.72	\$58,823	\$7,045,449	92.0%	\$163.80	\$52,578
Food and Beverage	323,886	4.2%	7.61	2,417	395,691	4.7%	8.92	2,953	389,655	5.1%	9.06	2,908
Other Income	<u>185,188</u>	<u>2.4%</u>	<u>4.35</u>	<u>1,382</u>	<u>218,905</u>	<u>2.6%</u>	<u>4.94</u>	<u>1,634</u>	<u>226,591</u>	<u>3.0%</u>	<u>5.27</u>	<u>1,691</u>
TOTAL REVENUES	\$7,783,925	100.0%	\$182.82	\$58,089	\$8,496,854	100.0%	\$191.58	\$63,409	\$7,661,695	100.0%	\$178.13	\$57,177
DEPARTMENTAL COSTS¹												
Rooms	\$1,361,806	18.7%	\$31.99	\$10,163	\$1,325,758	16.8%	\$29.89	\$9,894	\$1,295,619	18.4%	\$30.12	\$9,669
Food and Beverage	328,592	101.5%	7.72	2,452	353,482	89.3%	7.97	2,638	369,452	94.8%	8.59	2,757
Other Expenses	<u>51,696</u>	<u>27.9%</u>	<u>1.21</u>	<u>386</u>	<u>51,951</u>	<u>23.7%</u>	<u>1.17</u>	<u>388</u>	<u>52,832</u>	<u>23.3%</u>	<u>1.23</u>	<u>394</u>
TOTAL DEPARTMENTAL COSTS	\$1,742,094	22.4%	\$40.92	\$13,001	\$1,731,191	20.4%	\$39.03	\$12,919	\$1,717,903	22.4%	\$39.94	\$12,820
GROSS OPERATING INCOME	\$6,041,831	77.6%	\$141.91	\$45,088	\$6,765,663	79.6%	\$152.54	\$50,490	\$5,943,792	77.6%	\$138.19	\$44,357
UNDIST. OPERATING EXPENSES												
Administrative & General	\$545,984	7.0%	\$12.82	\$4,075	\$759,413	8.9%	\$17.12	\$5,667	\$577,838	7.5%	\$13.43	\$4,312
Information & Telecom	35,663	0.5%	0.84	266	46,198	0.5%	1.04	345	47,421	0.6%	1.10	354
Management Fee ²	233,518	3.0%	5.48	1,743	254,906	3.0%	5.75	1,902	229,851	3.0%	5.34	1,715
Franchise Fees	441,071	5.7%	10.36	3,292	509,811	6.0%	11.49	3,805	423,337	5.5%	9.84	3,159
Sales & Marketing	416,075	5.3%	9.77	3,105	341,399	4.0%	7.70	2,548	481,041	6.3%	11.18	3,590
Property Operations & Maint.	211,264	2.7%	4.96	1,577	225,826	2.7%	5.09	1,685	220,124	2.9%	5.12	1,643
Utility Cost	<u>193,178</u>	<u>2.5%</u>	<u>4.54</u>	<u>1,442</u>	<u>194,574</u>	<u>2.3%</u>	<u>4.39</u>	<u>1,452</u>	<u>192,906</u>	<u>2.5%</u>	<u>4.48</u>	<u>1,440</u>
TOTAL UNDIST. OPERATING EXPENSES	\$2,076,753	26.7%	\$48.78	\$15,498	\$2,332,127	27.4%	\$52.58	\$17,404	\$2,172,518	28.4%	\$50.51	\$16,213
GROSS OPERATING PROFIT	\$3,965,078	50.9%	\$93.13	\$29,590	\$4,433,536	52.2%	\$99.96	\$33,086	\$3,771,274	49.2%	\$87.68	\$28,144
FIXED CHARGES												
Property Taxes	\$246,807	3.2%	\$5.80	\$1,842	\$246,807	2.9%	\$5.56	\$1,842	\$213,878	2.8%	\$4.97	\$1,596
Insurance	116,468	1.5%	2.74	869	128,606	1.5%	2.90	960	129,795	1.7%	3.02	969
Rent, Misc. Taxes & Other		<u>0.0%</u>	<u>0.00</u>	<u>0</u>		<u>0.0%</u>	<u>0.00</u>	<u>0</u>		<u>0.0%</u>	<u>0.00</u>	<u>0</u>
TOTAL FIXED CHARGES	\$363,275	4.7%	\$8.53	\$2,711	\$375,413	4.4%	\$8.46	\$2,802	\$343,673	4.5%	\$7.99	\$2,565
C/F BEFORE RESERVE	\$3,601,803	46.3%	\$84.60	\$26,879	\$4,058,123	47.8%	\$91.50	\$30,285	\$3,427,601	44.7%	\$79.69	\$25,579
Reserve for Replacement ²	<u>311,357</u>	<u>4.0%</u>	<u>7.31</u>	<u>2,324</u>	<u>339,874</u>	<u>4.0%</u>	<u>7.66</u>	<u>2,536</u>	<u>306,468</u>	<u>4.0%</u>	<u>7.13</u>	<u>2,287</u>
NET OPERATING INCOME	\$3,290,446	42.3%	\$77.28	\$24,556	\$3,718,249	43.8%	\$83.83	\$27,748	\$3,121,133	40.7%	\$72.56	\$23,292

Note 1: Departmental expenses ratios are expressed as a percentage of their respective departmental revenues.

