



Customized Services for the Hotel Lending Community

Capital Hotel Management



COMPANY OVERVIEW

HISTORY

CHM represents more than 25 years of visitor-based real estate background and expertise, now dedicated to all facets of hospitality investment and asset management.



LENDER SERVICES OVERVIEW

CHM's company roots can be traced back to the early 1990s, when we first started assisting lenders in developing and implementing strategies specifically targeted at stabilizing distressed hospitality assets.

Unparalleled Hotel Lender Services

Strategic thinking, coupled with vast experience in asset managing lodging and related real estate, CHM delivers proven strategies for stabilizing distressed assets and recovering lost value.

Capital Hotel Management (**CHM**) is a boutique investment advisory firm comprised of highly seasoned professionals with specialized expertise in asset managing hotels and delivering customized strategies proven to optimize asset value and investment returns. **CHM** is the leading independent hotel asset management company operating in the U.S. today, actively overseeing hotel portfolio and single-asset investments including urban landmark properties, high-profile destination resorts and convention headquarter hotels. **CHM** is an SEC-registered investment advisor and Qualified Professional Asset Manager (QPAM) and to date, has represented investor interests and evaluated hospitality transactions totaling more than \$16 billion.

CHM's hotel asset management services have been developed and time-tested with the specific goal of enhancing asset value and optimizing returns for hotel owners and investors. The resources required to ensure rapid deployment and effective hotel asset management in today's market include a level of expertise encompassing a wide variety of related disciplines and property types. Recognizing the broad range of knowledge required to truly excel in this role, the principals and founders of **CHM** set out to assemble a team of hospitality experts whose qualifications, when combined, encompassed every facet of hospitality investment advisory. In 2000, **CHM** was described as "A 20-Year Old Start-Up", representing a fresh and aggressive approach to hotel asset management, supported an experienced staff with more than 25 years hotel consulting, development and investment experience. Today, as the company embarks on its 10th year anniversary, **CHM** is regarded among the leading hotel investment advisors, asset managers and receivers in the industry.

CHM has extensive experience in asset managing hotels at varying stages of transition and has partnered with the lending community for nearly two decades, developing strategies to recover collateral value and execute a timely exit successfully on behalf of a wide variety of financial institutions. In fact, **CHM's** company roots can be traced back to the early 1990s, at which time senior executives of the firm first identified the unique needs of lender clients and worked to develop and implement strategies specifically targeted at stabilizing distressed assets coming into receivership, optimizing value and preparing hotels for sale. Based on the success of early work with lenders, founding partners identified the applicability of hotel asset management services across non-distressed assets, which led to the formation of **CHM** in 2000.

CORE COMPETENCY

CHM's core competency is, and always has been, providing unparalleled hotel asset management services to a wide variety of clients, including lenders.

APPROACH

Speed to deployment, asset stabilization, reduction of financial distress and risk mitigation are all key elements of CHM's strategy.



CHM's proprietary web-based data repository is available exclusively to clients for real-time data sharing. Invaluable tool supporting ownership period and transaction activity.

Hotel Lender Services

Simply defined. Proven results.

In light of recent economic conditions, there has been a resurgence in the marketing of lender services—"Hotel Receivership" and "Distressed Assets" are active buzzwords within the lodging industry being touted by a wide-variety of groups, including hotel consultants, management companies and independent advisors, all of which have shifted their menu of services to include lenders.

CHM has remained true to its core business of providing unparalleled hotel asset management and investment advisory services and has neither reinvented the wheel, nor re-packaged our services to appeal to the masses. Rather, what we offer are the same time-tested techniques and expertise that has proven successful in targeting issues and addressing challenges of hotels and the entities that own them. The fundamental approach and process with respect to all ownership groups is the same – understand investment objectives and develop and implement the optimal strategy for achieving results.

