

OFFERING MEMORANDUM (Off Market)

Hotel Demo

1223 Ocean Breeze Avenue

Beach Town, City, CA.



**Presented By  
Hotel Brokers**



**120 Room Flag Luxury Hotel  
Costal Location  
\$60,000,000**



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Sales price includes both real estate and business/operating value. For financing purposes, lenders typically underwrite based on real estate NOI and may exclude intangible business value and also compare to the full value including the business. Additionally, financing terms shown herein are adjusted to reflect lender LTV guidelines so that the projected cash-on-cash return analysis is more representative of realistic financing conditions.” A business Value estimate has been adjusted for the financing.

### **PLEASE CALL THE LISTING AGENT FOR AN APPOINTMENT FOR A PREVIEW OF THE SUBJECT PROPERTY**

This Offering Memorandum is for informational purposes only, and shall not be relied upon in lieu of Buyer’s own investigation and verification. The information contained herein is from sources believed to be reliable; however, no representation by the Seller, or its representatives (collectively, “Brokers”), either expressed or implied, is made as to the accuracy of any information, and all prospective purchasers should conduct their own research to determine the accuracy of any statements made. **PLEASE DO NOT DISTURB THE OCCUPANTS OR MANAGEMENT STAFF FOR THE HOTEL**

## Executive Summary

### Property Overview

Location:	1223 Ocean Brex Beach Town, City, CA.
Property Type:	120 Room Flag Luxury Hotel (4 Star Rating)
Year Built:	2020
Year Renovated:	2020
Location:	Prime Costal Beach area; Ocean / Marina Views

### Investment Summary

Offering Price:	\$60,000,000
# of Rooms:	120
% Occupancy:	80.00%
Price per Room:	\$500,000
RevPar:	\$256.00
ADR:	\$320.00
Current NOI:	\$5,840,680
Cap Rate	9.73%
Year 1 Cash-on-Cash Return	12.97%
Year 1 Principal Reduction:	1.62%
Total Return:	14.59%

#### Sales Price including Real Estate & Business Value

\$60,000,000 Sales Price Including Business Value  
Less \$16,436,000 (Estimated) Business Value  
= \$43,563,000 (Estimated) Real Estate Value

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Lender LTV Guideline is 80% of Real Estate Value  
= \$34,800,000 Potential Loan (58%) Loan to Project Cost

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Equity Requirement is \$25,200,000 (42%)

### Financing Highlights

Equity Requirement:	\$25,200,000	42.00%
1st TD Loan:	\$34,800,000	58.00%
Loan Quote:	5.75% Fixed Hybrid 5 Years; 30/10 Term	

### Highlights

Rooftop Skydeck with bar and relaxation pool.  
Restaurant, lounge & event space  
High occupancy (80%) and strong ADR (\$300)  
Close to LAX, Sofi Stadium  
Prime positioning for leisure and business demand

## Hotel Investment Summary

PRICE / VALUE	\$60,000,000		INCOME REVENUE		% REVENUE	POR
Down Pmt / Equity	\$25,200,000	42.00%	Rooms Revenue	\$11,212,800	72.88%	\$320.00
1st TD Loan	\$34,800,000	58.00%	Food & Beverage Revenue	\$2,522,880	16.40%	\$72.00
2nd TD Loan	\$0	0.00%	Parking & Transportation	\$600,000	3.90%	\$17.12
Total Financing	\$34,800,000		Resort & Facility	\$550,000	3.57%	\$15.70
			Retail, Spa & Miscel	\$500,000	3.25%	\$14.27
<b>BUILDING DATA / FINANCIAL INDICATORS</b>			<b>Total Revenue</b>	<b>\$15,385,680</b>	100.00%	\$439.09
Project Name:	Hotel Demo		<b>Department Expenses</b>		<b>% Dept</b>	
Address	1223 Ocean Breeze Avenue		Rooms	\$2,250,000	20.07%	\$64.21
City, State, Zip	Beach Town, City, CA.		Food & Beverage	\$1,750,000	69.37%	\$49.94
Number of Rooms	120		Parking & Transportation	\$150,000	25.00%	\$4.28
POR (Total Revenue)	\$439.09		Resort & Facility	\$20,000	3.64%	\$0.57
ADR	\$320.00		Retail, Spa & Miscel	\$250,000	50.00%	\$7.13
% Occupancy	80.00%		<b>Total Department Expenses</b>	<b>\$4,170,000</b>		\$119.01
Rev PAR	\$256					
Year Built	2020		<b>Department Net Income</b>	<b>\$11,215,680</b>		
Year Renovated	2020		<b>Undistributed Operating Expenses (UDOE)</b>		<b>% REVENUE</b>	
Building Size	43,800		Administrative & General (UDOE)	\$950,000	6.17%	\$27.11
Lot Size	2.5 Acres		Management Fee (UDOE)	\$500,000	3.25%	\$14.27
			Franchise Fees	\$650,000	4.22%	\$18.55
Current Cap Rate	9.73%		Sales & Marketing (UDOE)	\$800,000	5.20%	\$22.83
Market Cap Rate	9.73%		Property Operations & Maintenance	\$675,000	4.39%	\$19.26
Price per Room	\$500,000		Energy (Utilities-UDOE)	\$550,000	3.57%	\$15.70
Price per Sq Ft	\$1,000		<b>Total UDOE</b>	<b>\$4,125,000</b>	<b>26.81%</b>	<b>\$117.72</b>
Loan per Unit	\$290,000					
Loan per Sq Ft	\$580		<b>Gross Operating Profit</b>	<b>\$7,090,680</b>	<b>46.09%</b>	<b>\$202.36</b>
			Fixed Expenses			
1st TD Rate	6.250%		Property Tax	\$500,000	3.25%	\$14.27
Amortization (# Yrs)	30		Insurance	\$300,000	1.95%	\$8.56
2nd TD Rate	0.000%		Reserves (FF & E's)	\$450,000	2.92%	\$12.84
Amortization (# Yrs)	20		Ground Lease Rent	\$0	0.00%	\$0.00
Cap Rate	9.73%		Other Lease	\$0	0.00%	\$0.00
DSCR 1st TD	2.27		Percentage Rent + CAM	\$0	0.00%	\$0.00
CDSCR	2.27		Other Fixed Obligations	\$0	0.00%	\$0.00
Debt Yield	16.78%		<b>Total Fixed Charges</b>	<b>\$1,250,000</b>	<b>8.12%</b>	<b>\$35.67</b>
APN	8940-211-011		Total Income	\$15,385,680	100.00%	\$439.09
			Total Expenses	\$9,545,000	62.04%	\$272.40
			<b>Net Operating Income (NOI)</b>	<b>\$5,840,680</b>	<b>61.19%</b>	<b>\$166.69</b>

