

Hampton
Inn & Suites

HAMPTON INN & SUITES

BIRMINGHAM, AL

A 99-KEY HILTON PROPERTY

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INVESTMENT OVERVIEW

Elise Capital & The 26co ("The Sponsor"), presents the opportunity to invest in the 99-key upper-midscale, limited service, Hampton Inn & Suites ("The Property or Asset") Birmingham, AL. The property offers the unique opportunity to acquire an existing cash flowing asset while adding value well below replacement costs driving NOI and property appreciation.

Exceeding 2019 performance, the property has well recovered from the Covid-19 impact on the hotel industry. Offered at an acquisition cost of \$8.5M with a \$2.3M expected renovation, the all in cost at \$110K per key is 42% below replacement costs. Benefiting from an increase to cashflows as a stronger asset post renovation as well as real estate value add, the asset is expected to produce and IRR of 19.8%, Equity Multiple of 2.24x and Average Cash on Cash Return of 10.6%.



Value Add

With plans to undergo a significant renovation, the property will benefit from stronger market positioning as a modern property.



Evolving Market

Experiencing a 32% growth rate from 2018-2021, Birmingham's diverse mix of demands has led it to evolve as one of the fastest growing markets in the US.



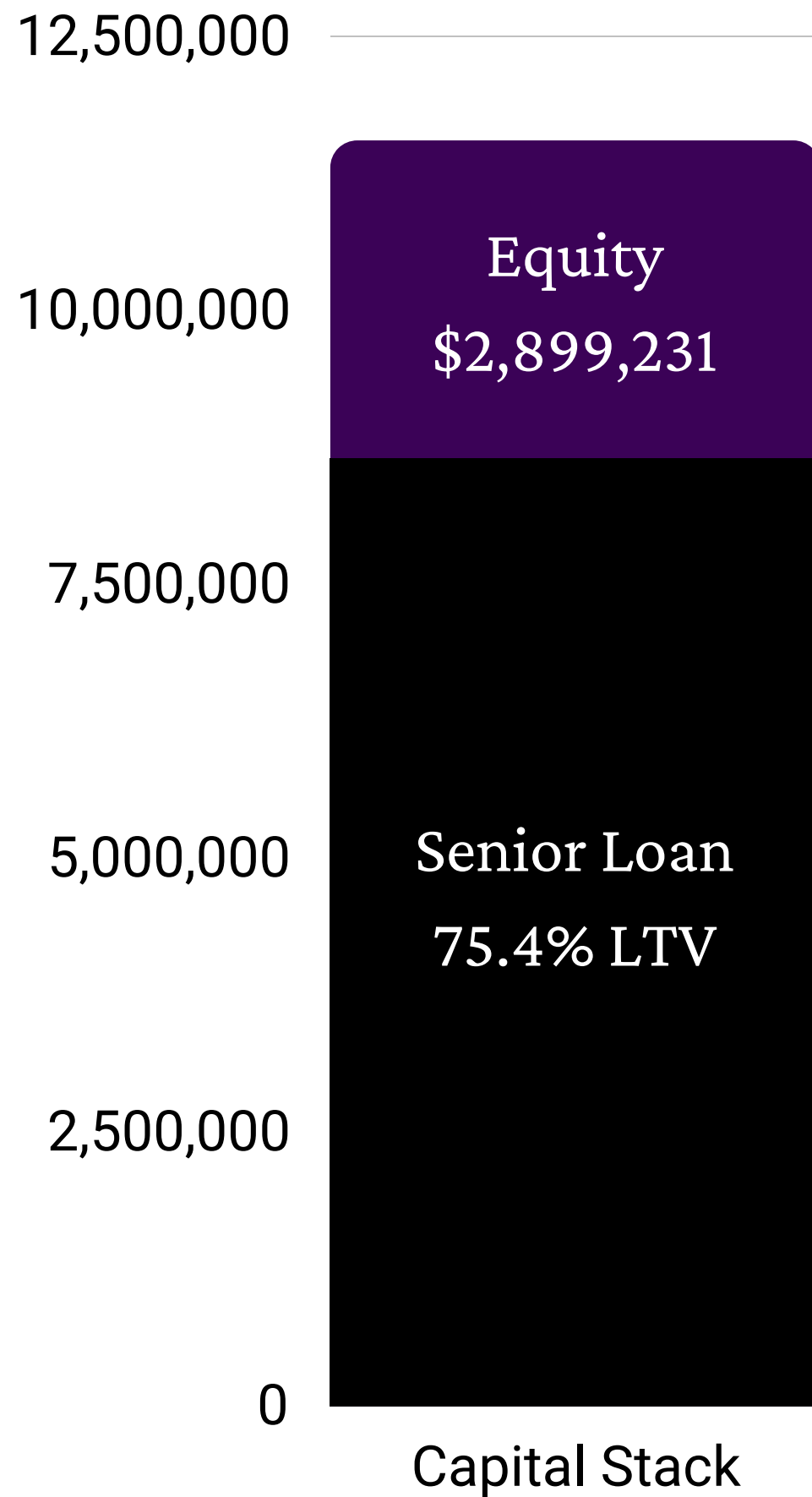
Leading Brand

Backed by Hilton's power, reputation, scale and performance engine, the Hampton Inn brand by Hilton adds value to the asset.



Strategic Management

Our selected Third Party Management company brings a track record for operating efficiencies and strategic revenue management controls.



