

INVESTMENT MEMORANDUM

HAMPTON INN & SUITES DECATUR

NEW CONSTRUCTION OF A 112-KEY PROTOTYPE HAMPTON INN & SUITES IN DECATUR, ALABAMA



AUGUST 2023



INVESTMENT DISCLOSURE

This overview is intended for information purposes only and does not constitute an offer to sell or a solicitation of an offer to buy interests or any other securities. Any such offer will be made only pursuant to formal offering materials. Past performance is not an indication of future results.

FORWARD LOOKING STATEMENTS

This document contains forward-looking statements with respect to investment performance, financial projections and events that may occur in the future. These statements are based on the current beliefs and expectations of Doradus Land Development, LLC's ("Doradus") management but have not been audited or otherwise verified by third parties and are subject to significant risks and uncertainties. Actual results may differ from those set forth or contemplated in the forward-looking statements, and readers should not rely on such statements. Actual returns will depend on, among other factors, future operating results, the value of the assets and the market conditions at the time of repayment or other disposition, any related transaction costs and the timing and manner of disposition, all of which are inherently uncertain and may differ materially from the assumptions and circumstances on which these projected investment returns contained herein are based.

CONFIDENTIALITY

The information contained in this document is confidential, privileged and only for the information of the intended recipient and may not be used, published or redistributed for any reason without the prior written consent of Doradus Land Development, LLC. The opinions expressed are made in good faith as of the date of this report and while reasonable care has been taken in preparing these documents, Doradus Land Development, LLC makes no representations and gives no warranties in respect of this document, including but not limited to the accuracy or completeness of any information, facts and/or opinions contained herein.



Asset Type	Hospitality Development
Location	Decatur, AL
Size	112 Keys
Project Cost	\$24,413,616 or \$217,979/key
Equity Required:	\$8,613,616 (<i>est. 67% leverage</i>)
Project IRR:	17.8% (<i>before Promote</i>)

INVESTMENT STRATEGY

The Hampton Inn & Suites is a well-located hotel development opportunity in Decatur, Morgan County, Alabama. Hampton Inn & Suites is an industry leading upper-midscale brand with a loyal guest following that, especially with a long-term license agreement in place, is an attractive brand to institutional investors upon exit. Decatur has a strong and diversified industrial base built on the area's proximity to raw materials and easy access to markets via its riverside location.

INVESTMENT OVERVIEW

The Hampton Inn & Suites Decatur is a to-be-built, upper-midscale, hotel development opportunity. The project will be a 4-story, 112 room hotel, with meeting space, a business center, market, and fitness room. The ~2.8-acre site is currently owned by Beltline Properties II, LLC, an affiliate of the sponsor. Located on the Tennessee River, Decatur boasts a rich history, progressive business climate, three historic districts with unique shopping & dining experiences, and a thriving arts community.

LOCATION SUMMARY

The site is located ~25 minutes southwest of Huntsville on Courtyard Circle SW, adjacent to Beltline Rd (SR 67) near the intersection with Old Moulton Road (CR61). Beltline Road is one of the area's primary commercial corridors providing good access to many shopping & dining options, the Decatur Mall (1.5 miles), and Parkway Medical Center (1.4 miles).

Decatur is supported by a diverse industrial base including chemical, engineering, automotive, aerospace/defense, and food processing companies. Major employers in the area include GE Appliances, Wayne Farms, 3M, Nucor Steel and United Launch Alliance. Local attractions in Decatur include Carnegie Visual Arts Center, Cook Museum of Natural Science, Princess Theatre Center for the Performing Arts, Historic Districts, and Point Mallard Water Park.

PROJECT NOTES

- The project will be constructed adjacent to the Marriott Courtyard and Marriott Residence Inn developed by Yedla Management Company.
- This Hampton Inn & Suites will replace the currently owned and managed vintage Hampton Inn that is currently in the Decatur market, which is also owned and managed by YMC.
- Decatur continues to produce consistent RevPAR thanks to ongoing economic development in the area.



PROJECT CAPITALIZATION & RETURN SUMMARY

Sources of Funds	%	\$ / Unit	Total
Project Equity	32.6%	\$76,907	\$8,613,616
Construction Debt	67.4%	158,929	17,800,000
Total Sources	100.0%	\$235,836	\$26,413,616

Uses of Funds	%	\$ / Unit	Total
Land & Acquisition	4.0%	\$9,415	\$1,054,500
Development & Planning	4.2%	9,799	1,097,500
Design & Engineering	2.1%	4,974	557,120
Marketing & Pre-Opening	1.3%	3,125	350,000
Financing Costs	4.8%	11,295	1,265,000
Construction Hard Costs	62.3%	147,033	16,467,651
Construction Soft Costs	3.1%	7,207	807,195
Owner Direct & FFE/OSE	10.7%	25,131	2,814,650
Total Development Cost	92.4%	\$217,979	\$24,413,616
Loan - Collateral Account	7.6%	17,857	2,000,000
Total Uses	100.0%	\$235,836	\$26,413,616

Stabilized Proforma - Year	%	\$ / Unit	Total
Total Revenue	100.0%	\$45,122	\$5,053,632
Total Departmental Expense:	20.2%	9,112	1,020,511
Departmental Profit	79.8%	\$36,010	\$4,033,121
Total Undistributed Expense:	26.5%	\$11,957	\$1,339,212
Total Management Fees	3.8%	1,692	189,511
Gross Operating Profit	49.6%	\$22,361	\$2,504,397
Total Fixed Exp. & Reserves	6.5%	2,952	330,584
Net Operating Income	43.0%	\$19,409	\$2,173,813

Development Yield

Return on Cost **8.9%**

PROJECT DEVELOPER

Doradus shall act as the sponsor of the project engaging all third-party consultants and arranging for construction financing and raising of project equity. Doradus will receive a development fee equal to 4% of the final budget.