## Investment Summary Cash Flow



<b>Net Operating Income</b>	<b>\$5,840,680</b>	
Debt Service 1st TD	\$2,571,235	6.25%
Debt Service 2nd TD	\$0	0.00%
Total Debt Service	\$2,571,235	
<b>Total Cash Flow</b>	<b>\$3,269,445</b>	
<b>% Cash on Cash ROE</b>	<b>12.97%</b>	
1st TD Principal Reduction (EOY 1)	\$407,785	EOY 1
2nd TD Principal Reduction (EOY 1)	\$0	EOY 1
Total Principal Reduction (EOY 1)	\$407,785	EOY 1
% ROE Principal Reduction	1.62%	
Total % ROE	14.59%	
Debt Service Coverage 1st TD	2.27	
Debt Service Coverage 2nd TD	2.27	

<b>Original Loan Amount</b>	<b>\$34,800,000</b>	(1st TD)
1st TD Loan Balance EOY 5:	\$32,481,360	
Principal Reduction	\$2,318,640	

<b>Original Loan Amount</b>	<b>\$34,800,000</b>	(1st TD)
1st TD Loan Balance EOY 10:	\$29,314,724	
Principal Reduction	\$5,485,276	

<b>Original Loan Amount</b>	<b>\$0</b>	(2nd TD)
2nd TD Loan Balance EOY 5:	\$0	
Principal Reduction	\$0	

<b>Original Loan Amount</b>	<b>\$0</b>	(2nd TD)
2nd TD Loan Balance EOY 10:	\$0	
Principal Reduction	\$0	

## Equity Multiple & Capital Growth Summary (10 Year Hold)

### Main Analysis (10-Year Hold)

Original Purchase Price	\$60,000,000
Original Loan Amount	\$34,800,000
Loan Payoff (10 Yrs)	\$29,314,724
Initial Equity Investment	\$25,200,000
10-Year Cash Flow	\$47,751,095
Acquisition Cap Rate	9.73%
Net Sales Proceeds	\$62,834,172
Total Cash Returned	\$110,585,267
Appreciation Projection	5.00%

### 10 Year Cashflow

Year	NOI	Debt Service	Cash Flow	% ROE (1)
1	\$5,840,680	\$2,571,235	\$3,269,445	12.97%
2	\$6,132,714	\$2,571,235	\$3,561,479	14.13%
3	\$6,439,350	\$2,571,235	\$3,868,115	15.35%
4	\$6,761,317	\$2,571,235	\$4,190,082	16.63%
5	\$7,099,383	\$2,571,235	\$4,528,148	17.97%
6	\$7,454,352	\$2,571,235	\$4,883,117	19.38%
7	\$7,827,070	\$2,571,235	\$5,255,835	20.86%
8	\$8,218,423	\$2,571,235	\$5,647,188	22.41%
9	\$8,629,344	\$2,571,235	\$6,058,109	24.04%
10	\$9,060,812	\$2,571,235	\$6,489,577	25.75%
<b>Total 10 Year Cash Flow</b>			<b>\$47,751,095</b>	

### Refinance Potential (EOY 7)

Net Operating Income (NOI)	\$7,827,070
DCR	0.15
Interest Rate / Amortization	6.25%
Prevailing Rates	6.25%
Supportable Loan	\$38,937,867
EOY 7 Loan Balance	\$31,331,690
Gross Cash Out Proceeds	\$7,606,177
Purchase Power at 65% LTV	\$0

### 10 Year Loan Principal Reduction

\$34,800,000 (Initial Loan Amount)

Loan Balance (EOY)	Equity-Principal	% ROE	% ROE (2)	
1	\$34,392,215	\$407,785	1.62%	14.59%
2	\$33,958,201	\$434,014	1.72%	15.86%
3	\$33,496,270	\$461,931	1.83%	17.18%
4	\$33,004,627	\$491,643	1.95%	18.58%
5	\$32,481,360	\$523,267	2.08%	20.05%
6	\$31,924,436	\$556,924	2.21%	21.59%
7	\$31,331,690	\$592,746	2.35%	23.21%
8	\$30,700,817	\$630,873	2.50%	24.91%
9	\$30,029,365	\$671,452	2.66%	26.70%
10	\$29,314,724	\$714,641	2.84%	28.59%
<b>Total</b>		<b>\$5,485,276</b>		

<b>10 Year Hold IRR</b>	<b>20.82%</b>
<b>Equity Multiple (EM)</b>	<b>4.39</b>

% ROE (1): Cash on Cash Return on Initial Investment

% ROE (2): Combined Cash Flow & Loan Principal Equity

Detailed Spreadsheet format available upon request.

## Property Overview

The subject property, commonly known as Beach Hotel, is a 2-story, 120-room, full-service lodging facility built in 2020. The subject property is in good condition. The subject property features all basic services for a property of this type, and offers amenities including rooftop Skydeck with a bar and event space, the on-site restaurant, complimentary beach cruiser bicycles, a fitness center, business center, and a variety of indoor and outdoor meeting and event spaces.

The property also offers free Wi-Fi throughout, valet parking service, pet-friendly accommodations, and concierge services. The rooms are loaded off of interior corridors. The subject is located at 1223 Ocean Breeze Avenue in Beach town, California, at the intersection of Harbor Drive and Beach Drive. It anchors the Marina Harbor development, a mixed-use project featuring retail, dining, public plazas, and a 500-space underground parking structure.