2.24X

Equity Multiple

19.8%

Internal Rate of Return

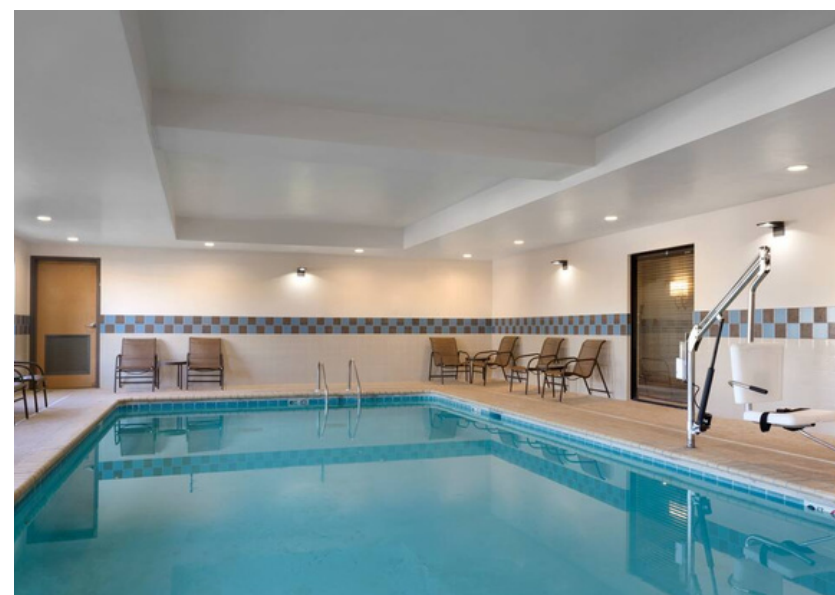
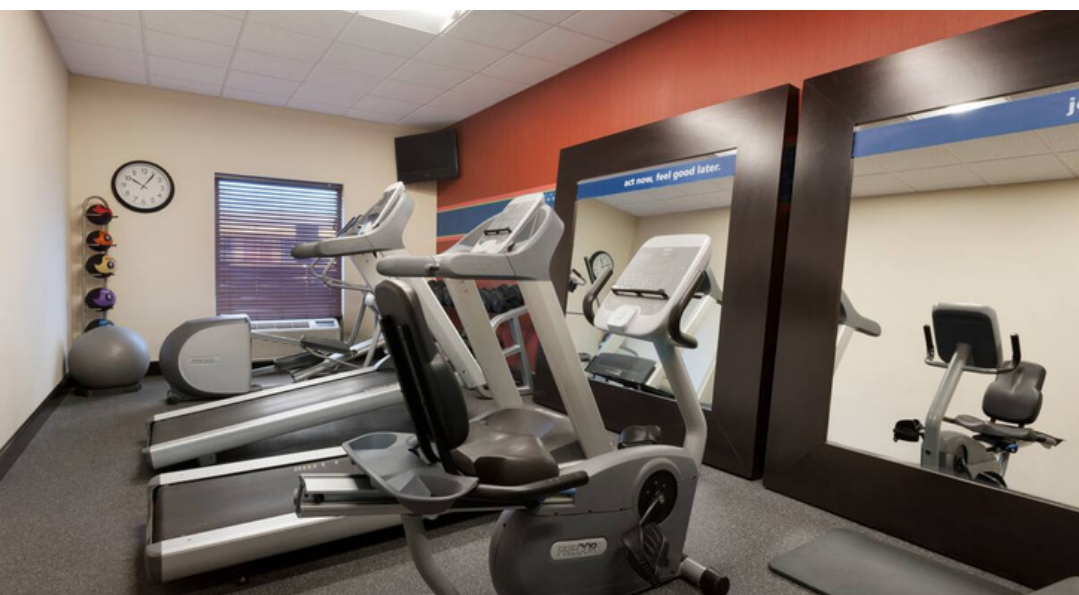
10.6%

Cash on Cash Return

INVESTMENT STRUCTURE

At a discount to replacement costs, the investment generates strong returns while yielding community impact through green efficiencies.

Purchase Price	\$8,500,000
Property Improve Plan Budget	\$2,335,105
Closing Costs	\$708,126
Total Project Costs	\$11,543,231



ASSET OVERVIEW

Property Overview

Built in 2009, the Hampton Inn & Suites East Irondale is the newest hotel in its competitive set. Offering a product mix of spacious King suites and standard rooms across its 99 keys, the hotel offers room categories attracting a variety of guests.

Food & Beverage

The Hampton Inn features a complimentary breakfast for all guests, which includes both hot and cold options. In addition to breakfast, there are also many local restaurants that offer a wide variety of cuisines for guests to either dine-in or have delivered.

Hilton Brand

For 10 consecutive years, Entrepreneur magazine has named Hampton as the #1 franchise in the lodging category and one of the top 5 franchise brands of the 21st century. Hampton boasts an impressive record of performance, guest loyalty, leadership and innovation.

DYNAMIC MARKET

Market Synopsis

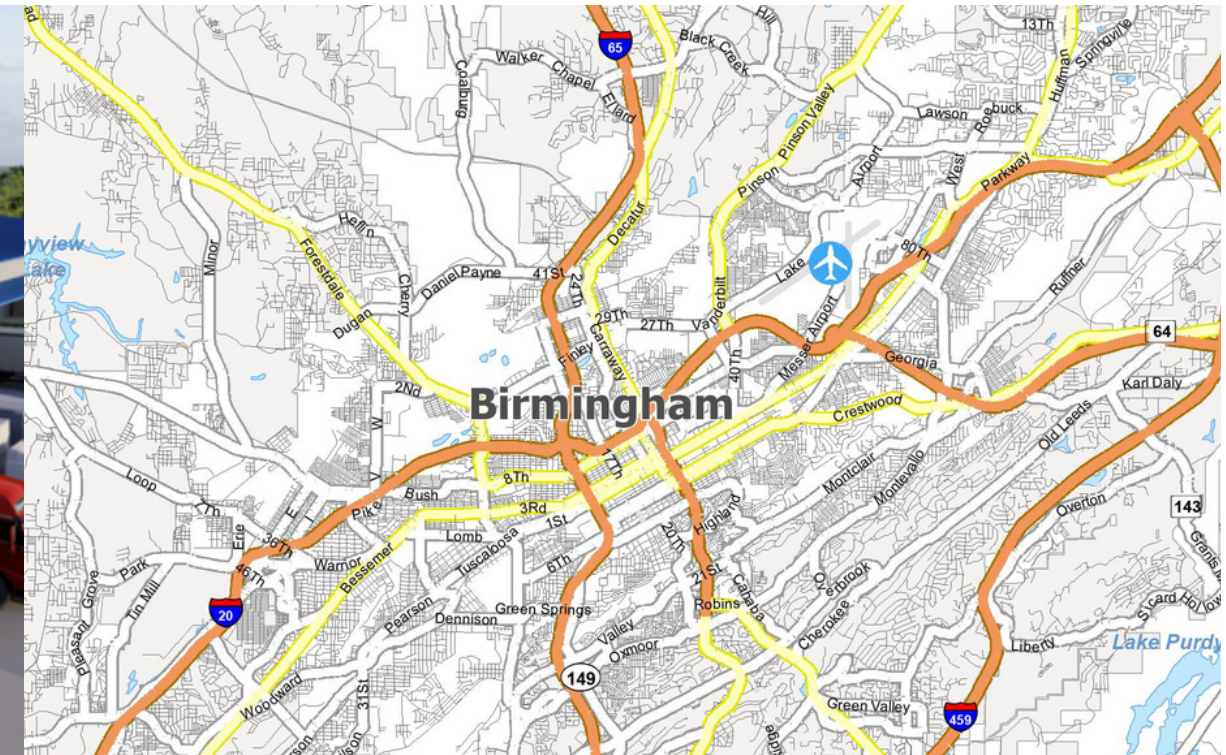
A contender to be the Silicon Valley of the Southeast according to Forbes, the Birmingham market boasts a robust group of demand. Responsible for 31% of Alabama's GDP, Birmingham is a dynamic market supporting a multitude of industries including Manufacturing, Information Technology and Data Security as new entrants in the market.