Note 2: A base management fee of 3% and a reserve for replacement expense of 4% of total revenues were imputed.

Note 3: September 2023 TTM Franchise Fees Estimated at 6%.

Source: Owner

Income & Expense ProForma

The following provides the forward facing five-year pro forma for the Property. NOTE: This proforma is based on estimates, assumptions and other information developed from our analysis of the hotel market area and characteristics of the lodging facility. Since the projections are based upon estimates and assumptions that are inherently subject to uncertainty and variation depending upon the evolving events, we do not represent or warrant them as results that will actually be achieved. Investors should base their pricing decisions on their own independent analyses' projections. In this regard, HREC Investment Advisors and the Client encourage potential investors to conduct their own research and analysis of the Hotel and the market.

Income & Expense ProForma – Courtyard Fort Myers at I-75 and Gulf Coast Town Center - Fort Myers, FL

Year	Year 1	% REV	\$POR	\$PAR	Year 2	% REV	\$POR	\$PAR	Year 3	% REV	\$POR	\$PAR	Year 4	% REV	\$POR	\$PAR	Year 5	% REV	\$POR	\$PAR
Number of Guestrooms:	134				134				134				134				134			
Number of Days in Year:	365				365				365				365				365			
Occupancy:	86.0%				80.0%				82.0%				83.0%				83.0%			
Average Room Rate:	\$177.00				\$177.00				\$182.31				\$187.78				\$193.41			
RevPAR:	\$152.22				\$141.60				\$149.49				\$155.86				\$160.53			
Occupied Rooms:	42,063				39,128				40,106				40,595				40,595			
Available Rooms:	48,910				48,910				48,910				48,910				48,910			
REVENUES																				
Rooms	7,445,080	92.8%	\$177.00	\$55,560	6,925,656	92.6%	\$177.00	\$51,684	7,311,761	92.6%	\$182.31	\$54,565	7,622,957	92.6%	\$187.78	\$56,888	7,851,646	92.6%	\$193.41	\$58,594
Food and Beverage	262,891	3.3%	6.25	1,962	251,887	3.4%	6.44	1,880	265,929	3.4%	6.63	1,985	277,247	3.4%	6.83	2,069	285,565	3.4%	7.03	2,131
Other Operated Departments	315,470	3.9%	7.50	2,354	302,264	4.0%	7.73	2,256	319,115	4.0%	7.96	2,381	332,697	4.0%	8.20	2,483	342,678	4.0%	8.44	2,557
TOTAL REVENUES	\$8,023,441	100.0%	\$190.75	\$59,876	\$7,479,806	100.0%	\$191.16	\$55,819	\$7,896,806	100.0%	\$196.90	\$58,931	\$8,232,901	100.0%	\$202.80	\$61,440	\$8,479,888	100.0%	\$208.89	\$63,283
DEPARTMENTAL COSTS¹																				
Rooms	1,303,941	17.5%	\$31.00	\$9,731	1,249,357	18.0%	\$31.93	\$9,324	1,319,009	18.0%	\$32.89	\$9,843	1,375,147	18.0%	\$33.87	\$10,262	1,416,401	18.0%	\$34.89	\$10,570
Food and Beverage	255,005	97.0%	6.06	1,903	251,887	100.0%	6.44	1,880	257,951	97.0%	6.43	1,925	263,385	95.0%	6.49	1,966	271,287	95.0%	6.68	2,025
Other Expenses	126,188	40.0%	3.00	942	120,906	40.0%	3.09	902	127,646	40.0%	3.18	953	133,079	40.0%	3.28	993	137,071	40.0%	3.38	1,023