Positioned just two blocks from the Marina Beach Pier, the subject benefits from excellent walkability and coastal proximity. The hotel fronts the major commercial area and integrates into the pedestrian-friendly design of the development.

Segment	Key Demand Drivers
Commercial (40%)	<ul style="list-style-type: none"> <li>- LAX (5 miles north)</li> <li>- Corporate offices in El Segundo &amp; Silicon Beach</li> <li>- Major employers: Mattel, Northrop Grumman, Raytheon, Boeing</li> <li>- Media &amp; entertainment: MBS Media Campus</li> <li>- Loyola Marymount University &amp; other regional colleges</li> <li>- Los Angeles Air Force Base</li> </ul>
Group (15%)	<ul style="list-style-type: none"> <li>- Corporate meetings &amp; trade shows</li> <li>- Association, government &amp; nonprofit groups</li> <li>- Weddings &amp; social gatherings</li> <li>- SMERFE (social, military, educational, religious, fraternal) groups</li> </ul>
Leisure (40%)	<ul style="list-style-type: none"> <li>- Manhattan Beach Pier, Hermosa &amp; Redondo Beaches</li> <li>- Surfing, paddleboarding, volleyball, Strand bike path</li> <li>- Events: International Surf Festival, Hometown Fair</li> <li>- Shopping &amp; dining in Downtown Manhattan Beach &amp; Metlox Plaza</li> <li>- Local art galleries, Roundhouse Aquarium</li> <li>- Luxury spa &amp; wellness offerings</li> </ul>
Extended Stay (5%)	<ul style="list-style-type: none"> <li>- Business travelers on assignments</li> <li>- Relocation housing</li> <li>- Guests requiring 5+ night stays with amenities</li> </ul>

HOTEL FEATURES
➤ 3 Blocks from the Pier and Ocean
➤ Room Service from 7 AM to 8 PM
➤ Restaurant Lounge & Bar
➤ Rooftop Skydeck with Bar and Relaxation Pool
➤ Hi Speed Wi-Fi
➤ Concierge Assistance
➤ Courtyard Event and Wedding Space
➤ Meeting and Entertainment Space
➤ Proximity to LAX (5.2 miles / 20 minutes)
➤ Proximity to SoFi Stadium and Crypto.com Arena
➤ Breakfast Terrace
➤ Valet Parking
➤ Business Center
➤ Anchoring Metlox Town Square

Additional Photos

PHOTO DESCRIPTION



PHOTO DESCRIPTION



Additional Photos

PHOTO DESCRIPTION



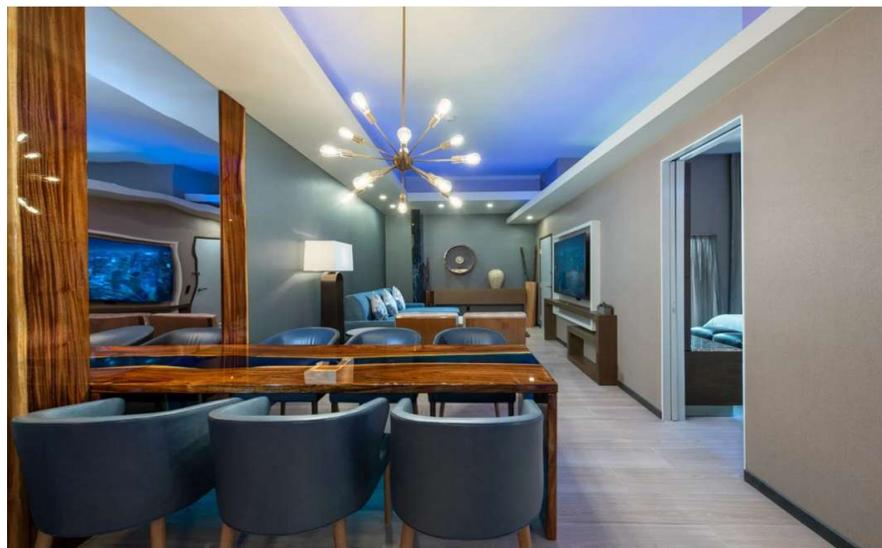
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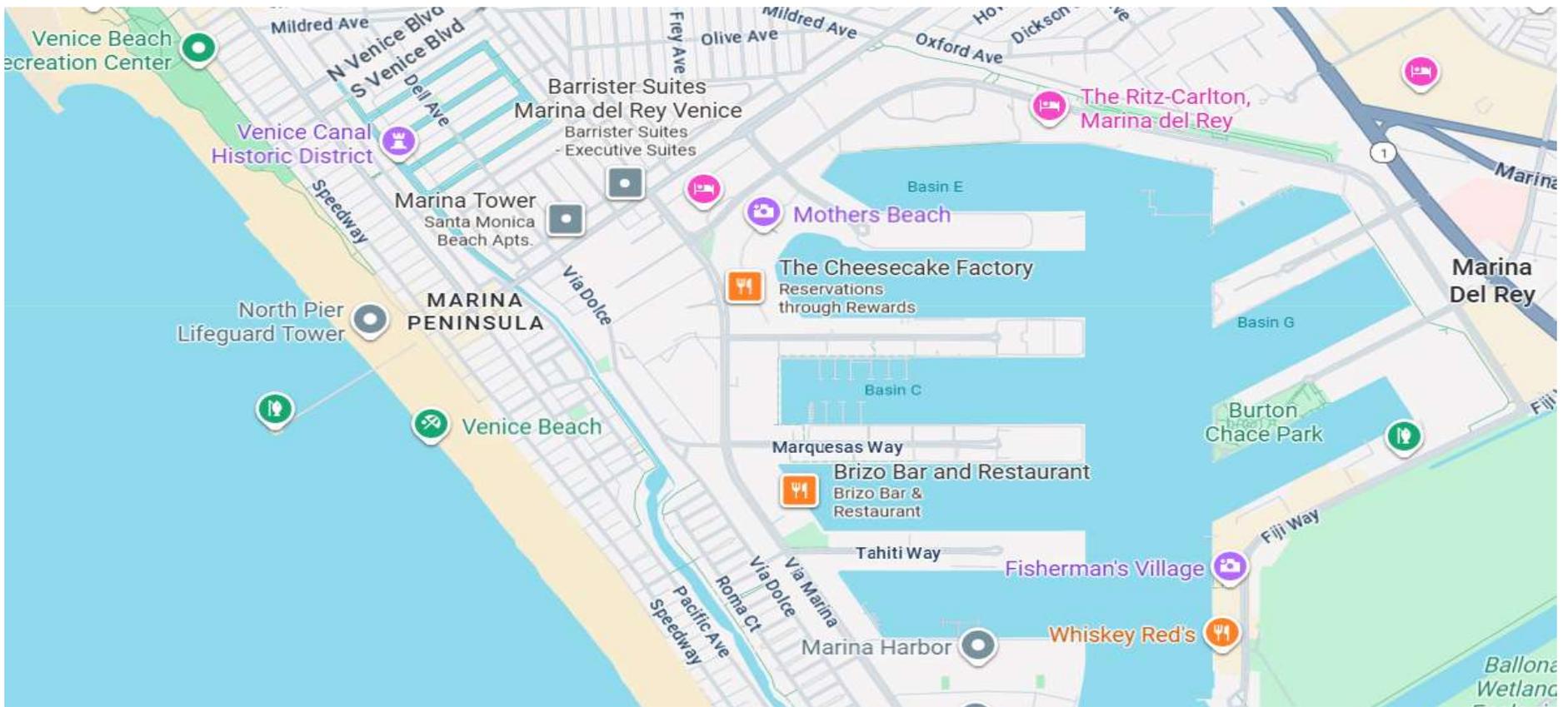
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## Location Maps