INVESTMENT STRUCTURE & DISTRIBUTIONS

Operating cash flow distributions are paid pro rata while extraordinary cash flow distributions (capital events) follow the waterfall outlined below.

- 8% preferred return and return of equity pari passu
- 80% to Limited Partners and 20% promote to General Partner until Limited Partners have achieved an IRR of 12%
- 70% to the Limited Partners and 30% promote to GP thereafter

Returns Summary	Levered IRR	MOIC
Project Level	17.8%	2.1
LP Investors	15.6%	1.9

HOTEL MANAGEMENT

The proposed hotel will be managed by the award winning Yedla Management Company (YMC) a privately held hospitality management company with a 40-year track record of success in the hospitality industry. YMC is headquartered in Huntsville, Alabama (www.yedlahotels.com).



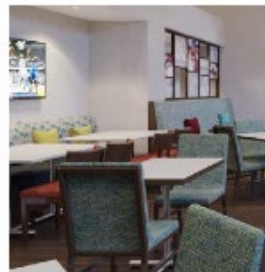
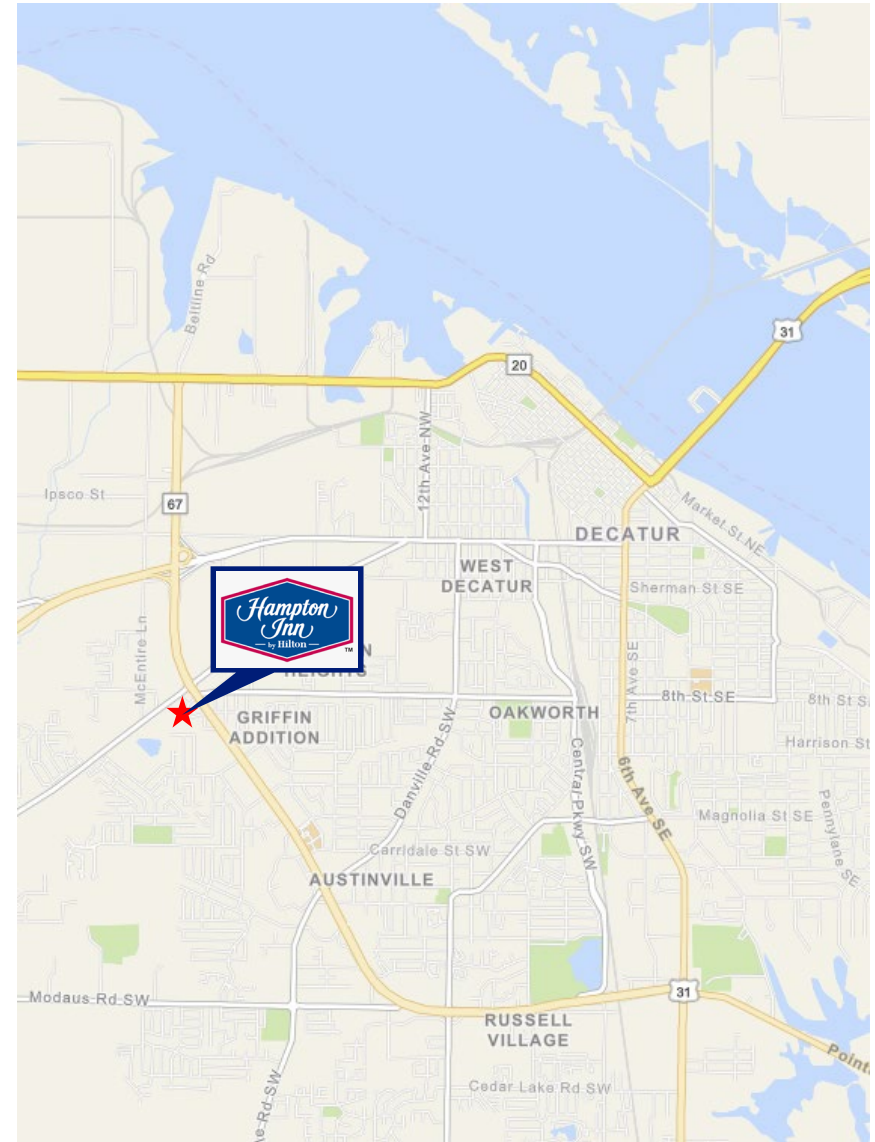
HAMPTON INN & SUITES DECATUR, AL