Commitment To Growth

Birmingham continues its commitment to growth with a multitude of investments being made for the evolution of the city and overall MSA. In 2020, Birmingham received 35 different capital investments equating to over \$518 million from prominent corporations. Additionally, \$550M of capital was invested into the city in 2021 in preparation for the 2022 World Games having taken place this July bringing more than 100,000 visitors to the city.



MARKET ANALYSIS | ACCESSIBILITY



Birmingham International Airport (BHM)

Reaching passenger levels of 3.1M in 2019, the Birmingham airport is the largest and busiest airport in the state of Alabama. Situated 5 miles from the airport, the hotel offers a prime location to airport travelers.

Extensive Airport Facility Renovations

In 2014, the airport underwent a \$201M renovation to modernize and expand the airport. In 2022, an additional \$30M was committed to the airport to upgrade facilities and add an additional cargo facility.

Interstate Connectivity Leads Drive to Market

Located directly off of Interstate 20, the hotel is positioned in an accessible location. With a significant uptick in drive to market demand since 2020, the hotel captures a significant amount of share through motor travelers.

MARKET ANALYSIS | LEISURE DEMAND



Talladega Superspeedway

Home to three major NASCAR series, the Speedway hosts nearly 450,000 attendees annually.



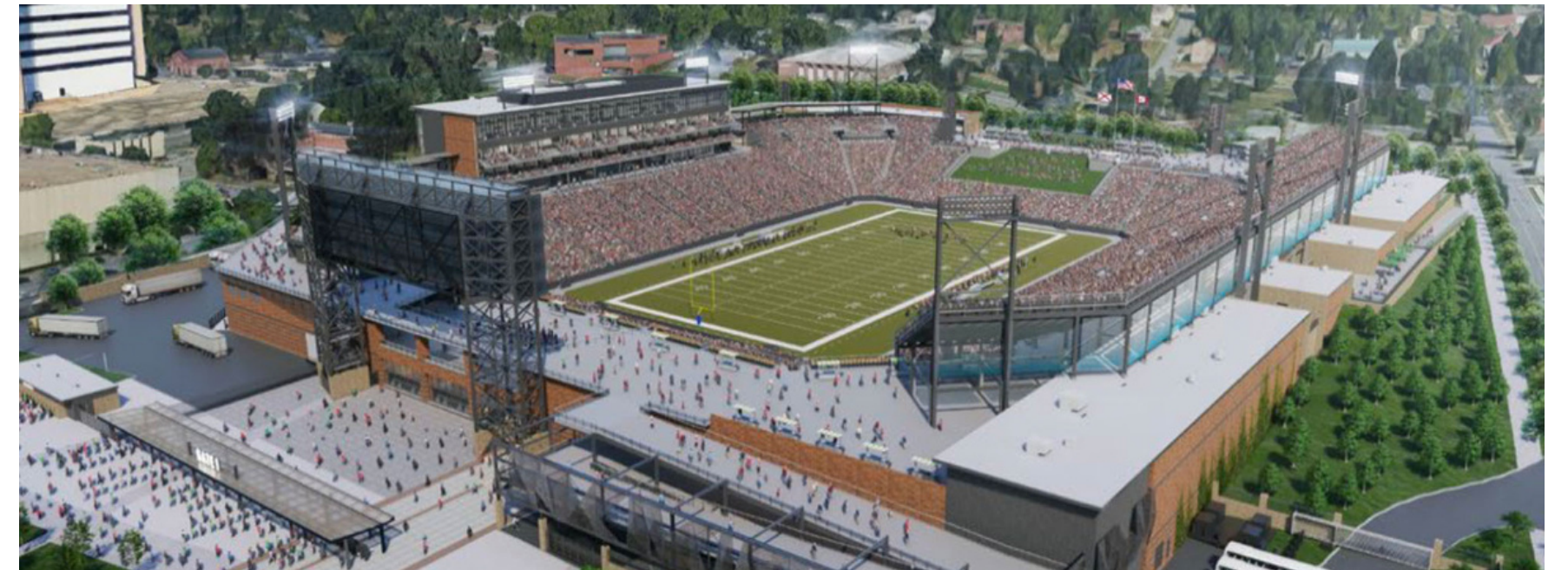
Birmingham Race Course Casino

800 casino games and a 1,320 foot long track, the Birmingham Race Course Casino is one of the largest in the region.



Legacy Arena

To become host arena of the Birmingham G-League team, the 19,000 seat arena recently underwent a \$125M renovation.



Protective Stadium

Opened in 2021, the \$175M multipurpose stadium holds 50,000 for minor professional football and soccer league matches.

MARKET ANALYSIS | CORPORATE DEMAND

As a multi-industry evolving city, Birmingham benefits from a strong diverse mix of demand with a consistent performance history and plans for expansion on the horizon.



The Birmingham market yields over 27M SF of Office and Retail space with the steady rise of new developments.

The Sumpter Smith Joint Guard Base is a 147-acre facility designed for 12,000+ Citizen Soldiers and Airmen.



Motion Industries

A company valued at \$5B, Motion Industries is the largest employer in Irondale distributing industrial parts to over 300,000 customers internationally.