## Operating History

	2022	2023	2024	T 12 Estimated
<b>Income Revenue (Department)</b>				
Rooms Revenue	\$10,850,000	\$10,950,000	\$11,000,000	\$11,212,800
Food & Beverage Revenue	\$2,200,000	\$2,300,000	\$2,500,000	\$2,522,880
Parking & Transportation	\$500,000	\$525,000	\$575,000	\$600,000
Resort & Facility	\$400,000	\$450,000	\$500,000	\$550,000
Retail, Spa & Miscel	\$400,000	\$450,000	\$475,000	\$500,000
<b>Total Revenue</b>	<b>\$14,350,000</b>	<b>\$14,675,000</b>	<b>\$15,050,000</b>	<b>\$15,385,680</b>
<b>Department Expenses</b>				
Rooms				
Food & Beverage	\$2,000,000	\$2,100,000	\$2,150,000	\$2,250,000
Parking & Transportation	\$1,550,000	\$1,575,000	\$1,700,000	\$1,750,000
Resort & Facility	\$100,000	\$125,000	\$135,000	\$150,000
Retail, Spa & Miscel	\$17,000	\$18,000	\$19,000	\$20,000
<b>Total Department Expenses</b>	<b>\$3,892,000</b>	<b>\$4,053,000</b>	<b>\$4,244,000</b>	<b>\$4,420,000</b>
<b>Department Net Income</b>	<b>\$10,458,000</b>	<b>\$10,622,000</b>	<b>\$10,806,000</b>	<b>\$10,965,680</b>
<b>Undistributed Operating Expenses (UDOE)</b>				
Administrative & General (UDOE)	\$900,000	\$920,000	\$935,000	\$950,000
Management Fee (UDOE)	\$450,000	\$475,000	\$485,000	\$500,000
Franchise Fees	\$595,000	\$615,000	\$630,000	\$650,000
Sales & Marketing (UDOE)	\$700,000	\$725,000	\$750,000	\$800,000
Property Operations & Maintenance (UDOE)	\$600,000	\$625,000	\$650,000	\$675,000
Energy (Utilities-UDOE)	\$500,000	\$520,000	\$535,000	\$550,000
<b>Total UDOE</b>	<b>\$3,745,000</b>	<b>\$3,880,000</b>	<b>\$3,985,000</b>	<b>\$4,125,000</b>
<b>Gross Operating Profit</b>	<b>\$6,713,000</b>	<b>\$6,742,000</b>	<b>\$6,821,000</b>	<b>\$6,840,680</b>
<b>Fixed Expenses</b>				
Property Tax	\$475,000	\$495,000	\$500,000	
Insurance	\$250,000	\$275,000	\$300,000	\$500,000
Reserves (FF & E's)	\$400,000	\$425,000	\$450,000	\$300,000
Ground Lease Rent	\$0	\$0	\$0	\$450,000
<b>Total Fixed Charges</b>	<b>\$1,125,000</b>	<b>\$1,195,000</b>	<b>\$1,250,000</b>	<b>\$1,250,000</b>
<b>Total Income</b>	<b>14350000</b>	<b>14675000</b>	<b>15050000</b>	<b>\$15,385,680</b>
<b>Total Expenses</b>	<b>8762000</b>	<b>9128000</b>	<b>9479000</b>	<b>\$9,795,000</b>
<b>Net Operating Income</b>	<b>\$5,588,000</b>	<b>\$5,547,000</b>	<b>\$5,571,000</b>	<b>\$5,590,680</b>

Comments: Detailed underwriting spreadsheet available upon request.

## Broker Bio



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Lee's career started in the Mid 80's working for a Multifamily Syndicator specializing in multifamily acquisitions for limited partnerships. By the late 80's, Lee moved into the financing side of the business and has worked for Commercial Banks, Thrift & Loans, REIT-CMBS and as a Commercial Mortgage Broker. With over 35 years' experience in the business, Lee has developed a streamlined system for analysis of conventional, structured, Bridge Loans and OM-Investment Summaries for realtors. Lee's partnership with Cornerstone Lending Group provides unlimited lender resources in multiple states with the Cornerstone team of high level originators.