CHM understands lender objectives and the wide-range of complex issues that can surround non-performing hotels, foreclosure, receivership and REO assets. **CHM** provides an entrepreneurial approach, customized to address lender needs including:

- Rapid deployment and asset engagement ramp-up;
- Dedicated on-site hotel asset management staff;
- "SWAT Team" approach—aligning seasoned subject matter experts with complex issues, able to tackle mixed-use and complex visitor-based asset components (hotel, residential, condominium hotel, retail, food and beverage);
- Operational, financial and legal risk mitigation;
- Close monitoring of cash flow and early identification of financial issues;
- Real time, customized and concise reporting and communications, including secure web-based data repository (**CHMiVIEW**);
- **CHM** best practices, systems and strategies to stabilize operational performance of the asset; and,
- Timely and optimal asset exit.

CHM's asset management services are designed to provide the best possible hotel supervision and oversight, with the intent of continuously improving asset quality, service, profitability and value.

RECEIVERSHIP

Speed to deployment and stabilization are key during the initial take-back of an asset. CHM offers a proven system for transitioning while simultaneously developing a strategy for achieving lender objectives.

Hotel Lender Services

Simply defined. Proven results.

CHM recognizes the unique circumstances surrounding lenders dealing with financially challenged hotel assets, and the importance of protecting the property and the related operating entity securing the loan. We also understand the process by which hotels may progress and transition from borrower, to foreclosure, to lender and offers services that are applicable and effective during each stage of this process.

Understanding that speed to deployment and stabilization are key during the initial take-back, **CHM** is positioned to initiate a transition typically within 24 to 48 hours. During the first 30 to 60 days that follow, **CHM** focuses efforts on three critical areas to effectuate a smooth transition, quickly identify and implement initiatives geared at stabilizing the asset, reduce financial distress, mitigate risk and establish direction and focus for on-going asset management of the asset. While tasks and analyses are customized based on specific asset components and lender requirements, the following provides a sample of the types of initiatives and action steps typically included within each focus area.

Take Over

Immediate implementation to effectuate transition.

- Develop and implement transition plan
- Identify operating components and immediate requirements (hotel, legal, risk, operating, etc.) to mitigate risk and stabilize asset
- Initiate team introduction and establish on-going communication, reporting, schedules and points of contact
- Evaluate management company's existing reporting and operating protocol
- Develop and implement detailed oversight Process – CHM's Best Practices Manual: Standard of Performance
- Review current financials and forecast to identify immediate cash flow situation and management plan
- Review and assess Emergency and Life Safety SOPs to ensure sufficiency
- Evaluate working capital requirements



Operational Review.

Identifying opportunities for enhanced performance and accountability.

- Evaluate management team performance
- Assess staffing levels and labor costs
- Review balance sheet, confirm asset and liability accounts and identify irregularities
- Review accounting procedures, controls and systems
- Review Aging Accounts Receivable/Payable reports, credit and collection policies and activities
- Review significant contracts, focusing on relevant business terms and the extent to which terms affect the operation, cash flow, commitment and asset value

Strategic Plan

Developing the roadmap to achieving investment objectives.

- Review marketing plan, initiatives and action steps
- Benchmark and analyze financial performance
- Review and assess website, internet marketing and rate-parity
- Review competitive market
- Assess hotel market positioning
- Evaluate opportunities for alternative use of under-utilized, non-profitable space, land, retail, etc.
- Develop strategies for enhancing operation and financial performance and ultimately hotel value
- Prepare, perform and timeline for initiative implementation
- Develop hold/sell analysis to determine optimal exit strategy
- Execute plan



REAL ESTATE OWNED STRATEGY

Asset management of real estate owned hotels provides financial institutions with a high-impact solution during the hold period and a carefully executed disposition plan.

OPTIONAL ACCOUNTING SERVICES

The CHM Accounting Team has successfully supported a wide-variety of client types with corporate-level accounting issues and on-going services.

Hotel Lender Services

Simply defined. Proven results.