PROJECT TIMELINE

Task	Start	End	Duration
Land Acquisition	Jan-23	Jan-23	0 mths
Approvals	Jan-23	Jan-23	0 mths
Design	Nov-22	May-23	6 mths
Permitting	Jun-23	Aug-23	2 mths
Construction	Aug-23	Sept-24	14 mths
Initial Occ. to Stabilization	Oct-25	Sept-26	12 mths
Stabilized Operations	Oct-26	Dec-28	26 mths
Terminal Sale	Dec-28	Dec-28	--

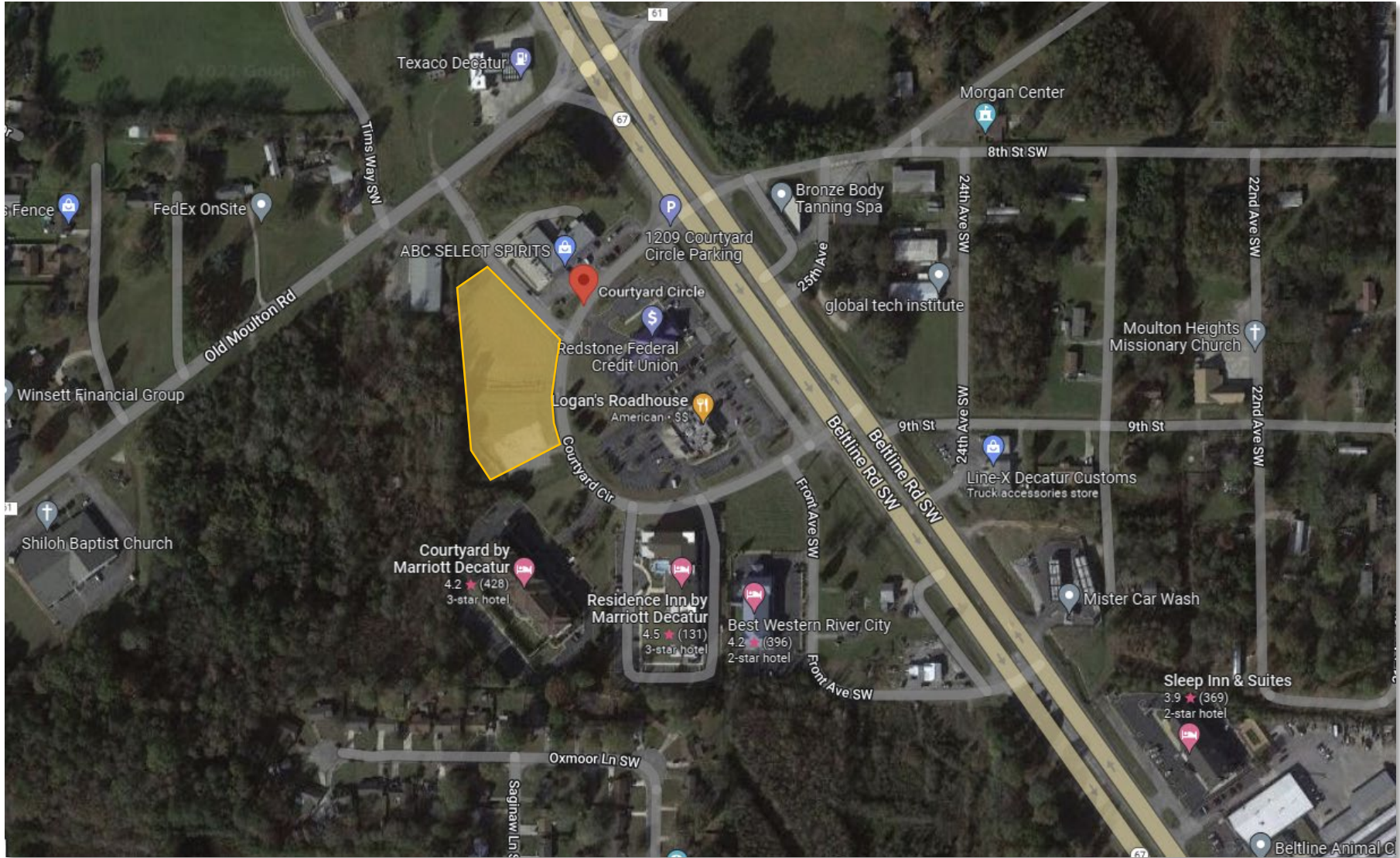