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## Historical Operating History Spreadsheet

Income Revenue (Department)	2022	2023	2024	2025 YTD	T 12 Estimated	Appraisal	Underwriting	% of Gross	Rev PAR	POR
Rooms Revenue	\$10,850,000	\$10,950,000	\$11,000,000		\$11,212,800		\$11,212,800	72.88%	\$256.00	\$320.00
Food & Beverage Revenue	\$2,200,000	\$2,300,000	\$2,500,000		\$2,522,880		\$2,522,880	16.40%		\$72.00
Parking & Transportation	\$500,000	\$525,000	\$575,000		\$600,000		\$600,000	3.90%		\$17.12
Resort & Facility	\$400,000	\$450,000	\$500,000		\$550,000		\$550,000	3.57%		\$15.70
Retail, Spa & Miscel	\$400,000	\$450,000	\$475,000		\$500,000		\$500,000	3.25%		\$14.27
<b>Total Revenue</b>	\$14,350,000	\$14,675,000	\$15,050,000	\$0	\$15,385,680	\$0	\$15,385,680	100.00%		\$439.09
<b>Department Expenses</b>								<b>% Dept</b>		
Rooms	\$2,000,000	\$2,100,000	\$2,150,000		\$2,250,000		\$2,250,000	20.07%		\$64.21
Food & Beverage	\$1,550,000	\$1,575,000	\$1,700,000		\$1,750,000		\$1,750,000	69.37%		\$49.94
Parking & Transportation	\$100,000	\$125,000	\$135,000		\$150,000		\$150,000	25.00%		\$4.28
Resort & Facility	\$17,000	\$18,000	\$19,000		\$20,000		\$20,000	3.64%		\$0.57
Retail, Spa & Miscel	\$225,000	\$235,000	\$240,000		\$250,000		\$250,000	50.00%		\$7.13
<b>Total Department Expenses</b>	\$3,892,000	\$4,053,000	\$4,244,000	\$0	\$4,420,000	\$0	\$4,170,000			\$119.01
<b>Department Net Income</b>	\$10,458,000	\$10,622,000	\$10,806,000	\$0	\$10,965,680	\$0	\$11,215,680			
<b>Undistributed Operating Expenses (UDOE)</b>								<b>% of Gross</b>		
Administrative & General (UDOE)	\$900,000	\$920,000	\$935,000		\$950,000		\$950,000	6.17%		\$27.11
Management Fee (UDOE)	\$450,000	\$475,000	\$485,000		\$500,000		\$500,000	3.25%		\$14.27
Franchise Fees	\$595,000	\$615,000	\$630,000		\$650,000		\$650,000	4.22%		\$18.55
Sales & Marketing (UDOE)	\$700,000	\$725,000	\$750,000		\$800,000		\$800,000	5.20%		\$22.83
Property Operations & Maintenance (UDOE)	\$600,000	\$625,000	\$650,000		\$675,000		\$675,000	4.39%		\$19.26
Energy (Utilities-UDOE)	\$500,000	\$520,000	\$535,000		\$550,000		\$550,000	3.57%		\$15.70
<b>Total UDOE</b>	\$3,745,000	\$3,880,000	\$3,985,000	\$0	\$4,125,000	\$0	\$4,125,000	26.81%		\$117.72
<b>Gross Operating Profit</b>	\$6,713,000	\$6,742,000	\$6,821,000	\$0	\$6,840,680	\$0	\$7,090,680	46.09%		\$202.36
<b>Fixed Expenses</b>										
Property Tax	\$475,000	\$495,000	\$500,000		\$500,000		\$500,000	3.25%		\$14.27
Insurance	\$250,000	\$275,000	\$300,000		\$300,000		\$300,000	1.95%		\$8.56
Reserves (FF & E's)	\$400,000	\$425,000	\$450,000		\$450,000		\$450,000	2.92%		\$12.84
Ground Lease Rent					\$0		\$0	0.00%		\$0.00
Other Lease					\$0		\$0	0.00%		\$0.00
Percentage Rent + CAM					\$0		\$0	0.00%		\$0.00
Other Fixed Obligations					\$0		\$0	0.00%		\$0.00
<b>Total Fixed Charges</b>	\$1,125,000	\$1,195,000	\$1,250,000	\$0	\$1,250,000	\$0	\$1,250,000	8.12%		\$35.67
<b>Total Income</b>	\$14,350,000	\$14,675,000	\$15,050,000	\$0	\$15,385,680	\$0	\$15,385,680			\$439.09
<b>Total Expenses</b>	\$8,762,000	\$9,128,000	\$9,479,000	\$0	\$9,795,000	\$0	\$9,545,000	62.04%		\$272.40
<b>Net Operating Income (NOI)</b>	\$5,588,000	\$5,547,000	\$5,571,000	\$0	\$5,590,680	\$0	\$5,840,680	61.19%		\$166.69
1st TD Debt Service	(\$2,571,235)	(\$2,571,235)	(\$2,571,235)	(\$2,571,235)	(\$2,571,235)	(\$2,571,235)	(\$2,571,235)	<b>ADR Rate</b>		<b>\$320.00</b>
DSCR 1st TD	2.17	2.16	2.17	0.00	2.17	0.00	2.27	<b>% Occupancy</b>		<b>80.00%</b>
Combined DSCR (1st & 2nd)	2.17	2.16	2.17	0.00	2.17	0.00	2.27	<b>Available Rooms</b>		<b>43,800</b>
Loan Amount:	\$34,800,000		Cap Rate	9.73%	Debt Yield	16.78%				
Sales Price:	\$60,000,000		RE Value	\$43,563,558	Business Value	\$16,436,442				