TOTAL DEPARTMENTAL COSTS	\$1,685,133	21.0%	\$40.06	\$12,576	\$1,622,149	21.7%	\$41.46	\$12,106	\$1,704,606	21.6%	\$42.50	\$12,721	\$1,771,611	21.5%	\$43.64	\$13,221	\$1,824,759	21.5%	\$44.95	\$13,618
GROSS OPERATING INCOME	\$6,338,308	79.0%	\$150.69	\$47,301	\$5,857,657	78.3%	\$149.71	\$43,714	\$6,192,200	78.4%	\$154.40	\$46,210	\$6,461,291	78.5%	\$159.16	\$48,219	\$6,655,129	78.5%	\$163.94	\$49,665
UNDIST. OPERATING EXPENSES																				
Administrative & General	584,530	7.3%	\$13.90	\$4,362	582,457	7.8%	\$14.89	\$4,347	604,746	7.7%	\$15.08	\$4,513	625,368	7.6%	\$15.40	\$4,667	644,129	7.6%	\$15.87	\$4,807
Information & Telecom	48,141	0.6%	1.14	359	44,879	0.6%	1.15	335	47,381	0.6%	1.18	354	49,397	0.6%	1.22	369	50,879	0.6%	1.25	380
Management Fee ²	240,703	3.0%	5.72	1,796	224,394	3.0%	5.73	1,675	236,904	3.0%	5.91	1,768	246,987	3.0%	6.08	1,843	254,397	3.0%	6.27	1,898
Franchise Fees	595,606	7.4%	14.16	4,445	554,052	7.4%	14.16	4,135	584,941	7.4%	14.58	4,365	609,837	7.4%	15.02	4,551	628,132	7.4%	15.47	4,688
Sales & Marketing	350,000	4.4%	8.32	2,612	360,500	4.8%	9.21	2,690	371,315	4.7%	9.26	2,771	382,454	4.6%	9.42	2,854	393,928	4.6%	9.70	2,940
Property Operations & Maint.	220,095	2.7%	5.23	1,643	226,698	3.0%	5.79	1,692	233,499	3.0%	5.82	1,743	240,504	2.9%	5.92	1,795	247,719	2.9%	6.10	1,849
Utility Cost	195,591	2.4%	4.65	1,460	194,960	2.6%	4.98	1,455	203,040	2.6%	5.06	1,515	210,280	2.6%	5.18	1,569	216,589	2.6%	5.34	1,616
TOTAL UNDIST. OPERATING EXPENSES	\$2,234,666	27.9%	\$53.13	\$16,677	\$2,187,940	29.3%	\$55.92	\$16,328	\$2,281,826	28.9%	\$56.89	\$17,029	\$2,364,828	28.7%	\$58.25	\$17,648	\$2,435,772	28.7%	\$60.00	\$18,177
GROSS OPERATING PROFIT	\$4,103,642	51.1%	\$97.56	\$30,624	\$3,669,717	49.1%	\$93.79	\$27,386	\$3,910,374	49.5%	\$97.50	\$29,182	\$4,096,463	49.8%	\$100.91	\$30,571	\$4,219,357	49.8%	\$103.94	\$31,488
FIXED CHARGES																				
Property Taxes	265,000	3.3%	\$6.30	1,978	320,000	4.3%	\$8.18	\$2,388	329,600	4.2%	\$8.22	\$2,460	339,488	4.1%	\$8.36	\$2,533	349,673	4.1%	\$8.61	\$2,609
Insurance	155,000	1.9%	3.68	1,157	159,650	2.1%	4.08	1,191	164,440	2.1%	4.10	1,227	169,373	2.1%	4.17	1,264	174,454	2.1%	4.30	1,302
TOTAL FIXED CHARGES	\$420,000	5.2%	\$9.99	\$3,134	\$479,650	6.4%	\$12.26	\$3,579	\$494,040	6.3%	\$12.32	\$3,687	\$508,861	6.2%	\$12.53	\$3,797	\$524,127	6.2%	\$12.91	\$3,911
C/F BEFORE RESERVE	\$3,683,642	45.9%	\$87.58	\$27,490	\$3,190,067	42.6%	\$81.53	\$23,806	\$3,416,334	43.3%	\$85.18	\$25,495	\$3,587,602	43.6%	\$88.37	\$26,773	\$3,695,230	43.6%	\$91.03	\$27,576
Reserve for Replacement ³	320,938	4.0%	7.63	2,395	299,192	4.0%	7.65	2,233	315,872	4.0%	7.88	2,357	329,316	4.0%	8.11	2,458	339,196	4.0%	8.36	2,531
NET OPERATING INCOME	\$3,362,704	41.9%	\$79.95	\$25,095	\$2,890,875	38.6%	\$73.88	\$21,574	\$3,100,462	39.3%	\$77.31	\$23,138	\$3,258,286	39.6%	\$80.26	\$24,316	\$3,356,035	39.6%	\$82.67	\$25,045