Coca-Cola Bottling Company United

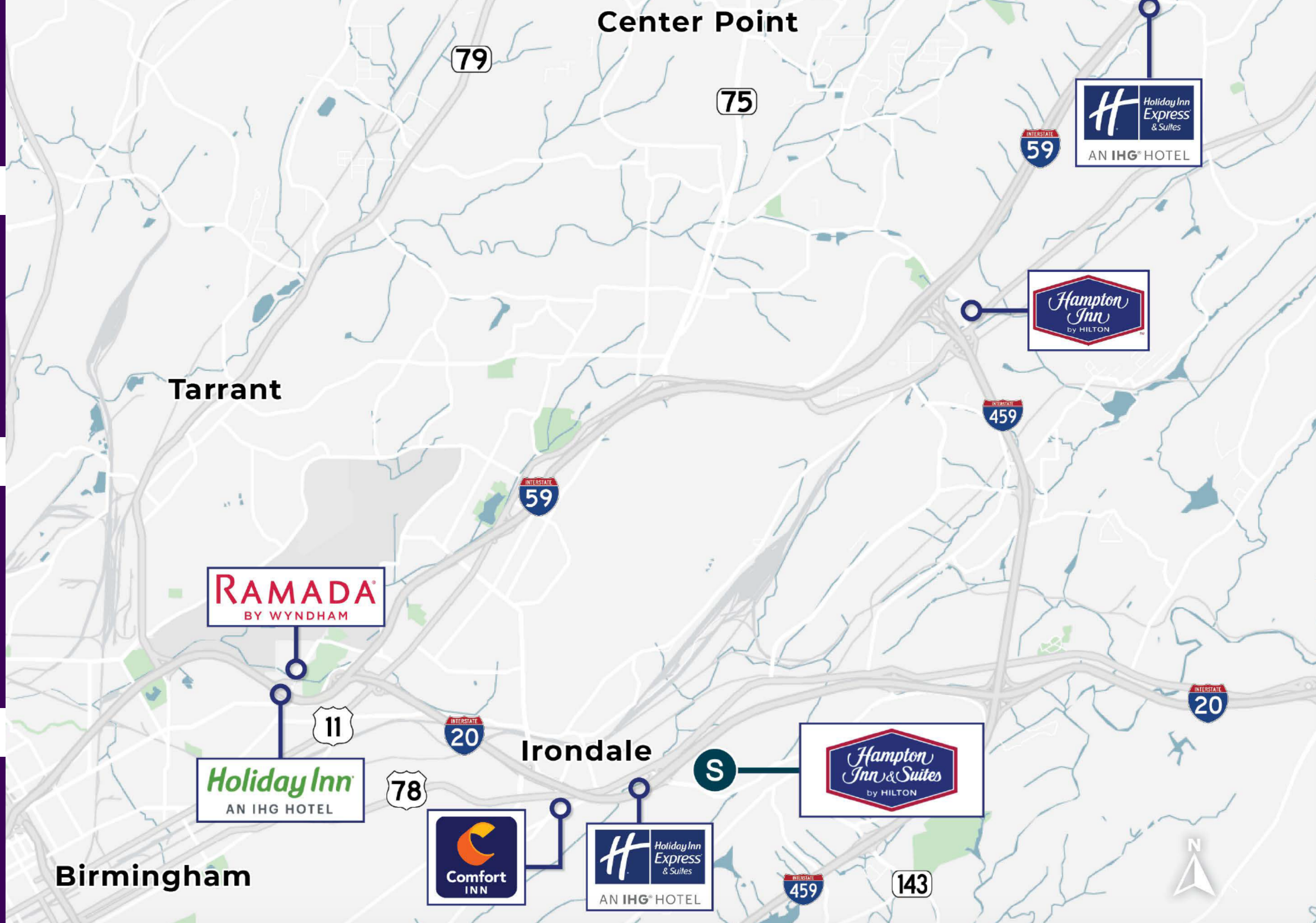
Responsible for production, marketing, sales and distribution for leading Coca-Cola brands. With 800 employees, the company made a \$5M investment in 2020 to optimize its distribution system and repurpose its production facilities.

Logistic Facilities

In 2020, Amazon delivered a 200,000 SF fulfillment center increasing productivity of its shipping and delivery operations.

After a \$40.6M investment, FedEx's 300,000 SF ground facility increased the shipping capacity supporting Birmingham and its surrounding areas.