Following foreclosure, the focus shifts to implementing initiatives identified in the Strategic Plan to optimizing hotel value and posturing for a targeted disposition. Exit strategies during the current phase of the lodging cycle lend a new complexity to lender-owned real estate, as the timing of disposition may be extended, leaving lenders owning hotels for longer periods than anticipated. Therefore, **CHM's** services are designed to both plan for the future execution of a sale, while also providing oversight and strategies to optimize cash flow in the short-term. As part of the Real Estate Owned strategy, **CHM** will:

- Prepare and distribute required ownership reporting
- Prepare valuation and sensitivity analyses in preparation for disposition
- Provide continued monitoring of hold/sell analysis and timing
- Provide on-going monitoring of cash flow and hotel operations
- Review and analyze annual budget/business plans
- Manage local, key stakeholder relationships
- Qualify existing and propose capital improvement/expenditure plan
- Administer risk management programs (insurance, litigation, etc.)
- Implement initiatives to optimize cash flow (i.e. assess staffing levels, review cost structure, negotiate with brand operator, etc.)
- Provide recommendations regarding management and branding
- Represent lender interests in all potential key contract negotiations

Led by **CHM's** Corporate Controller and in-house CPAs, the **CHM** Accounting Team is available to provide a wide-variety of optional ownership-level accounting services. While services are fully customized to meet specific client needs, the following provides a sample of the accounting role **CHM** currently fulfills on behalf of several existing clients:

- **Recordkeeping:** Perform ownership-level, US GAAP based accounting and financial reporting not typically provided by hotel operator, to include calculations for interest, taxes, depreciation, amortization, or the related balance sheet accounts.
- **Cash Flow Forecasting & Planning:** Prepare cash flow forecasts for the ownership entity taking into account forecasted cash from operations, projected debt service obligations, ownership expenses, and other obligations under the management agreement to assist with planning for any cash requirements or distributions.
- **Compliance:** Coordinate Audit, Tax, and Debt compliance with outside CPA firms, lenders and legal counsel.
- **Disposition:** Draft Purchase and Sale Agreement proration language with legal counsel and coordinate the calculation of proration adjustments with the hotel Controller and outside accountants to ensure accuracy.

MANAGEMENT TEAM

OVERVIEW

Hospitality real estate focused background.

Cohesive group, averaging 15 year working relationship.

Co-founders have been business partners for over 20 years.

SENIOR MANAGEMENT TEAM



The Value Of CHM Lies In Its People

CHM is comprised of a cohesive team of professionals, offering a broad range of expertise with over two centuries of combined hospitality-related real estate experience.

The true value of **CHM** lies in its people. **CHM's** team is comprised hospitality investment professionals, offering a broad range of expertise, with over two centuries of combined hospitality-related real estate experience. Our diverse background affords an unparalleled level of resources to draw upon enabling us to provide the most comprehensive hotel investment management services available in the industry today. The core team has been together on average of 15 years, with an employee turnover rate well below industry norms. **CHM's** corporate office is located just north of Boston, in Beverly, Massachusetts, with satellite offices operating in Fort Lauderdale, Honolulu, New York, Orlando and Washington, DC.

Ken Wilson, Chief Executive Officer (CEO), co-founded **CHM** in September 2000. Under his leadership, the company's portfolio of asset-managed hotels has grown by 300%, to a current aggregate book value of more than \$5.0 billion. Mr. Wilson's more than 25 years of hospitality industry experience encompasses all aspects of hotel investment and ownership. As CEO, Mr. Wilson is responsible for raising and negotiating equity and debt financing, negotiation of purchase and sale agreements in support of asset acquisition and disposition, advising on workout strategies and bankruptcies, and participating in hotel management/franchise company selection and contract negotiation. He has sourced direct deals and developed creative partnerships/ownership structures, has been involved in the review of more than 300 hotel investment deals and has negotiated contracts on behalf of ownership groups with every major brand operator resulting in increased owner control and more favorable fee structures. Mr. Wilson serves as the company visionary and practice leader for **CHM**, whose strategic insight extends to the properties in our portfolio, specifically in the areas of operation, development/master planning and investment strategies.