**Project Name:** Hotel Demo  
**Address:** 1223 Ocean Breeze Avenue

**Equity Multiple (EM) = Total Cash Inflows ÷ Total Cash Invested**

Purchase Price	\$60,000,000	Capitalization Rate - at actual	9.73%
Down Payment	\$25,200,000	Capitalization Rate - Exit	9.73%
Amount Financed (1st TD)	\$34,800,000	Exit Strategy Closing Costs:	1.00%
Total Invested Capital	\$25,200,000	Interest Rate (1st TD)	6.250%
Appreciation Projection	5.00%	Amortization (1st TD)	360
Internal Rate of Return (IRR)	20.82%	Annual increase in NOI	5.00%

Equity Multiple & Capital Growth Summary											
Year	1	2	3	4	5	6	7	8	9	10	Totals
<b>Net Cash Flow</b>											
<b>Net Operating Income (Current)</b>	5,840,680	6,132,714	6,439,350	6,761,317	7,099,383	7,454,352	7,827,070	8,218,423	8,629,344	9,060,812	\$73,463,445
<b>NOI Growth</b>											\$0
Debt Service 1st TD	2,571,235	2,571,235	2,571,235	2,571,235	2,571,235	2,571,235	2,571,235	2,571,235	2,571,235	2,571,235	\$25,712,350
Cash Flow	<b>3,269,445</b>	<b>3,561,479</b>	<b>3,868,115</b>	<b>4,190,082</b>	<b>4,528,148</b>	<b>4,883,117</b>	<b>5,255,835</b>	<b>5,647,188</b>	<b>6,058,109</b>	<b>6,489,577</b>	<b>\$47,751,095</b>
% Cash on Cash Return	12.97%	14.13%	15.35%	16.63%	17.97%	19.38%	20.86%	22.41%	24.04%	25.75%	189.49%
<b>Mortgage</b>											
Beginning Principal Balance	34,800,000										
Principal Reduction (1st TD)	407,785	434,014	461,931	491,643	523,267	556,924	592,746	630,873	671,452	714,641	\$5,485,276
Ending Principal Balance (1st TD)	34,392,215	33,958,201	33,496,270	33,004,627	32,481,360	31,924,436	31,331,690	30,700,817	30,029,365	29,314,724	\$29,314,724
<b>Property Value</b>											
Beginning Property Value	60,000,000	63,000,000	66,150,000	69,457,500	72,930,375	76,576,894	80,405,738	84,426,025	88,647,327	93,079,693	\$93,079,693
Increase in Value	3,000,000	3,150,000	3,307,500	3,472,875	3,646,519	3,828,845	4,020,287	4,221,301	4,432,366	4,653,985	\$37,733,678
Ending Property Value Based	63,000,000	66,150,000	69,457,500	72,930,375	76,576,894	80,405,738	84,426,025	88,647,327	93,079,693	97,733,678	\$97,733,678

<b>Equity Multiple (EM)</b>	<b>4.39</b>
<b>IRR</b>	<b>20.82%</b>

Sales Price EOY 10)	\$93,079,693
Less Closing Costs	\$930,797
Net Profit	\$92,148,896
Less Loan Payoff	\$29,314,724
Net Sales Proceeds	\$62,834,172
Plus 10 Year Cash Flow	\$47,751,095
Total Cash Flow & Net Sale Proceeds	\$110,585,267
Initial Capital Invested	\$25,200,000
Total Return on Capital	\$85,385,267

The financial projections contained herein are for illustrative purposes only and are based on assumptions regarding income, expenses, financing, and market conditions that may not occur as expected. Actual results may vary materially from these projections. This is not a guarantee of performance, nor should it be construed as investment advice. Prospective investors should conduct their own independent analysis and consult their advisors before making investment decisions.

Situs Address  
City, State, Zip

**Subject Property (As Is)**

1223 Ocean Breeze Avenue  
Beach Town, City, CA.

Sales Comp #2

1224 Ocean Breeze Ave.  
Beach Town, City, CA.

Sales Comp #2

1225 Ocean Breeze Ave.  
Beach Town, City, CA.

Sales Comp #3

11717 Lakewood Blvd.  
Beach Town, City, CA.



Project Name

Hotel Demo

Sales Price

\$60,000,000

Sale Date

On Market Listing

# Rooms

120

Bldg Sq Ft

60,000

% Occupancy

80%

ADR

\$320.00

Rev PAR

\$256

POR

\$300

Cap Rate

9.73%

Cost per Sq Ft

\$1,000

Cost per Room

\$500,000

Lot Size

2.5 Acres

Type of Hotel

Luxury Resort / Business

Year Built

2020

Year Renoviated

2005

# of Stories

3

Amenities

Pool, Jacuzzi, Spa

Amenities

Full restaurant

Amenities

20,000 Sq Ft Banquet room

Hotel Rating

4 Star

Flag / Franchise

Yes-Mariott

NOI at Sale

\$5,840,680

\$58,000,000

9/1/2024

120

40,000

75%

\$275.00

\$250

\$300

8.20%

\$1,450

\$483,333

2 Acres

Luxury Resort / Business

2020

2005

3

Pool, Jacuzzi, Spa

Full restaurant

20,000 Sq Ft Banquet room

4 Star

Yes-Mariott

\$4,754,000

\$55,000,000

9/1/2024

85

38,000

75%

\$325.00

\$260

\$325

8.50%

\$1,447

\$647,059

2 Acres

Luxury Resort / Business

2008

2015

3

Pool, Jacuzzi, Spa

Full restaurant

20,000 Sq Ft Banquet room

4 Star

Yes-Mariott

\$4,675,000

\$60,000,000

9/1/2024

90

40,000

80%

\$300.00

\$300

\$350

7.50%

\$1,500

\$666,667

2 Acres

Luxury Resort / Business

2008

2015

3

Pool, Jacuzzi, Spa

Full restaurant

20,000 Sq Ft Banquet room

4 Star

Yes-Mariott

\$4,500,000

**Demand Drivers**

Subject Property

Beach location with heavy tourist attraction and the Marina Harbor. Also suited for Business conventions.

Comparable #1

Beach location with heavy tourist attraction and the Marina Harbor. Also suited for Business conventions.