LOCATION MAP



HAMPTON INN & SUITES DECATUR, AL



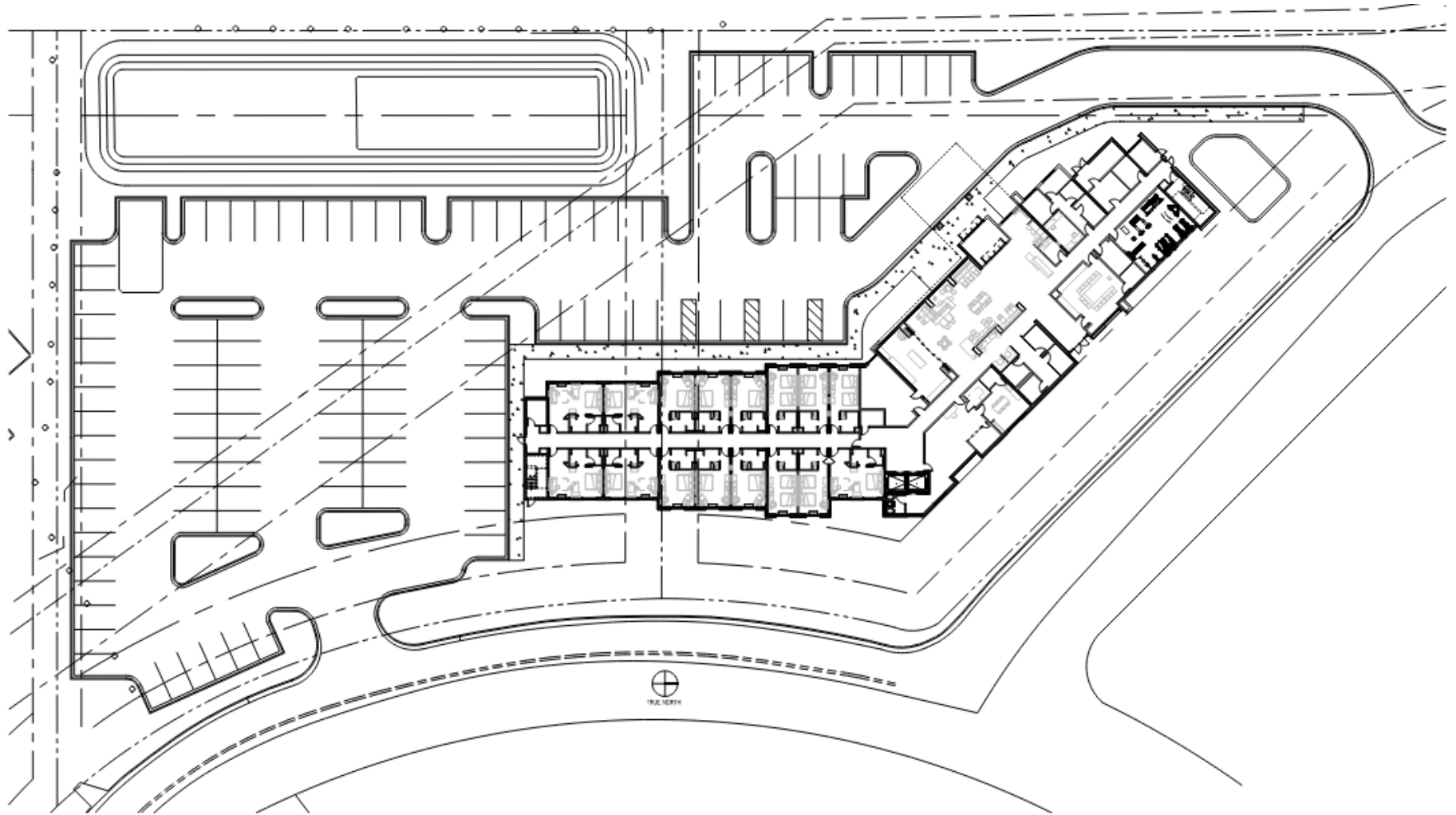
AERIAL MAP: SITE



HAMPTON INN & SUITES DECATUR, AL



PROJECT SITE PLAN



HAMPTON INN & SUITES DECATUR, AL

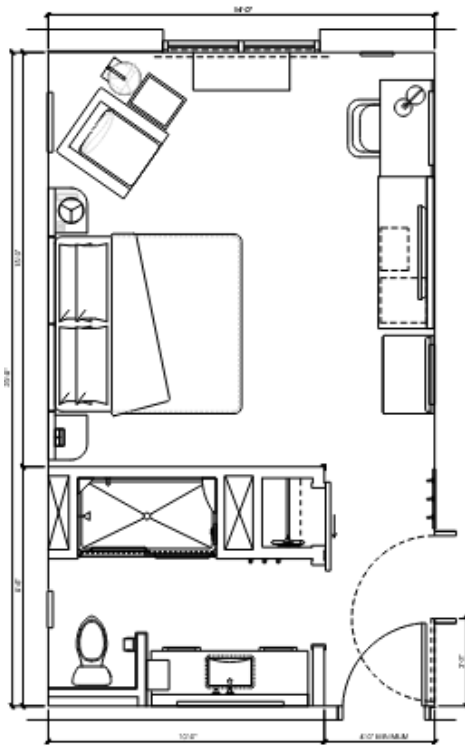


CURRENT DESIGN: BUILDING ELEVATIONS

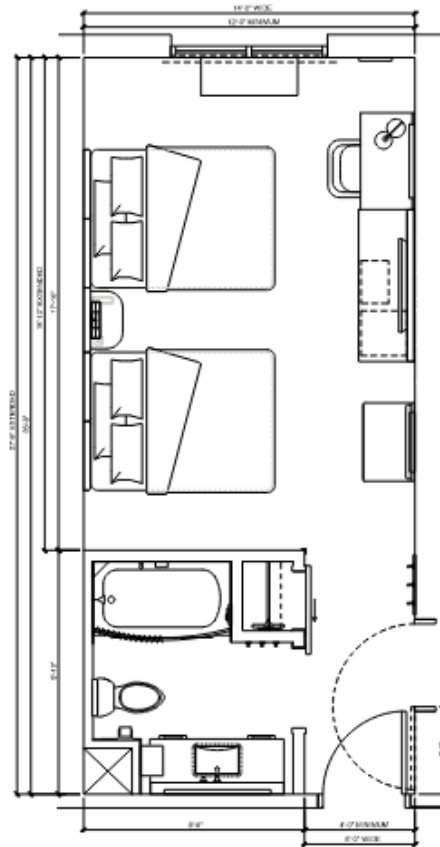