Note 1: Departmental expenses ratios are expressed as a percentage of their respective departmental revenues.

Source: Owner

Hotel Market Overview

Competitive Set Overview – SpringHill Suites

As determined by hotel management, the Property competes with five other area hotels. The set was determined based on location, size, market positioning, and overall quality of facilities and is believed to be made up of the most comparable assets relative to the Property. The competitive set, including the Property, includes 629 guestrooms.

Competitive Set Market Results – SpringHill Suites

The table below summarizes the occupancy, ADR, and RevPAR for the defined competitive set for the September 2021-2023 TTM and September 2022-2023 YTD periods.

Primary Competitive Set			
#	Hotel	# of Rooms	Opening Date
-	SpringHill Suites Fort Myers Airport	106	Sep - 1994
1	Hampton by Hilton Inn Ft Myers-Airport I-75	87	Sep - 1994
2	Best Western Airport Inn	106	Jan - 1998
3	Courtyard Fort Myers Cape Coral	149	Aug - 1988
4	La Quinta Inn & Suites Fort Myers Airport	73	Aug - 2006
5	Four Points by Sheraton Fort Myers Airport (Closed)	108	Mar - 2009
Totals		629	

Source: Smith Travel Research



Occupancy, ADR & RevPAR Primary Competitive Set

Year	Occupancy			ADR			RevPAR		
	Hotel	Comp Set	Penet.	Hotel	Comp Set	Penet.	Hotel	Comp Set	Penet.
Sep 2021 TTM	69.5%	64.2%	108.1%	\$104.74	\$100.21	104.5%	\$72.76	\$64.37	113.0%
Sep 2022 TTM	76.7%	69.6%	110.3%	\$138.81	\$134.26	103.4%	\$106.52	\$93.42	114.0%
Sep 2023 TTM	83.6%	81.6%	102.6%	\$178.51	\$166.36	107.3%	\$149.31	\$135.67	110.0%
% Change ('22-'23)	9.0%	17.2%	-7.0%	28.6%	23.9%	3.8%	40.2%	45.2%	-3.5%
Sep 2022 YTD	77.9%	71.4%	109.1%	\$147.68	\$142.56	103.6%	\$115.07	\$101.82	113.0%
Sep 2023 YTD	82.7%	78.4%	105.4%	\$174.09	\$160.34	108.6%	\$143.96	\$125.76	114.5%
% Change ('22-'23)	6.1%	9.8%	-3.4%	17.9%	12.5%	4.8%	25.1%	23.5%	1.3%