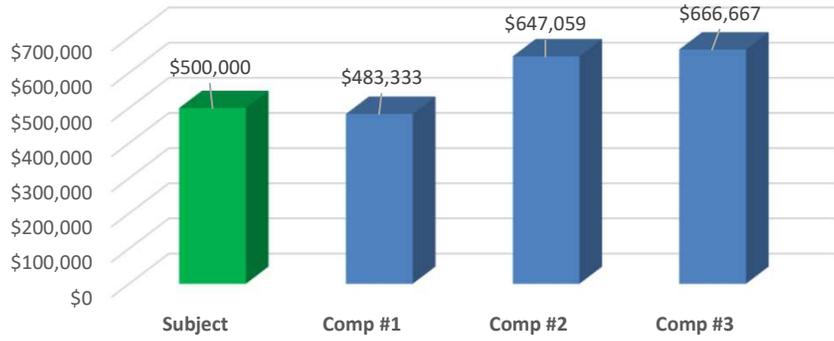
Comparable #2

Beach location with heavy tourist attraction and the Marina Harbor. Also suited for Business conventions.

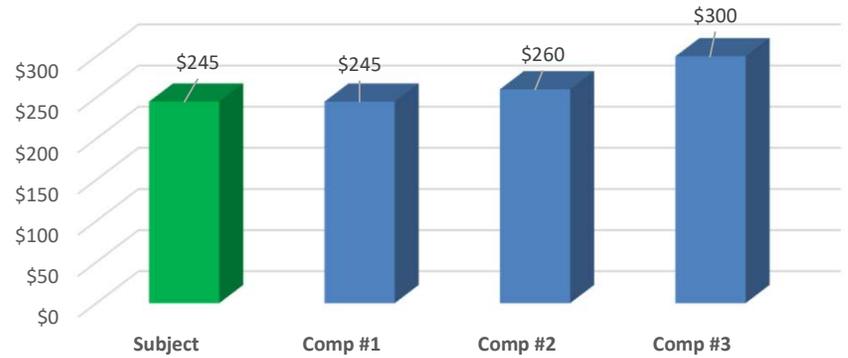
Comparable #3

Beach location with heavy tourist attraction and the Marina Harbor. Also suited for Business conventions.