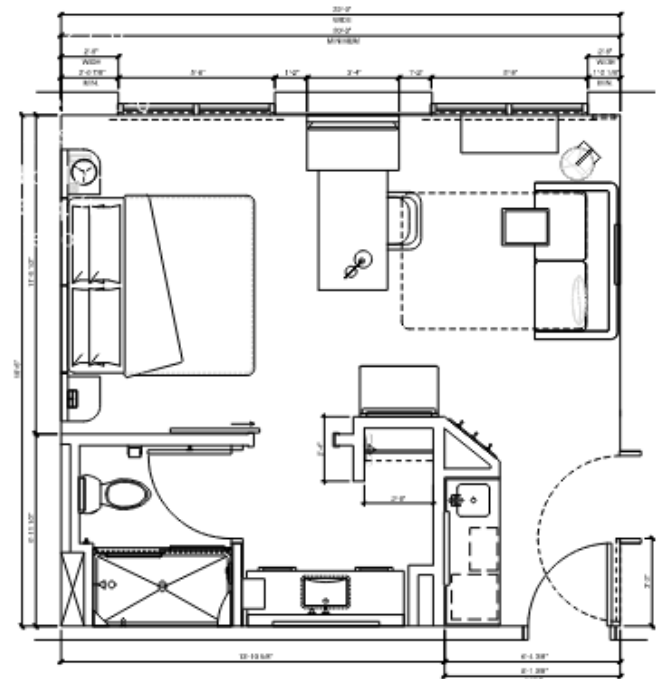
SAMPLE GUEST ROOM PLANS



King Room Plan - 331 sq. ft.
Scale: NTS



Queen Queen Room Plan - 320 sq. ft.
Scale: NTS



King Studio Room Plan - 366 sq. ft. (Inn & Suites only)
Scale: NTS



SAMPLE PUBLIC SPACE IMAGES



HAMPTON INN & SUITES DECATUR, AL

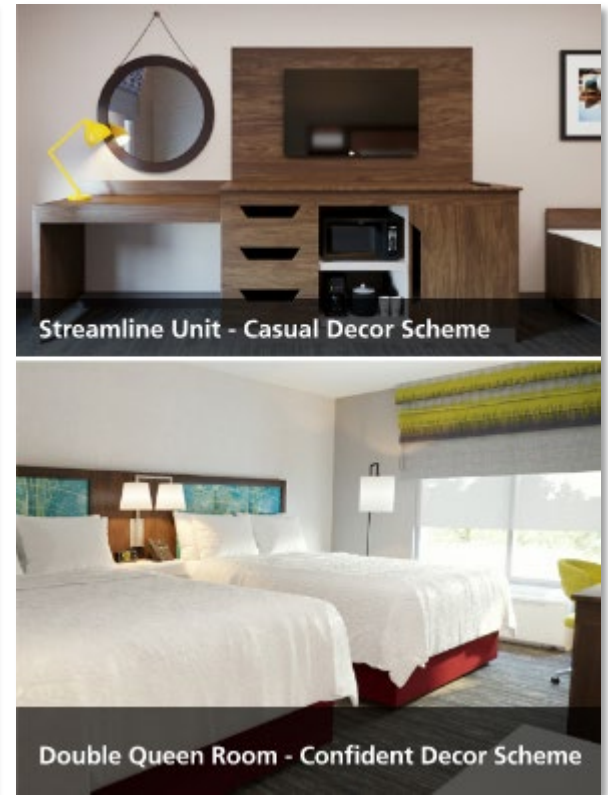
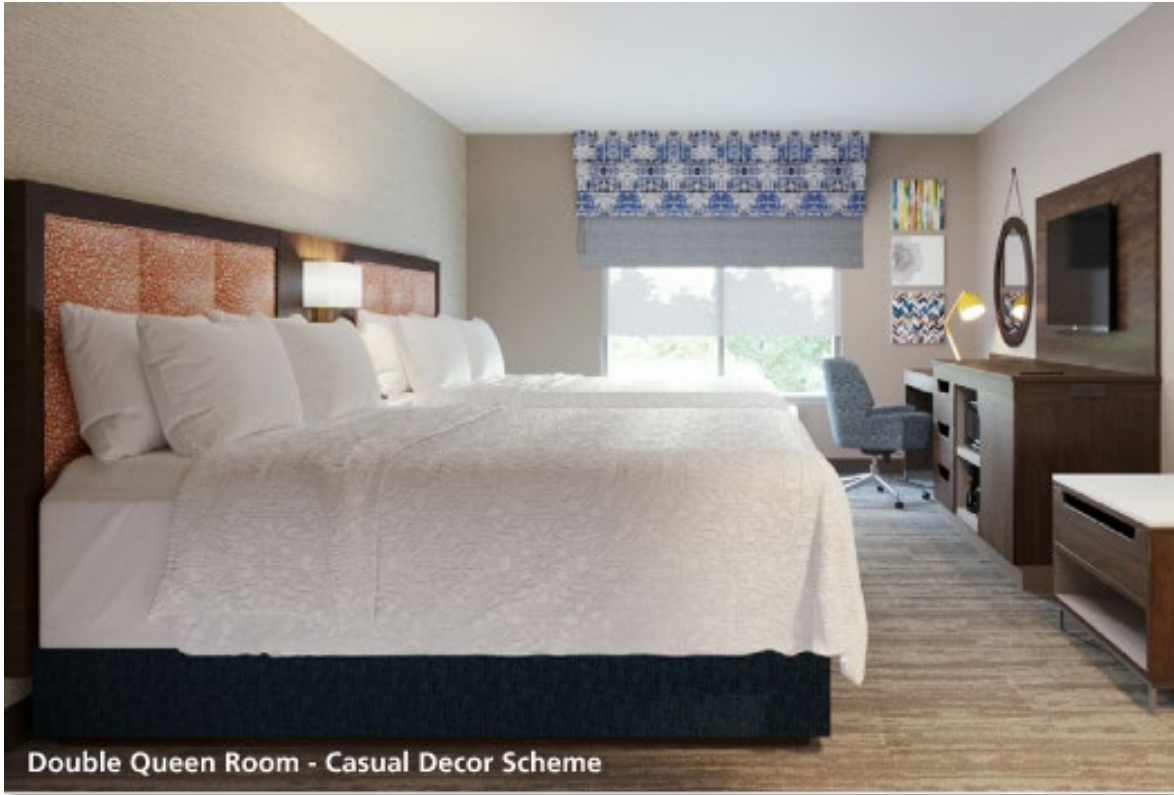