Center Point



Birmingham

Tarrant

Irondale

79

75

59

59

459

20

11

20

78

459

143

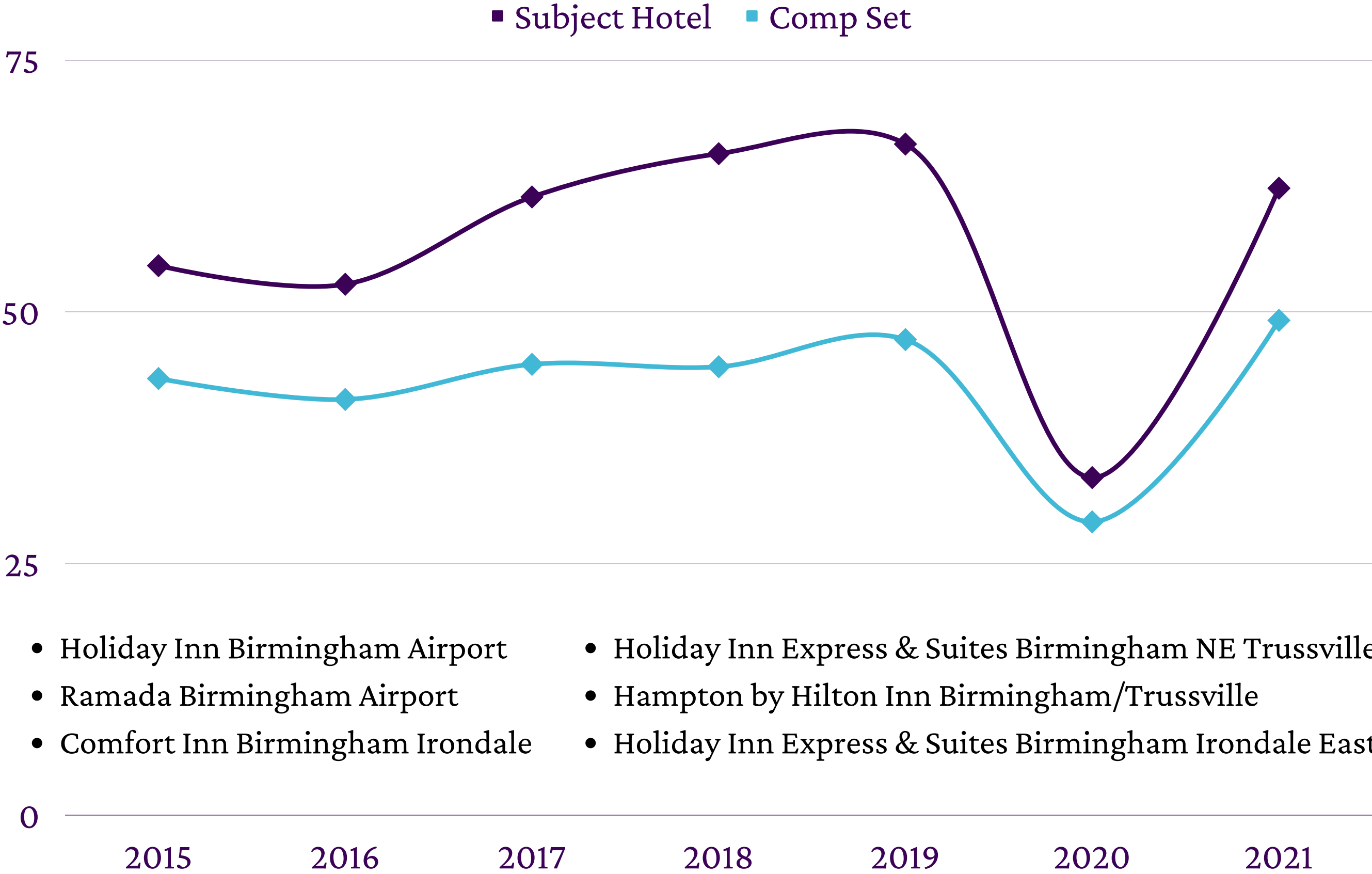


MARKET ANALYSIS | COMPETITIVE SET ANALYSIS

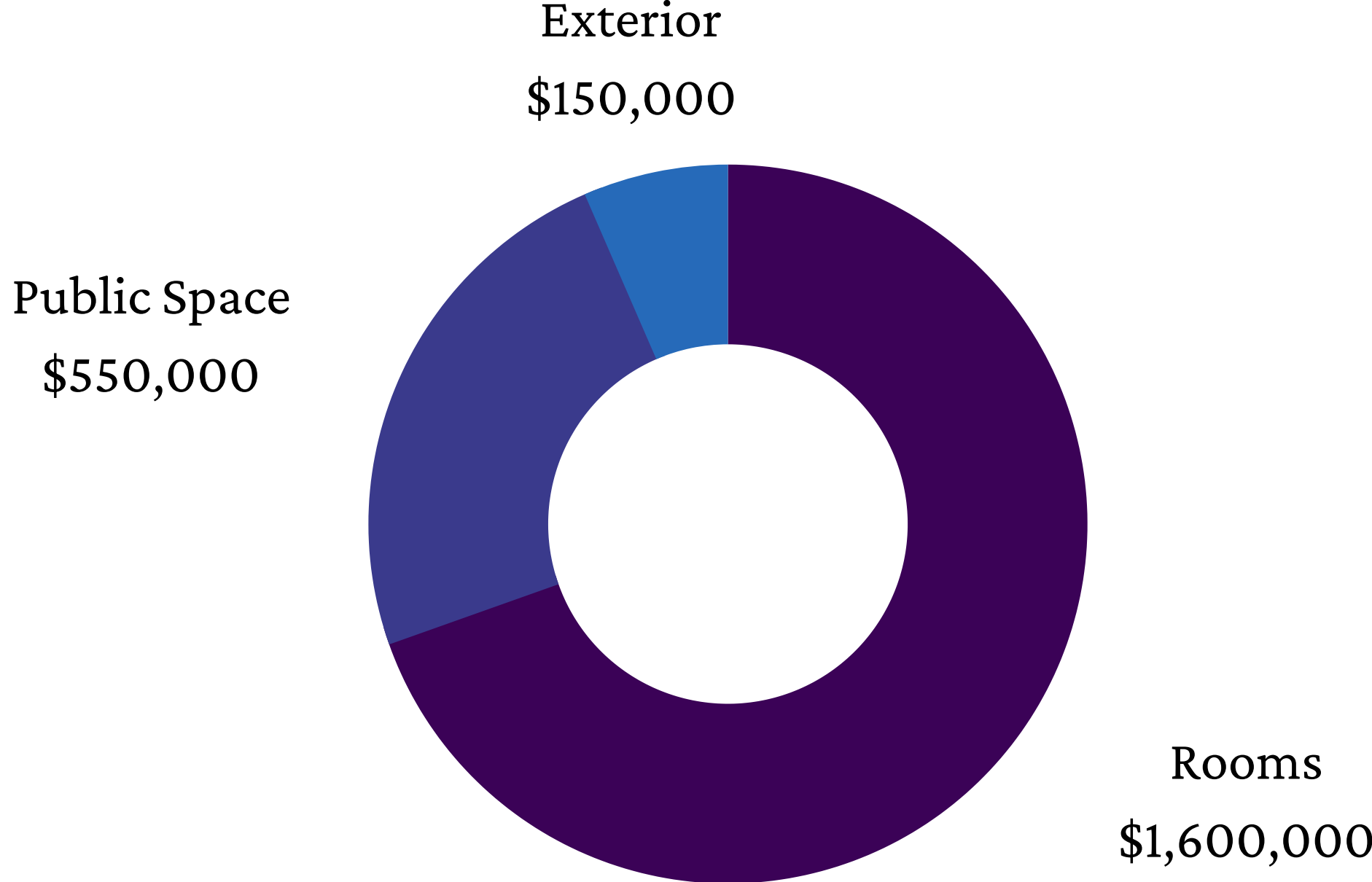
With a mix of suites and standard rooms, the property differentiates itself from competitors allowing for a rate premium.