Source: Smith Travel Research

Financial Overview

The following pages provide the operating history for the SpringHill Suites by Marriott. The operating history table represents the results of operations YE 2019 through YE 2022, a Pre-Hurricane T-12 (September 2022 TTM), and the September 2023 TTM period. The profit and loss statements, although deemed to be accurate, are presented for informational purposes only and should not be relied upon in making a final investment decision with regard to the Hotel. In this regard, HREC Investment Advisors and the Seller encourage potential investors to conduct their own research and analysis of the Hotel and the market.

Historical Operating Analysis – SpringHill Suites Fort Myers Airport - Fort Myers, FL																
Year																
	YE 2019	% REV	\$POR	\$PAR	YE 2020	% REV	\$POR	\$PAR	YE 2021	% REV	\$POR	\$PAR	Pre Hurricane T-12 (Oct '21-Sept '22)	% REV	\$POR	\$PAR
Number of Guestrooms:	106				106				106				106			
Number of Days in Year:	365				366				365				365			
Occupancy:	81.7%				38.8%				73.7%				77.5%			
Average Room Rate:	\$113.63				\$131.44				\$109.59				\$157.55			
RevPAR:	\$92.87				\$51.01				\$80.72				\$122.14			
Occupied Rooms:	31,623				15,056				28,498				29,995			
Available Rooms:	38,690				38,796				38,690				38,690			
REVENUES																
Rooms	\$3,593,317	97.9%	\$113.63	\$33,899	\$1,979,014	98.1%	\$131.44	\$18,670	\$3,123,188	97.0%	\$109.59	\$29,464	\$4,120,705	97.0%	\$137.38	\$38,875
Other Income	77,977	2.1%	2.47	736	37,332	1.9%	2.48	352	97,761	3.0%	3.43	922	127,140	3.0%	4.24	1,199
TOTAL REVENUES	\$3,671,294	100.0%	\$116.10	\$34,635	\$2,016,346	100.0%	\$133.92	\$19,022	\$3,220,949	100.0%	\$113.02	\$30,386	\$4,247,845	100.0%	\$141.62	\$40,074
DEPARTMENTAL COSTS ¹																
Rooms	\$878,179	24.4%	\$27.77	\$8,285	\$403,635	20.4%	\$26.81	\$3,808	\$761,572	24.4%	\$26.72	\$7,185	\$1,003,594	24.4%	\$33.46	\$9,468
Other Expenses	32,457	41.6%	1.03	306	17,485	46.8%	1.16	165	39,716	40.6%	1.39	375	42,381	33.3%	1.41	400
TOTAL DEPARTMENTAL COSTS	\$910,636	24.8%	\$28.80	\$8,591	\$421,120	20.9%	\$27.97	\$3,973	\$801,288	24.9%	\$28.12	\$7,559	\$1,045,975	24.6%	\$34.87	\$9,868
GROSS OPERATING INCOME	\$2,760,658	75.2%	\$87.30	\$26,044	\$1,595,226	79.1%	\$105.95	\$15,049	\$2,419,661	75.1%	\$84.91	\$22,827	\$3,201,870	75.4%	\$106.75	\$30,206
UNDIST. OPERATING EXPENSES																
Administrative & General	\$285,580	7.8%	\$9.03	\$2,694	\$221,510	11.0%	\$14.71	\$2,090	\$288,623	9.0%	\$10.13	\$2,723	\$261,927	6.2%	\$8.73	\$2,471
Information & Telecom	42,148	1.1%	1.33	398	44,356	2.2%	2.95	418	38,183	1.2%	1.34	360	30,325	0.7%	1.01	286
Management Fee ²	110,139	3.0%	3.48	1,039	60,490	3.0%	4.02	571	96,628	3.0%	3.39	912	127,435	3.0%	4.25	1,202
Franchise Fees	276,119	7.5%	8.73	2,605	165,386	8.2%	10.98	1,560	243,088	7.5%	8.53	2,293	326,209	7.7%	10.88	3,077
Sales & Marketing	174,639	4.8%	5.52	1,648	93,271	4.6%	6.19	880	167,619	5.2%	5.88	1,581	311,691	7.3%	10.39	2,940
Property Operations & Maint.	163,522	4.5%	5.17	1,543	121,468	6.0%	8.07	1,146	165,401	5.1%	5.80	1,560	161,777	3.8%	5.39	1,526
Utility Cost	135,658	3.7%	4.29	1,280	100,688	5.0%	6.69	950	135,859	4.2%	4.77	1,282	160,929	3.8%	5.37	1,518
TOTAL UNDIST. OPERATING EXPENSES	\$1,187,805	32.4%	\$37.56	\$11,206	\$807,169	40.0%	\$53.61	\$7,615	\$1,135,401	35.3%	\$39.84	\$10,711	\$1,380,293	32.5%	\$46.02	\$13,022
GROSS OPERATING PROFIT	\$1,572,853	42.8%	\$49.74	\$14,838	\$788,057	39.1%	\$52.34	\$7,434	\$1,284,260	39.9%	\$45.06	\$12,116	\$1,821,577	42.9%	\$60.73	\$17,185
FIXED CHARGES																
Property Taxes	\$105,142	2.9%	\$3.32	\$992	\$153,593	7.6%	\$10.20	\$1,449	\$149,818	4.7%	\$5.26	\$1,413	\$170,889	4.0%	\$5.70	\$1,612
Insurance	60,455	1.6%	1.91	570	75,061	3.7%	4.99	708	85,591	2.7%	3.00	807	87,377	2.1%	2.91	824
TOTAL FIXED CHARGES	\$165,597	4.5%	\$5.24	\$1,562	\$228,654	11.3%	\$15.19	\$2,157	\$235,409	7.3%	\$8.26	\$2,221	\$258,266	6.1%	\$8.61	\$2,436
C/F BEFORE RESERVE	\$1,407,256	38.3%	\$44.50	\$13,276	\$559,403	27.7%	\$37.15	\$5,277	\$1,048,851	32.6%	\$36.80	\$9,895	\$1,563,311	36.8%	\$52.12	\$14,748
Reserve for Replacement ²	146,852	4.0%	4.64	1,385	80,654	4.0%	5.36	761	128,838	4.0%	4.52	1,215	169,914	4.0%	5.66	1,603
NET OPERATING INCOME	\$1,260,404	34.3%	\$39.86	\$11,891	\$478,749	23.7%	\$31.80	\$4,516	\$920,013	28.6%	\$32.28	\$8,679	\$1,393,397	32.8%	\$46.45	\$13,145