SAMPLE PUBLIC SPACE IMAGES





SAMPLE GUEST ROOM IMAGES





SAMPLE GUEST BATHROOM IMAGES



HAMPTON INN & SUITES DECATUR, AL



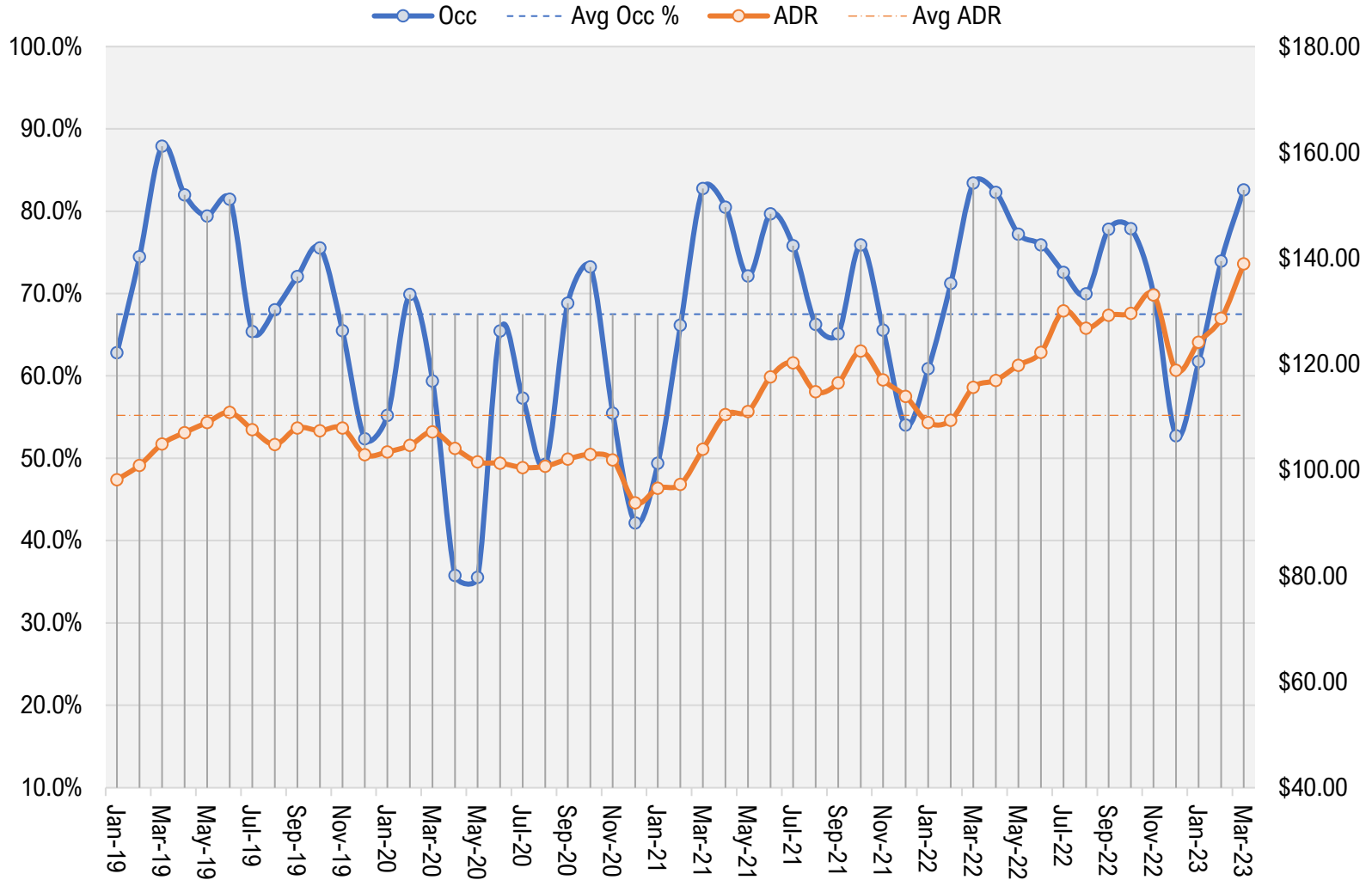