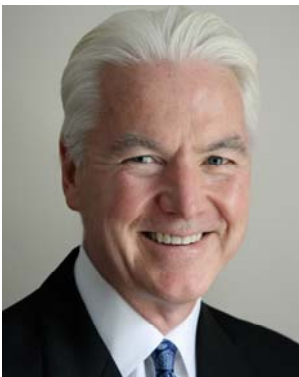
Chad Crandell is the President and co-founder of **CHM**, leading provider of asset management services to owners, developers and investors of hotels and resorts collectively valued at more than \$5.0 billion. Mr. Crandell is responsible for overseeing all **CHM** corporate functions, as well as focusing on client relations, development and deal sourcing. With extensive experience in structuring fair and equitable agreements pertaining to hotel ownership, Mr. Crandell plays an active role in all contract negotiations. He also advises on key operational challenges, including risk mitigation, capital planning and expenditures and investor-funded capital projects. In addition to serving as the past President of HAMA (Hospitality Asset Managers Association), Mr. Crandell is a spokesperson for **CHM** and active advocate for hotel ownership and industry issues, participating and routinely speaking at all major conferences. Mr. Crandell is regularly quoted in industry articles and has authored a number of chapters and case studies published as part of industry text books. Mr. Crandell is a member of the International Society of Hospitality Consultants, holds a Counselors of Real Estate distinction and graduated with a B.S. in Hotel Administration from Cornell University.

MANAGEMENT TEAM

SENIOR MANAGEMENT TEAM (CONTINUED)



Fern Kanter possesses 25 years experience supporting her current role as Executive Vice President at **CHM**. As a member of **CHM's** Executive Committee Team, she plays an active role in client relations and is involved in the development of the company's business plan and execution of corporate growth strategies. Ms. Kanter's primary focus is developing strategies to achieve ownership investment objectives for each of the hotels in the **CHM** portfolio. At the onset of a new client engagement, Ms. Kanter coordinates the efforts of transition planning and take-over, develops the strategic vision for the asset and develops initiatives in support of achieving planned objectives. As part of these strategies, Ms. Kanter is responsible for identifying opportunities for operational enhancement, as well as analyzing and executing on opportunities for re/development. Ms. Kanter has extensive resort master-planning and development experience, including assembling and actively leading teams through the entitlements process and has been involved in planning projects estimated to increase land value by more than \$80 million. Ms. Kanter manages the due diligence team responsible for investment analyses supporting clients in the acquisition and disposition of assets, and is responsible for the day-to-day oversight and coordination of **CHM** team activities and professional staff development.



Michael Doyle has over 25 years of experience in operating, developing and asset managing first-class hotels and resort golf properties. As Executive Vice President, Mr. Doyle directs **CHM's** asset management function and serves as a member of the Executive Committee. In this capacity, he is responsible for introducing best practices reporting standards, conducting property operational reviews, identifying opportunities to create value through revenue enhancement and cost containment, and fostering positive working relationships with the property management teams to collaboratively work to implement initiatives in support of owner investment goals. Mr. Doyle plays an active role in interviewing and approving property executive committee members, as permitted by the management agreement and is involved in the ongoing oversight of property operations, including an annual review and approval of operating budgets, market and operating plans and capital expenditure programs. Mr. Doyle directs the efforts and is responsible for the professional development of the **CHM** asset management team. Recognized for his skills and demonstrated track record in operations, including acting General Manager at some of the world's finest hotels, Mr. Doyle holds a designation as a Certified Hotel Administrator and graduated with a B.S. in Hotel Administration from Cornell University.



CONTACT US



OFFICE LOCATIONS

Capital Hotel Management

■ **Boston** ■

Corporate Office
548 Cabot Street
Beverly, MA 01915
T 978.522.7000

■ **Fort Lauderdale** ■

T 954.458.3204

■ **Honolulu** ■

T 808.931.8607

■ **New York** ■

T 607.319.4134

■ **Orlando** ■

T 321.208.7963

■ **Washington, D.C.** ■

T 510.275.9927

WEBSITE/EMAIL

chmhotel.com
info@chmhotel.com