Note 1: Departmental expenses ratios are expressed as a percentage of their respective departmental revenues.

Note 2: A base management fee of 3% and a reserve for replacement expense of 4% of total revenues were imputed.

Note 3: September 2023 TTM Franchise Fees Estimated at 6%.

Source: Owner

Financial Overview

The following pages provide the operating history for the SpringHill Suites by Marriott. The operating history table represents the results of operations YE 2019 through YE 2022, a Pre-Hurricane T-12 (September 2022 TTM), and the September 2023 TTM period. The profit and loss statements, although deemed to be accurate, are presented for informational purposes only and should not be relied upon in making a final investment decision with regard to the Hotel. In this regard, HREC Investment Advisors and the Seller encourage potential investors to conduct their own research and analysis of the Hotel and the market.

Historical Operating Analysis – SpringHill Suites Fort Myers Airport - Fort Myers, FL

Year	YE 2022	% REV	\$POR	\$PAR	Sep 2023 TTM	% REV	\$POR	\$PAR	A/F thru Sep	% REV	\$POR	\$PAR
Number of Guestrooms:	106				106				106			
Number of Days in Year:	365				365				365			
Occupancy:	81.0%				85.2%				80.7%			
Average Room Rate:	\$157.55				\$175.27				\$160.46			
RevPAR:	\$127.64				\$149.31				\$129.52			
Occupied Rooms:	31,344				32,958				31,230			
Available Rooms:	38,690				38,690				38,690			
REVENUES												
Rooms	\$4,943,168	97.8%	\$157.71	\$46,634	\$5,776,641	98.3%	\$175.27	\$54,497	\$5,011,054	98.0%	\$160.46	\$47,274
Other Income	<u>111,354</u>	<u>2.2%</u>	<u>3.55</u>	<u>1,051</u>	<u>101,350</u>	<u>1.7%</u>	<u>3.08</u>	<u>956</u>	<u>100,678</u>	<u>2.0%</u>	<u>3.22</u>	<u>950</u>
TOTAL REVENUES	\$5,054,522	100.0%	\$161.26	\$47,684	\$5,877,991	100.0%	\$178.35	\$55,453	\$5,111,732	100.0%	\$163.68	\$48,224
DEPARTMENTAL COSTS¹												
Rooms	\$1,106,389	22.4%	\$35.30	\$10,438	\$1,206,141	20.9%	\$36.60	\$11,379	\$1,156,816	23.1%	\$37.04	\$10,913
Other Expenses	<u>42,673</u>	<u>38.3%</u>	<u>1.36</u>	<u>403</u>	<u>40,959</u>	<u>40.4%</u>	<u>1.24</u>	<u>386</u>	<u>37,853</u>	<u>37.6%</u>	<u>1.21</u>	<u>357</u>
TOTAL DEPARTMENTAL COSTS	\$1,149,062	22.7%	\$36.66	\$10,840	\$1,247,100	21.2%	\$37.84	\$11,765	\$1,194,669	23.4%	\$38.25	\$11,270
GROSS OPERATING INCOME	\$3,905,460	77.3%	\$124.60	\$36,844	\$4,630,891	78.8%	\$140.51	\$43,688	\$3,917,063	76.6%	\$125.43	\$36,953
UNDIST. OPERATING EXPENSES												
Administrative & General	\$387,686	7.7%	\$12.37	\$3,657	\$529,721	9.0%	\$16.07	\$4,997	\$402,076	7.9%	\$12.87	\$3,793
Information & Telecom	30,473	0.6%	0.97	287	35,323	0.6%	1.07	333	35,736	0.7%	1.14	337
Management Fee ²	151,636	3.0%	4.84	1,431	176,340	3.0%	5.35	1,664	153,352	3.0%	4.91	1,447
Franchise Fees	276,159	5.5%	8.81	2,605		0.0%	0.00	0	274,876	5.4%	8.80	2,593
Sales & Marketing	369,227	7.3%	11.78	3,483	663,762	11.3%	20.14	6,262	419,983	8.2%	13.45	3,962
Property Operations & Maint.	183,449	3.6%	5.85	1,731	271,648	4.6%	8.24	2,563	250,335	4.9%	8.02	2,362
Utility Cost	<u>163,357</u>	<u>3.2%</u>	<u>5.21</u>	<u>1,541</u>	<u>162,639</u>	<u>2.8%</u>	<u>4.93</u>	<u>1,534</u>	<u>161,391</u>	<u>3.2%</u>	<u>5.17</u>	<u>1,523</u>
TOTAL UNDIST. OPERATING EXPENSES	\$1,561,987	30.9%	\$49.83	\$14,736	\$1,839,433	31.3%	\$55.81	\$17,353	\$1,697,749	33.2%	\$54.36	\$16,016
GROSS OPERATING PROFIT	\$2,343,473	46.4%	\$74.77	\$22,108	\$2,791,458	47.5%	\$84.70	\$26,335	\$2,219,314	43.4%	\$71.06	\$20,937
FIXED CHARGES												
Property Taxes	\$152,489	3.0%	\$4.87	\$1,439	\$149,796	2.5%	\$4.55	\$1,413	\$146,462	2.9%	\$4.69	\$1,382
Insurance	88,300	1.7%	2.82	833	100,269	1.7%	3.04	946	101,714	2.0%	3.26	960
TOTAL FIXED CHARGES	\$240,789	4.8%	\$7.68	\$2,272	\$250,065	4.3%	\$7.59	\$2,359	\$248,176	4.9%	\$7.95	\$2,341
C/F BEFORE RESERVE	\$2,102,684	41.6%	\$67.08	\$19,837	\$2,541,393	43.2%	\$77.11	\$23,975	\$1,971,138	38.6%	\$63.12	\$18,596
Reserve for Replacement ²	<u>202,181</u>	<u>4.0%</u>	<u>6.45</u>	<u>1,907</u>	<u>235,120</u>	<u>4.0%</u>	<u>7.13</u>	<u>2,218</u>	<u>204,469</u>	<u>4.0%</u>	<u>6.55</u>	<u>1,929</u>
NET OPERATING INCOME	\$1,900,503	37.6%	\$60.63	\$17,929	\$2,306,274	39.2%	\$69.98	\$21,757	\$1,766,669	34.6%	\$56.57	\$16,667