COMPETITIVE SET MAP



HAMPTON INN & SUITES DECATUR, AL



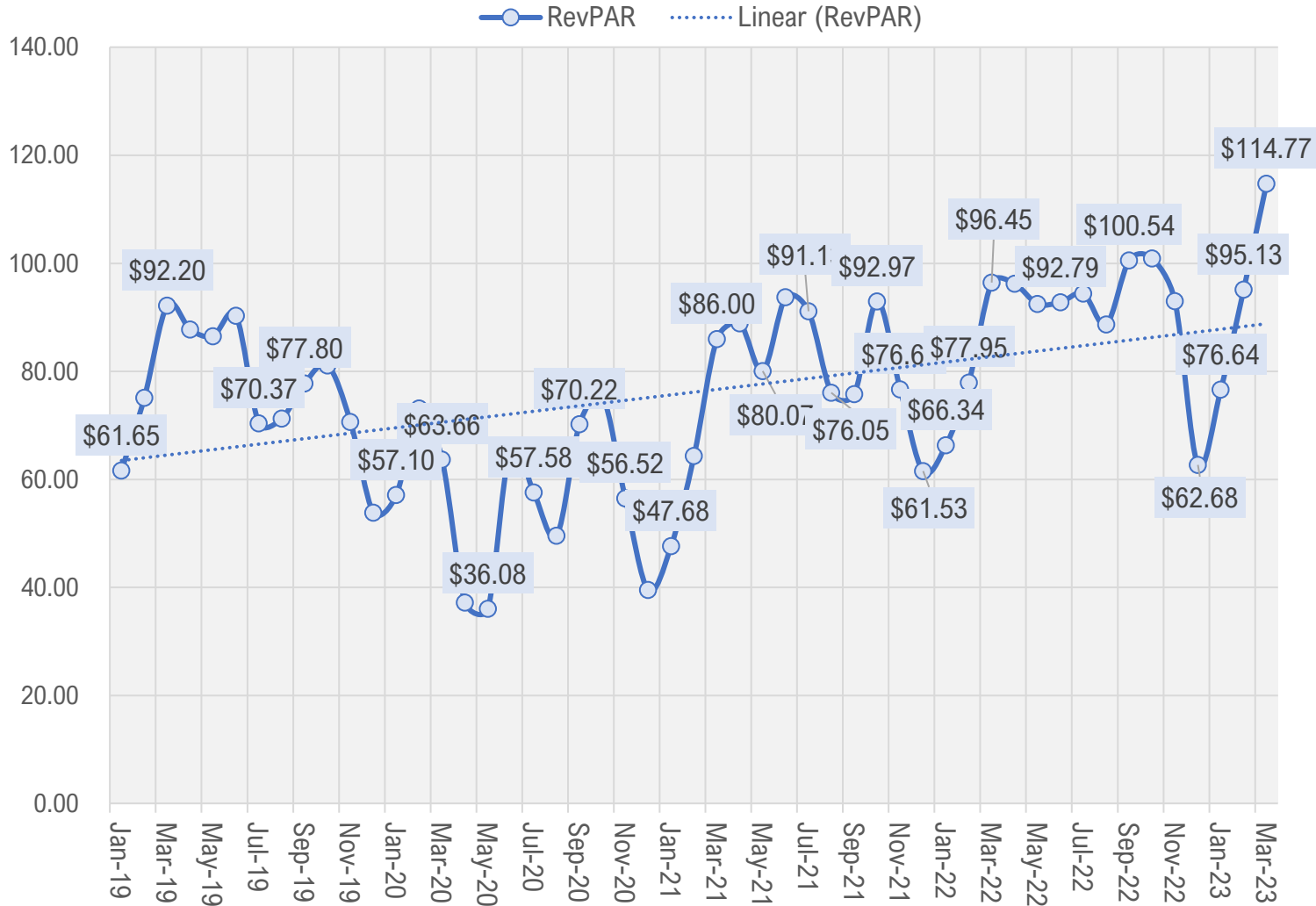
COMPETITIVE SET – HISTORICAL OCCUPANCY & ADR