While most competing properties were built in the 80s, this asset was built in 2009 offering a more modern stay. After undergoing its next renovation following change of ownership, the property will continue to lead the market as the best quality asset.

The property has held an average RevPAR Index of 131.6 since 2015, a premium of \$14 on average.



PROPERTY IMPROVEMENT PLAN

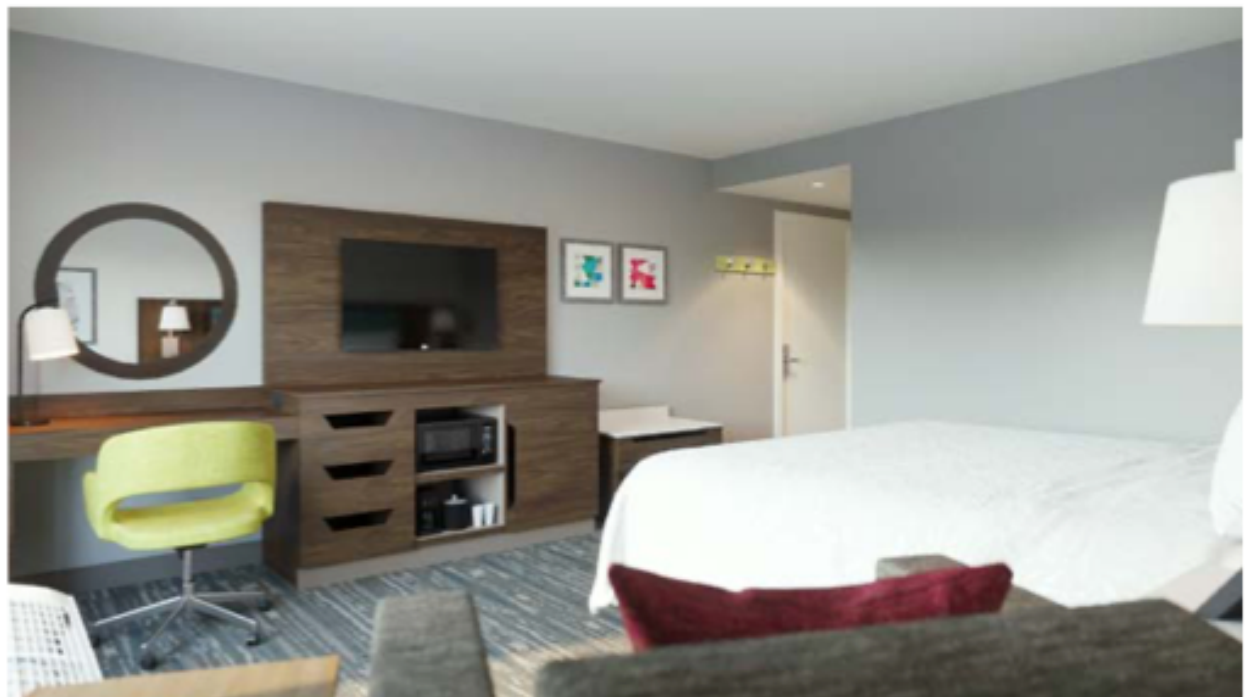


PROJECT BUDGET

Originally built in 2009, the property has experienced minor renovations over the past 13 years. To uphold Hilton's premium brand standards, the property will undergo a \$2.3M renovation. Given the property's strong build and foundation, the project will be completed at a significant discount of 42% to replacement costs.

The renovation will consist of the latest Hampton Inn renovation program which features a new treats shop, fitness center, pool furniture, guest room beds and furniture, guest room textiles, fully renovated bathrooms, and new 50" tv. From concept through completion the renovation is estimated to take 13 months.