Note 1: Departmental expenses ratios are expressed as a percentage of their respective departmental revenues.

Note 2: A base management fee of 3% and a reserve for replacement expense of 4% of total revenues were imputed.

Note 3: September 2023 TTM Franchise Fees Estimated at 6%.

Source: Owner

Income & Expense ProForma

The following provides the forward facing five-year pro forma for the Property. NOTE: This proforma is based on estimates, assumptions and other information developed from our analysis of the hotel market area and characteristics of the lodging facility. Since the projections are based upon estimates and assumptions that are inherently subject to uncertainty and variation depending upon the evolving events, we do not represent or warrant them as results that will actually be achieved. Investors should base their pricing decisions on their own independent analyses' projections. In this regard, HREC Investment Advisors and the Client encourage potential investors to conduct their own research and analysis of the Hotel and the market.

Income & Expense ProForma – SpringHill Suites Fort Myers Airport - Fort Myers, FL

Year	Year 1	% REV	\$POR	\$PAR	Year 2	% REV	\$POR	\$PAR	Year 3	% REV	\$POR	\$PAR	Year 4	% REV	\$POR	\$PAR	Year 5	% REV	\$POR	\$PAR
Number of Guestrooms:	106				106				106				106				106			
Number of Days in Year:	365				365				365				365				365			
Occupancy:	80.0%				75.0%				78.0%				80.0%				80.0%			
Average Room Rate:	\$160.00				\$164.80				\$169.74				\$176.53				\$181.83			
RevPAR:	\$128.00				\$123.60				\$132.40				\$141.23				\$145.46			
Occupied Rooms:	30,952				29,018				30,178				30,952				30,952			
Available Rooms:	38,690				38,690				38,690				38,690				38,690			
REVENUES																				
Rooms	4,952,320	97.9%	\$160.00	\$46,720	4,782,084	97.9%	\$164.80	\$45,114	5,122,568	97.9%	\$169.74	\$48,326	5,464,073	97.9%	\$176.53	\$51,548	5,627,995	97.9%	\$181.83	\$53,094
Food and Beverage	7,738	0.2%	0.25	73	7,472	0.2%	0.26	70	8,004	0.2%	0.27	76	8,456	0.2%	0.27	80	8,709	0.2%	0.28	82
Other Income	97,499	1.9%	3.15	920	94,147	1.9%	3.24	888	100,851	1.9%	3.34	951	106,540	1.9%	3.44	1,005	109,736	1.9%	3.55	1,035
TOTAL REVENUES	\$5,057,557	100.0%	\$163.40	\$47,713	\$4,883,703	100.0%	\$168.30	\$46,073	\$5,231,423	100.0%	\$173.35	\$49,353	\$5,579,068	100.0%	\$180.25	\$52,633	\$5,746,440	100.0%	\$185.66	\$54,212
DEPARTMENTAL COSTS¹																				
Rooms	1,137,486	23.0%	\$36.75	\$10,731	1,098,385	23.0%	\$37.85	\$10,362	1,176,590	23.0%	\$38.99	\$11,100	1,242,962	22.7%	\$40.16	\$11,726	1,280,251	22.7%	\$41.36	\$12,078
Other Expenses	39,000	40.0%	1.26	368	37,659	40.0%	1.30	355	40,340	40.0%	1.34	381	42,616	40.0%	1.38	402	43,894	40.0%	1.42	414
TOTAL DEPARTMENTAL COSTS	\$1,176,486	23.3%	\$38.01	\$11,099	\$1,136,044	23.3%	\$39.15	\$10,717	\$1,216,930	23.3%	\$40.32	\$11,480	\$1,285,577	23.0%	\$41.53	\$12,128	\$1,324,145	23.0%	\$42.78	\$12,492
GROSS OPERATING INCOME	\$3,881,071	76.7%	\$125.39	\$36,614	\$3,747,659	76.7%	\$129.15	\$35,355	\$4,014,493	76.7%	\$133.03	\$37,873	\$4,293,491	77.0%	\$138.71	\$40,505	\$4,422,295	77.0%	\$142.88	\$41,720
UNDIST. OPERATING EXPENSES																				
Administrative & General	401,138	7.9%	\$12.96	\$3,784	405,033	8.3%	\$13.96	\$3,821	422,214	8.1%	\$13.99	\$3,983	439,648	7.9%	\$14.20	\$4,148	452,837	7.9%	\$14.63	\$4,272
Information & Telecom	35,403	0.7%	1.14	334	34,186	0.7%	1.18	323	36,620	0.7%	1.21	345	39,053	0.7%	1.26	368	40,225	0.7%	1.30	379
Management Fee ²	151,727	3.0%	4.90	1,431	146,511	3.0%	5.05	1,382	156,943	3.0%	5.20	1,481	167,372	3.0%	5.41	1,579	172,393	3.0%	5.57	1,626
Franchise Fees	396,186	7.8%	12.80	3,738	382,567	7.8%	13.18	3,609	409,805	7.8%	13.58	3,866	437,126	7.8%	14.12	4,124	450,240	7.8%	14.55	4,248
Sales & Marketing	290,000	5.7%	9.37	2,736	298,700	6.1%	10.29	2,818	307,661	5.9%	10.19	2,902	316,891	5.7%	10.24	2,990	326,398	5.7%	10.55	3,079
Property Operations & Maint.	237,944	4.7%	7.69	2,245	245,082	5.0%	8.45	2,312	252,434	4.8%	8.36	2,381	260,007	4.7%	8.40	2,453	267,808	4.7%	8.65	2,526
Utility Cost	167,141	3.3%	5.40	1,577	167,373	3.4%	5.77	1,579	175,349	3.4%	5.81	1,654	182,639	3.3%	5.90	1,723	188,118	3.3%	6.08	1,775
TOTAL UNDIST. OPERATING EXPENSES	\$1,679,537	33.2%	\$54.26	\$15,845	\$1,679,451	34.4%	\$57.88	\$15,844	\$1,761,027	33.7%	\$58.35	\$16,613	\$1,842,736	33.0%	\$59.54	\$17,384	\$1,898,019	33.0%	\$61.32	\$17,906
GROSS OPERATING PROFIT	\$2,201,534	43.5%	\$71.13	\$20,769	\$2,068,208	42.3%	\$71.27	\$19,511	\$2,253,466	43.1%	\$74.67	\$21,259	\$2,450,754	43.9%	\$79.18	\$23,120	\$2,524,277	43.9%	\$81.55	\$23,814
FIXED CHARGES																				
Property Taxes	165,000	3.3%	\$5.33	\$1,557	250,000	5.1%	\$8.62	\$2,358	257,500	4.9%	\$8.53	\$2,429	265,225	4.8%	\$8.57	\$2,502	273,182	4.8%	\$8.83	\$2,577
Insurance	125,000	2.5%	4.04	1,179	128,750	2.6%	4.44	1,215	132,613	2.5%	4.39	1,251	136,591	2.4%	4.41	1,289	140,689	2.4%	4.55	1,327
TOTAL FIXED CHARGES	\$290,000	5.7%	\$9.37	\$2,736	\$378,750	7.8%	\$13.05	\$3,573	\$390,113	7.5%	\$12.93	\$3,680	\$401,816	7.2%	\$12.98	\$3,791	\$413,870	7.2%	\$13.37	\$3,904
C/F BEFORE RESERVE	\$1,911,534	37.8%	\$61.76	\$18,033	\$1,689,458	34.6%	\$58.22	\$15,938	\$1,863,354	35.6%	\$61.75	\$17,579	\$2,048,938	36.7%	\$66.20	\$19,330	\$2,110,406	36.7%	\$68.18	\$19,909
Reserve for Replacement ³	202,302	4.0%	6.54	1,909	195,348	4.0%	6.73	1,843	209,257	4.0%	6.93	1,974	223,163	4.0%	7.21	2,105	229,858	4.0%	7.43	2,168
NET OPERATING INCOME	\$1,709,232	33.8%	\$55.22	\$16,125	\$1,494,110	30.6%	\$51.49	\$14,095	\$1,654,097	31.6%	\$54.81	\$15,605	\$1,825,775	32.7%	\$58.99	\$17,224	\$1,880,549	32.7%	\$60.76	\$17,741