HAMPTON INN & SUITES DECATUR, AL



COMPETITIVE SET – HISTORICAL REVPAR





FINANCIAL ANALYSIS – OPERATING CASH FLOW

<i>% of Yr Operating</i>	100%	100%	100%	100%
	2025	2026	2027	Sale Yr 2028
Occupancy %	65.0%	75.0%	78.0%	80.0%
ADR	\$140.00	\$147.00	\$152.88	\$157.47
RevPAR	\$91.00	\$110.25	\$119.25	\$125.97
RevPAR Growth	0.0%	21.2%	8.2%	5.6%
TRevPAR	\$94.95	\$114.46	\$123.62	\$130.45
GOP Margin %	51.6%	50.8%	49.6%	50.8%
REVENUE				
Rooms	\$3,720,080	\$4,507,020	\$4,874,793	\$5,163,890
Meeting & Banquet	95,000	104,500	109,725	113,017
Misc Revenue/Vending	66,430	67,759	69,114	70,496
Total Revenue	\$3,881,510	\$4,679,279	\$5,053,632	\$5,347,403
Departmental Expenses	792,745	947,402	1,020,511	1,077,819
TOTAL DEPARTMENTAL PROFIT	\$3,088,765	\$3,731,877	\$4,033,121	\$4,269,584
Undistributed Expenses	941,266	1,181,518	1,339,212	1,350,219
Management Fees	145,557	175,473	189,511	200,528
GROSS OPERATING PROFIT	\$2,001,943	\$2,374,886	\$2,504,397	\$2,718,837
Fixed Expenses	198,670	265,670	330,584	344,904
NET OPERATING INCOME	\$1,803,272	\$2,109,216	\$2,173,813	\$2,373,933
Debt Service	(1,333,220)	(1,333,220)	(1,399,894)	(1,399,894)
NET CASH FLOW	\$470,052	\$775,996	\$773,919	\$974,039
<i>Levered Yield</i>	<i>5.5%</i>	<i>9.0%</i>	<i>9.0%</i>	<i>11.3%</i>
Key Ratios (% of Total Revenue)				
<i>Departmental Expenses</i>	<i>20.4%</i>	<i>20.2%</i>	<i>20.2%</i>	<i>20.2%</i>
<i>Undistributed Expenses</i>	<i>24.3%</i>	<i>25.3%</i>	<i>26.5%</i>	<i>25.3%</i>
<i>Fixed Expenses</i>	<i>5.1%</i>	<i>5.7%</i>	<i>6.5%</i>	<i>6.4%</i>

HAMPTON INN & SUITES DECATUR, AL



CONSTRUCTION BUDGET DETAIL

	\$ / Unit	Total
LAND COSTS		
Land Costs	\$8,929	\$1,000,000
Land Other	487	54,500
Total Land Costs	\$9,415	\$1,054,500
HARD COSTS		
Construction Costs	\$138,756	\$15,540,620
Hard Cost Contingency	6,938	777,031
Total Hard Costs	\$145,693	\$16,317,651
SOFT COSTS		
Architecture & Engineering	\$4,974	\$557,120
Marketing and Leasing	3,125	350,000
Permits & Fees	1,502	168,244
Testing & Inspections	848	95,000
Other Soft Costs	1,380	154,551
Construction Management	3,477	389,400
Planning (Legal, Survey, Etc.)	1,406	157,500
FF&E & OS&E	25,131	2,814,650
Development Fee	8,393	940,000
Total Soft Costs	\$50,236	\$5,626,465
FINANCING COSTS		
Construction Interest	\$5,804	\$650,000
Financing Fees	2,366	265,000
Operating Shortfall	3,125	350,000
Total Financing Costs	\$11,295	\$1,265,000
Total Development Cost	\$216,639	\$24,263,616
Loan - Collateral Account	17,857	2,000,000
Total Uses	\$234,497	\$26,263,616



TERMINAL SALE ASSUMPTIONS

--Disposition Summary--			
Sale Date			Dec-28
Exit Cap Rate			7.75%
		\$ / Key	Total \$
NOI at Sale Year		\$21,196	\$2,373,933
Gross Sale Proceeds		273,495	30,631,398
Cost of Sale	1.5%	4,102	459,471
Debt Payoff		135,117	15,133,122
Net Profit		\$134,275	\$15,038,805

HAMPTON INN & SUITES DECATUR, AL



FLAG/BRAND INFORMATION



Hilton is a leading global hospitality company, spanning the lodging sector from luxury and full-service hotels and resorts to extended-stay suites and focused-service hotels. With nearly 7,000 properties and 1 million rooms in 122 countries and territories, Hilton is one of the world's largest and most diversified hotel companies. Opening more than one hotel per day in 2021, Hilton's network effect reflects how their brands and strong commercial engines continue to provide value for owners, shareholders, Team Members, communities and partners. The company's portfolio includes eighteen world-class global brands and an award-winning customer loyalty program, Hilton Honors® which boasts over 132 million members worldwide.



HAMPTON BY HILTON is the industry's leading upper-midscale brand. Every Hampton Inn and Hampton Inn & Suites is committed to the 100% Hampton Guarantee,™ providing an exceptional guest experience and consistent, high-quality accommodations and amenities. When you invest with Hampton, you join a brand of more than 2,500 hotels in 29 countries and territories around the world backed by Hilton's power, reputation, scale and performance engine. 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.





INVESTMENT INFORMATION

For additional investment information or to schedule a meeting about this opportunity, please contact:

AARON CUNNINGHAM

Director of Investor Relations

Phone: 205-531-4283

Email: jac@doraduspartners.com

PUNG JEFFERS

Vice President – Acquisitions & Development

Phone: 321-438-3317

Email: pdj@doraduspartners.com

TERRY BYNUM

Managing Director

Phone: 256-348-4170

Email: trb@doraduspartners.com