HAMPTON INN PROTOTYPE



PROJECT TIMELINE



FINANCIAL ANALYSIS | HISTORICAL

Period	2017		2018		2019		2020		2021		Trailing 12 - MAY	
Rooms Available	36,135		36,135		36,135		36,234		36,135		36,135	
Rooms Occupied - Paid	21,754		23,617 <u>YoY Growth</u>		23,286 <u>YoY Growth</u>		12,990 <u>YoY Growth</u>		21,007 <u>YoY Growth</u>		23,452 <u>YoY Growth</u>	
Occupancy %	60.2%		65.4% 8.6%		64.4% (1.4%)		35.9% (44.4%)		58.1% 62.2%		64.9% 11.6%	
ADR \$	\$102.00		\$100.53 (1.4%)		\$103.46 2.9%		\$93.47 (9.7%)		\$107.13 14.6%		\$114.82 7.2%	
RevPAR \$	\$61.41		\$65.71 7.0%		\$66.67 1.5%		\$33.51 (49.7%)		\$62.28 85.9%		\$74.52 19.7%	
Revenue:	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Rooms	2,218,990	99.2%	2,371,073	99.0%	2,426,744	99.6%	1,220,160	95.9%	2,260,438	98.3%	2,703,782	99.4%
Food and Beverage	12,405	0.6%	19,254	0.8%	17,185	0.7%	17,156	1.3%	16,794	0.7%	16,692	0.6%
Other Operated Departments ¹	6,451	0.3%	4,406	0.2%	(8,150)	(0.3%)	34,347	2.7%	21,236	0.9%	336	0.0%
TOTAL REVENUE	2,237,846	100.0%	2,394,733	100.0%	2,435,779	100.0%	1,271,663	100.0%	2,298,468	100.0%	2,720,810	100.0%
Expense:												
Rooms	633,315	28.5%	646,230	27.3%	664,053	27.4%	360,795	29.6%	652,296	28.9%	829,712	30.7%
Food and Beverage	12,888	103.9%	12,623	65.6%	9,874	57.5%	8,903	51.9%	10,987	65.4%	11,189	67.0%
Other Operated Departments	247	3.8%	0	0.0%	905	(11.1%)	(296)	(0.9%)	(857)	(4.0%)	(417)	(124.1%)
TOTAL EXPENSE	646,450	28.9%	658,853	27.5%	674,832	27.7%	369,402	29.0%	662,426	28.8%	840,484	30.9%
TOTAL DEPARTMENTAL PROFIT	1,591,396	71.1%	1,735,880	72.5%	1,760,947	72.3%	902,261	71.0%	1,636,042	71.2%	1,880,326	69.1%
Undistributed Expenses:												
Administrative and General	226,218	10.1%	183,337	7.7%	217,362	8.9%	135,245	10.6%	183,716	8.0%	224,791	8.3%
Information Technology	24,431	1.1%	20,732	0.9%	19,429	0.8%	17,848	1.4%	18,201	0.8%	17,903	0.7%
Sales and Marketing	56,457	2.5%	55,994	2.3%	59,546	2.4%	25,840	2.0%	22,842	1.0%	38,803	1.4%
Property Operation and Maintenance	117,602	5.3%	117,089	4.9%	123,802	5.1%	79,266	6.2%	135,921	5.9%	166,698	6.1%
Utilities	126,976	5.7%	147,301	6.2%	165,004	6.8%	142,246	11.2%	167,027	7.3%	173,311	6.4%
TOTAL UNDISTRIBUTED EXPENSES	551,684	24.7%	524,453	21.9%	585,143	24.0%	400,445	31.5%	527,707	23.0%	621,506	22.8%
GROSS OPERATING PROFIT	1,039,712	46.5%	1,211,427	50.6%	1,175,804	48.3%	501,816	39.5%	1,108,335	48.2%	1,258,820	46.3%
Management Fees	50,400	2.3%	50,400	2.1%	50,400	2.1%	50,400	4.0%	50,400	2.2%	50,400	1.9%
Franchise Fees	290,039	13.0%	317,198	13.2%	319,674	13.1%	164,597	12.9%	284,232	12.4%	347,131	12.8%
GOP Less Fees	699,273	31.2%	843,829	35.2%	805,730	33.1%	286,819	22.6%	773,703	33.7%	861,289	31.7%
Non-Operating Income & Expenses:												
Property & Other Taxes	55,989	2.5%	74,442	3.1%	108,711	4.5%	83,159	6.5%	61,490	2.7%	57,188	2.1%
Insurance	53,403	2.4%	34,546	1.4%	32,824	1.3%	28,643	2.3%	42,727	1.9%	45,061	1.7%
TOTAL NON-OPERATING EXPENSES	109,392	4.9%	108,988	4.6%	141,535	5.8%	111,802	8.8%	104,217	4.5%	102,249	3.8%
EBITDA	589,881	26.4%	734,841	30.7%	664,195	27.3%	175,017	13.8%	669,486	29.1%	759,040	27.9%
FF&E RESERVE	89,514	4.0%	95,789	4.0%	97,431	4.0%	50,867	4.0%	91,939	4.0%	108,832	4.0%
NET OPERATING INCOME (NOI)	500,367	22.4%	639,052	26.7%	566,764	23.3%	124,150	9.8%	577,547	25.1%	650,208	23.9%

FINANCIAL ANALYSIS | PROFORMA

	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 7	
Rooms Available	36,135		36,135		36,234		36,135		36,135		36,135		36,234	
Rooms Occupied - Paid	23,528		22,351	<u>YoY Growth</u>	23,757	<u>YoY Growth</u>	24,214	<u>YoY Growth</u>	24,214	<u>YoY Growth</u>	24,214	<u>YoY Growth</u>	24,280	<u>YoY Growth</u>
Occupancy %	65.1%		61.9%	(5.0%)	65.6%	6.0%	67.0%	2.2%	67.0%	0.0%	67.0%	0.0%	67.0%	0.0%
ADR \$	\$113.34		\$113.34	0.0%	\$117.88	4.0%	\$120.24	2.0%	\$122.64	2.0%	\$125.09	2.0%	\$127.59	2.0%
RevPAR \$	\$73.80		\$70.11	(5.0%)	\$77.29	10.2%	\$80.57	4.2%	\$82.18	2.0%	\$83.82	2.0%	\$85.50	2.0%
Revenue:	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Rooms	2,666,738	98.1%	2,533,401	98.1%	2,800,473	98.1%	2,911,349	98.1%	2,969,576	98.1%	3,028,967	98.1%	3,098,011	98.1%
Food and Beverage	25,881	1.0%	25,078	1.0%	27,189	1.0%	28,265	1.0%	28,831	1.0%	29,407	1.0%	30,078	1.0%
Other Operated Departments	25,881	1.0%	25,078	1.0%	27,189	1.0%	28,265	1.0%	28,831	1.0%	29,407	1.0%	30,078	1.0%
TOTAL REVENUE	2,718,499	100.0%	2,583,558	100.0%	2,854,851	100.0%	2,967,880	100.0%	3,027,237	100.0%	3,087,782	100.0%	3,158,167	100.0%
Expense:														
Rooms	693,352	26.0%	646,017	25.5%	672,114	24.0%	698,724	24.0%	712,698	24.0%	726,952	24.0%	743,523	24.0%
Food and Beverage	14,234	55.0%	13,793	55.0%	13,594	50.0%	14,133	50.0%	14,415	50.0%	14,704	50.0%	15,039	50.0%
Other Operated Departments	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
TOTAL EXPENSE	707,586	26.0%	659,810	25.5%	685,708	24.0%	712,856	24.0%	727,114	24.0%	741,656	24.0%	758,562	24.0%
TOTAL DEPARTMENTAL PROFIT	2,010,913	74.0%	1,923,747	74.5%	2,169,143	76.0%	2,255,023	76.0%	2,300,124	76.0%	2,346,126	76.0%	2,399,605	76.0%
Undistributed Expenses:														
Administrative and General	180,675	6.6%	184,289	7.1%	188,489	6.6%	191,734	6.5%	195,568	6.5%	199,480	6.5%	204,027	6.5%
Information Technology	18,068	0.7%	18,429	0.7%	18,849	0.7%	19,173	0.6%	19,557	0.6%	19,948	0.6%	20,403	0.6%
Sales and Marketing	27,101	1.0%	27,643	1.1%	28,273	1.0%	28,760	1.0%	29,335	1.0%	29,922	1.0%	30,604	1.0%
Property Operation and Maintenance	108,405	4.0%	110,573	4.3%	113,094	4.0%	115,040	3.9%	117,341	3.9%	119,688	3.9%	122,416	3.9%
Utilities	164,414	6.0%	167,703	6.5%	171,525	6.0%	174,478	5.9%	177,967	5.9%	181,527	5.9%	185,664	5.9%
TOTAL UNDISTRIBUTED EXPENSES	498,663	18.3%	508,636	19.7%	520,230	18.2%	529,185	17.8%	539,769	17.8%	550,564	17.8%	563,114	17.8%
GROSS OPERATING PROFIT	1,512,250	55.6%	1,415,111	54.8%	1,648,913	57.8%	1,725,838	58.2%	1,760,355	58.2%	1,795,562	58.2%	1,836,491	58.2%
Management Fees	54,370	2.0%	51,671	2.0%	57,097	2.0%	59,358	2.0%	60,545	2.0%	61,756	2.0%	63,163	2.0%
Asset Management Fees	54,370	2.0%	51,671	2.0%	57,097	2.0%	59,358	2.0%	60,545	2.0%	61,756	2.0%	63,163	2.0%
Franchise Fees	240,006	8.8%	253,340	9.8%	280,047	9.8%	320,248	10.8%	326,653	10.8%	363,476	11.8%	371,761	11.8%
TOTAL FEES	348,746	12.8%	356,682	13.8%	394,241	13.8%	438,964	14.8%	447,743	14.8%	486,987	15.8%	498,088	15.8%
GOP Less Fees	1,163,504	42.8%	1,058,429	41.0%	1,254,671	43.9%	1,286,875	43.4%	1,312,612	43.4%	1,308,575	42.4%	1,338,403	42.4%
Non-Operating Income & Expenses:														
Property & Other Taxes	66,000	2.4%	99,706	3.9%	101,700	3.6%	103,734	3.5%	105,809	3.5%	107,925	3.5%	110,083	3.5%
Insurance	43,200	1.6%	44,064	1.7%	44,945	1.6%	45,844	1.5%	46,761	1.5%	47,696	1.5%	48,650	1.5%
TOTAL NON-OPERATING EXPENSES	109,200	4.0%	143,770	5.6%	146,645	5.1%	149,578	5.0%	152,570	5.0%	155,621	5.0%	158,734	5.0%
EBITDA	1,054,304	38.8%	914,659	35.4%	1,108,026	38.8%	1,137,296	38.3%	1,160,042	38.3%	1,152,953	37.3%	1,179,669	37.4%
FF&E RESERVE	54,370	2.0%	51,671	2.0%	85,646	3.0%	89,036	3.0%	90,817	3.0%	92,633	3.0%	94,745	3.0%
NET OPERATING INCOME (NOI)	999,934	36.8%	862,988	33.4%	1,022,380	35.8%	1,048,260	35.3%	1,069,225	35.3%	1,060,320	34.3%	1,084,924	34.4%