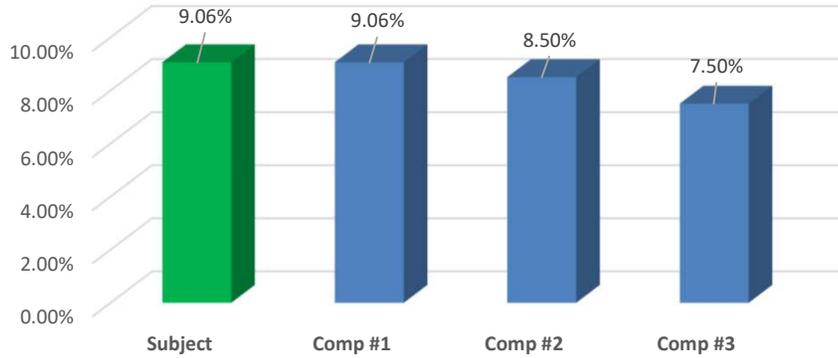
### Cost per Room



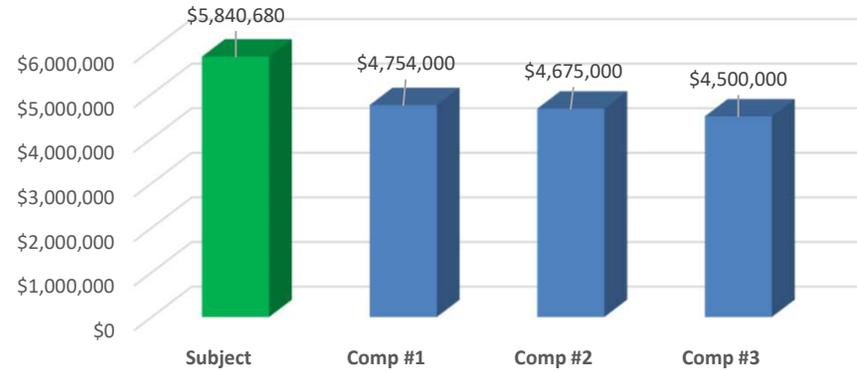
### Rev Par



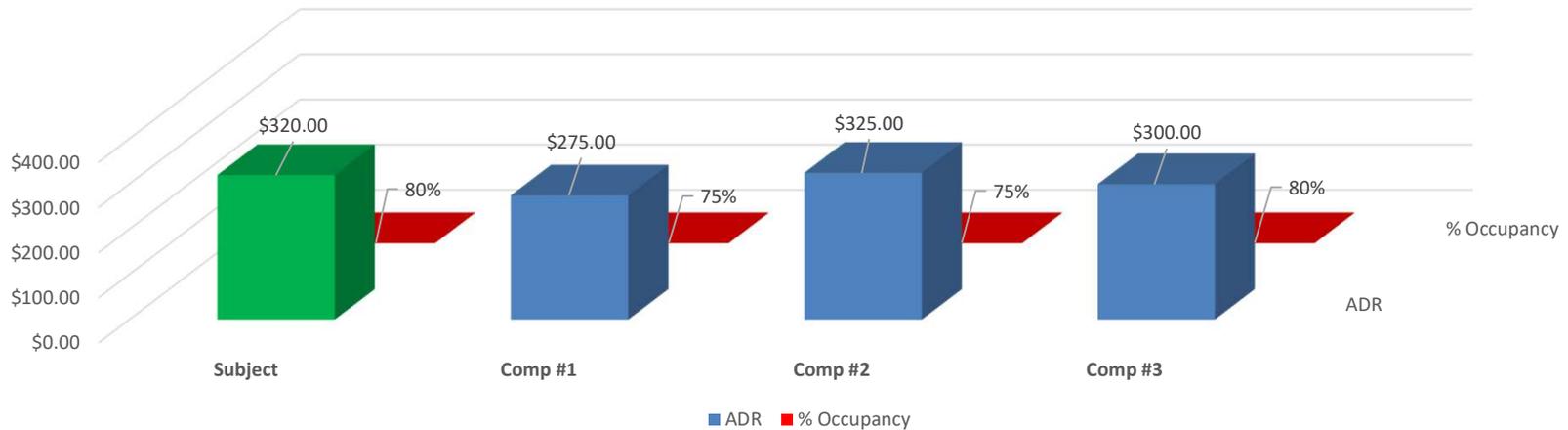
### Cap Rate



### Net Operating Income (NOI)



### Average Daily Rate / % Occupancy



## Conclusion

The subject property demonstrates above-average performance with an NOI of approximately **\$5.8M**. Recent transactions in the **9.75% cap rate range** support a value of **\$60M**, with the subject warranting a premium given its **80% occupancy, consistent cash flow, and prime coastal location**. For marketing purposes, the property is positioned confidently at **\$60M**, reflecting both its operating profile and strong market appeal.

## Cap Rate Range (Implied Values)

- NOI: **\$5,800,000**
- 9.00% cap → **\$64M**
- 9.50% cap → **\$61M**
- 9.75% cap → **\$59M**

## Market Conditions

*Current hotel financing rates range from **6.25%–6.75%** with typical 25-year amortization. Spreads are generally **2.00%–2.50%** above the 10-year Treasury. Leverage for 4-Star hotels is typically **65% loan-to-value**, implying borrower equity of approximately **35%**. These capital market dynamics continue to support active investor demand in the hospitality sector.*

## Final Statement

The property is **well-positioned to capture investor interest**, combining location advantages, stable income, and long-term upside potential. With favorable market conditions and proven NOI performance, a successful marketing outcome at the \$55M to **\$60M level** is strongly supported.

## Hotel Business Value / Real Estate Value LTV

Stabilized Net Operating Income	\$5,840,680	
Adjusted Real Estate NOI	\$4,240,680	
<b>Sales Price</b>	<b>\$60,000,000</b>	% of Sales Price
<b>Real Estate Value</b>	<b>\$43,563,558</b>	72.61%
<b>Business Value</b>	<b>\$16,436,442</b>	27.39%
Cap Rate	9.73%	
Franchise Related Fees	% of Rooms Only	\$650,000
		5.80%
Management Fees	% of Total Revenue	\$500,000
		3.25%
FF & E Reserves	% of Total Revenue	\$450,000
		2.92%
Total Franchise Related Fees & Expenses		\$1,600,000
<b>Add Backs/Non Recurring Fees &amp; Expenses</b>		
Total Add backs		\$0.00
		% Rooms
Adjusted Franchise Related Fees	% of Rooms Only	\$650,000
		5.80%
Management Fees	% of Total Revenue	\$500,000
		4.46%
FF & E Reserves	% of Total Revenue	\$450,000
		4.01%
Total Franchise Related Fees & Expenses		\$1,600,000
Total Adjusted Franchise Related Fees		
Comments:		

### Financing Structure based on Real Estate Value (Excluding Business Value)

#### Subtract Business Value from Sales Price

Sales Price	\$60,000,000
Less Business Value	\$16,436,442
Adjusted Real Estate Value	\$43,563,558

#### Financing Based on Adjusted RE Value

Max Loan to Value (LTV)	80.00%
Loan to Sales Price	\$34,850,846
<b>LTV Loan to Sales Price</b>	<b>58.08%</b>
<b>DSCR (Going Concern)</b>	<b>1.65</b>
<b>DSCR (All In NOI)</b>	<b>2.27</b>

The analysis demonstrates the separation of the business value to establish a Loan to Value (LTV) based on the Real Estate Value only; In addition to required Lenders DSCR. The adjustments to the NOI are based on The Rushmore Appraisal approach. These are only estimates, subject to a qualified appraisal.

## FINANCING OPTIONS

Loan Quotes as of: 9/17/2025

This is for demo purpose only. Costs & Lender LTV for All In vs. RE Value only is TBD

**RE: Hotel Demo**

	Portfolio Bank	Credit Union	Life Company	CMBS
Type of Financing				
Interest Rate	6.25% / 6.75%	6.35% / 6.85%	5.25% / 5.75%	5.75% / 6.75%
Fixed Period	3, 5, 7	3, 5, 7	10 Year Fixed	10 Year Fixed
Recourse/Non-Recourse	Non Recourse	Recourse	Non Recourse	Non Recourse
Purchase Price/ Value	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000
Real Estate Value (RE)	\$51,250,000	\$51,250,000	\$51,250,000	\$51,250,000
<b>Loan Amount</b>	<b>\$35,875,000</b>	<b>\$35,875,000</b>	<b>\$35,875,000</b>	<b>\$41,000,000</b>
Loan Term	25/10	25/10	30/10	30/15
<b>Max Loan to RE Value</b>	<b>70.00%</b>	<b>70.00%</b>	<b>70.00%</b>	<b>80.00%</b>
Debt Coverage Ratio	1.80	1.80	1.80	1.55
Prepayment Penalty	Step Down	None	Yield Maint	Yield Maint
Loan Fee Lender	\$179,375	\$256,250	\$269,063	\$205,000
Loan Fee Broker	\$125,000	\$125,000	\$125,000	\$150,000
Processing / Admin	\$15,000	\$15,000	\$20,000	\$150,000
Legal Fees:	\$40,000	\$40,000	\$40,000	\$100,000
Rating Agency:	N/A	N/A	N/A	\$25,000
Servicer / Trustee:	N/A	N/A	N/A	\$30,000
Appraisal/3rd Party Reports	\$20,000	\$20,000	\$25,000	\$40,000
<b>Total Estimated Costs</b>	<b>\$379,375</b>	<b>\$456,250</b>	<b>\$479,063</b>	<b>\$700,000</b>
LOI Deposit	\$25,000	\$25,000	\$25,000	\$50,000



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Interest Rates are subject to change with market conditions