Note 1: Departmental expenses ratios are expressed as a percentage of their respective departmental revenues.
Source: Owner

Sponsor Overview

Sponsor Overview – AD1 Global

Founded in 2008 and based in Hollywood, FL, AD1 Global is a fully integrated hotel company with three core platforms: development/ acquisition, ownership, and management. The company's highly experienced team is composed of professionals who possess deep knowledge in hotel management, real estate development, finance, and operations. Their collective expertise allows AD1 Global to effectively navigate the complexities of the industry and execute successful strategies.

The group has a long track record of successful acquisitions across the US while managing 2,659 rooms across the East Coast. Most recently, they have acquired two hotels in Portland, OR and a Residence Inn in Avon, CT, both of which they were able to increase operating performance significantly at. Case studies on those hotels are provided later in the package.

A key focus of AD1 Global is to grow its portfolio with high-return assets. Through meticulous market research and due diligence, the company identifies investment opportunities that have the potential to generate significant returns for its investors. AD1 Global evaluates

each potential acquisition with a keen eye for value and growth potential, ensuring that every addition to its portfolio aligns with its overall business objectives.

In addition to its growth-oriented approach, AD1 Global places great emphasis on investor relations. The company recognizes the importance of fostering strong relationships with its investors, providing transparent communication, and delivering on its commitments.

By combining its integrated approach, experienced team, and focus on portfolio growth and investor relations, AD1 Global strives to create long-term value for its stakeholders. The company's track record of successful acquisitions, development projects, and operational excellence serves as a testament to its commitment to delivering outstanding results.

Its three principals are Daniel Berman (President & CEO), Arie Fridzon (Executive Vice President), and Alex Fridzon (CFO/Treasurer). The company has secondary investments in commercial offices and multi-family assets.

The company website is: www.ad1global.com.



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Sponsor Bios



Daniel Berman –
CEO & Partner

As President & CEO of AD1 Global since its founding in 2008, Daniel has over 10 years of experience in real estate investments. His range of expertise includes all real estate property classes including multi-family buildings, hotel ownership, and developments. He's responsible for firm-wide management, strategic planning, and overseeing all operations that lead the company to continual expansion and growth.



Arie Fridzon –
Executive Vice President & Partner

Executive Vice President of AD1 Global since 2008, Arie is responsible for sourcing and analyzing all potential investment opportunities, as well as for negotiating and closing deals. As the acquisition portfolio manager, he also oversees the entire process involved in acquiring and purchasing a property, including the research effort. In addition to these responsibilities, he is also actively involved in the asset management of several commercial properties. Resourceful and creative in implementing cost-effective strategies and solutions under pressure, Arie's unwavering commitment to quality and efficiency is incomparable. Arie received his bachelor's degree in Business Administration (BBA) from Santa Maria University and an Associate's Degree in Business Administration from the Institute of New Professions, both located in Caracas, Venezuela.



Alex Fridzon –
CFO & Partner

Alex joined the firm in 2009 and has served as the company's CFO ever since. A metrics maven, Alex oversees all fiscal aspects of the company's operations and management, investment package production, and client investment administration. Alex worked for Marriott Hotels in controller and operation roles in the past, he offers a unique dual perspective that contributes significantly to the company's success.



Bryan Hayes –
Chief Strategy Officer

Bryan is a strategic leader with over 35 years of extensive experience in leadership roles in the hospitality management industry. He spearheaded successful brand development at Hyatt Hotels and served on advisory councils for renowned hotel chains like Marriott and Hilton.



Gisela Levy – Corporate
VP of Acquisitions & Real Estate Operations

Gisela oversees and executes the corporation's acquisitions and property negotiations, as well as coordinates renovations for acquisitions and more. Harnessing her expertise, she inspects and analyzes potential acquisitions and evaluates the viability and cost-effectiveness of construction projects.



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David Fernandez –
VP of Hotel Operations

David Fernandez joined AD1 Global in May 2018 and is currently the VP of Hotel Operations, overseeing all hotel properties in the portfolio. He was previously the Regional Director of Hotel Operations for 17 hotels. As a seasoned hotel executive, David continues to be an intricate part of the company's growth.



Daniel Duggan –
Chief Financial Officer

Dan brings over 25 years of experience in Accounting & Finance in Hospitality. He has worked in Leadership roles, such as Director of Finance, VP of Finance, and most recently CFO for Seagate Hospitality where he was for the past 8 years.



Jaavid Bharucha –
Corporate Manager of Revenue

An entrepreneurial revenue leader with 15 years of successfully managing teams, revenue generation, sales deployment, and business development. Built a successful revenue team to execute tactical and strategic initiatives in line with the company's goals.



Rene Pereira – Corporate
VP of Global Sales

Rene brings to the table more than 20 years of sales and marketing experience in the hospitality industry. He applies his talent for crafting cost-effective solutions to address challenging business demands while defining processes, designing strategies, and managing sales and marketing activities and systems to achieve corporate goals.



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