INVESTMENT RETURNS

With strong in place cashflows, a full renovation and efficient operating strategies, the project is expected to yield cashflows distributed quarterly to investors.

Class A

- 2.14X
- 18.8% IRR
- 10.9% Cash on Cash
- \$25K Investment Minimum
- Until Stack Filled

Class B

- 2.08X
- 18% IRR
- 10.6% Cash on Cash
- \$10K Investment Minimum
- 25 Slots

	Equity In	Profit	Equity Multiple	IRR
Total Equity	2,899,231	3,601,379	2.24x	19.8%
Class B	250,000	270,461	2.08x	18.0%
Class A	2,574,231	2,941,058	2.14x	18.8%

PROJECT RETURN	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Capital Requirement	(11,543,231)					
Gross Revenue		2,718,499	2,583,558	2,854,851	2,967,880	3,027,237
Net Operating Income (NOI)		999,934	862,988	1,022,380	1,048,260	1,069,225
FF&E Reserve		-	-	-	-	414,352
Sale Proceeds		0	0	0	0	12,327,537
Project Cash Flows	(11,543,231)	999,934	862,988	1,022,380	1,048,260	13,396,762
EQUITY RETURN						
Equity	(2,899,231)					
Debt Service		692,338	692,338	692,338	692,338	692,338
<i>Debt Service Coverage Ratio</i>		<i>1.44</i>	<i>1.25</i>	<i>1.48</i>	<i>1.51</i>	<i>1.54</i>
Sales/Refi Proceeds		0	0	0	0	12,327,537
Principal Repayment		0	0	0	0	7,782,377
Net Cash Flows	(2,899,231)	307,596	170,650	330,043	355,922	5,336,399
INVESTOR RETURN						
Class B	(250,000)	26,524	14,715	28,459	30,622	420,141
Class A	(2,574,231)	281,072	155,935	301,583	324,499	4,452,200

Amount	%	Y1	Y2	Y3	Y4	Y5	Total Return
\$10,000	0.3%	\$1,061	\$589	\$1,138	\$1,225	\$16,806	\$20,818
\$25,000	0.9%	\$2,730	\$1,514	\$2,929	\$3,151	\$43,238	\$53,562
\$28,992	1.0%	\$3,166	\$1,756	\$3,397	\$3,655	\$50,143	\$62,116
\$50,000	1.7%	\$5,459	\$3,029	\$5,858	\$6,303	\$86,476	\$107,125
\$100,000	3.4%	\$10,919	\$6,058	\$11,715	\$12,606	\$172,953	\$214,250

ELISE CAPITAL

Elise Capital is an inclusive hotel investment firm on a mission to redefine the face of hotel ownership. We implement innovative strategies to educate our communities, empower our partners and evolve our industry.

Founded on the principles of innovation, communication, application and inclusion, our investment platform acquires and asset manages hotels through operational and property value creation driving strong returns to our partners.

Currently owner and asset manager of a 61 key Hampton Inn, Elise Capital continues to breakdown barriers and foster community as we evolve in ownership.



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THE 26 CO.

The 26 Co maximizes asset value via transformative CAPEX projects while creating hotel development opportunities for all. Our commitment is to deliver transformative results to every client through partnerships and innovation. We attribute much of our success to our relationship-centric approach where shared values and visions are discussed to ensure success. Currently

The 26 Co is currently managing over 50 million dollars in capital expenditures of all hospitality asset classes. The 26 Co continues to reimagine hospitality by creating a future for others.



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