

**APPLICATION**  
**OF**  
**HOTEL MEMPHIS, L.P.**  
**FOR**  
**TOURISM SURCHARGE INCENTIVES**  
**AND**  
**PAYMENT-IN-LIEU-OF-TAX INCENTIVES**  
**BEFORE**  
**CENTER CITY REVENUE FINANCE CORPORATION**

---

**2022**

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1) **APPLICANT BACKGROUND:**

Hotel Memphis, L.P. (“Hotel Memphis” or “Applicant”)  
250 North Main Street  
Memphis, TN 38103

Business Description: Owner of Sheraton Memphis Downtown Hotel

Legal Structure: Delaware limited partnership

Applicant Representatives: Rob Tanenbaum  
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Applicant is a joint venture between affiliates of Starwood Capital Group and Schulte Hospitality Group. Hotel Memphis owns the business known as the Sheraton Memphis Downtown Hotel (the “Sheraton Memphis”), the largest hotel in the City of Memphis. In 2017, Hotel Memphis acquired the Sheraton Memphis, a 600-key hotel with more than 16,000 square feet of meeting/exhibit space that has long-served as the City’s only convention center hotel. Due to the hotel’s location near the Convention Center yet away from the heart of Downtown Memphis’ entertainment district, Hotel Memphis derives the large majority of its revenue from business associated with Convention Center events.

In December 2021, Hotel Memphis transitioned management of the Sheraton Memphis to Davidson Hospitality. Hotel Memphis is committed to providing high-quality employment opportunities and economic benefit for the Memphis community with the Sheraton Memphis currently supporting an estimated 253 permanent jobs and \$12.1M in total annual wages.

**About Starwood Capital Group**

Starwood Capital Group (“Starwood”) is a private investment firm with a primary focus on global real estate. Since its inception in 1991, Starwood has invested in over \$195 billion of assets, including properties within every major real estate asset class. The firm has grown into a diversified investment company that today encompasses nearly 4,000 employees with offices in Miami (Headquarters), Arlington, Atlanta, Chicago, Dallas, Greenwich, Los Angeles, New

York, San Francisco, Washington, D.C., and affiliated offices in Amsterdam, Hong Kong, London, Luxembourg, Sydney and Tokyo.

Throughout its history, Starwood has created a number of market-leading platforms to enhance operational efficiencies and maximize the value of its investments. These platforms include:

- One of the world’s largest public hotel companies — Starwood Hotels & Resorts;
- One of the largest portfolios of select-service hotels in the United States;
- An innovative hotel management company, SH Hotels & Resorts, that is growing its 1 Hotels, Baccarat Hotels and Treehouse Hotels brands;
- One of the largest collections of multifamily apartments in the United States and an in-house multifamily property management company — Highmark Residential; and
- Two of the biggest commercial mortgage finance companies in the United States — Starwood Property Trust and iStar.

Starwood’s hallmark is to invest opportunistically, moving between geographies, asset classes and positions in the capital stack, as the firm perceives risk/return dynamics to be evolving. In its pursuit of the most compelling opportunities globally, Starwood has invested in more than 30 countries, ranging from the Americas to Europe to Asia.



### **About Schulte Hospitality Group**

Schulte Hospitality Group (“Schulte”) is a professional hotel management and development company managing over 150 hotels in 31 states including Hilton, IHG, Marriott, autograph, independent, and lifestyle and boutique branded properties. The company was formed by several generations of experienced hoteliers who had a passion for the business, and the drive and fortitude sought by many owners. Schulte provides both the systems and the people to efficiently manage hotels in order to achieve maximum results for its owners and partners.

Schulte’s established relationships with all of the major franchise companies enable it to provide a great value of knowledge to its clients. Schulte has been successful in meeting its

goals to prove measurable results in achieving revenue, profit margins, guest satisfaction and associate loyalty.

**2) PROPOSED PROJECT:**

The original portion of the Sheraton Memphis was built in 1985 and the additional tower with 207 rooms was constructed in 2004. The Sheraton Memphis has not undergone a significant renovation in almost 10 years. Moreover, Hotel Memphis must maintain the Sheraton Memphis such that brand standards are satisfied. As such, and in conjunction with the opening of the newly-renovated Renasant Convention Center (“RCC”), Hotel Owner is considering a renovation of the Sheraton Memphis (the “Renovation”) and, conditioned on market conditions, the potential construction of 300 additional rooms at the hotel property (the “Expansion”, and together with the Renovation, individually and/or collectively, as the context may require, the “Project”).

With the Project, Hotel Memphis’s goal is to reinvigorate the Sheraton Memphis to be the “living room” of the RCC with defined social gathering spaces and amenities, along with a renovation of the guestroom product to compliment the \$220M renovation of the RCC. Hotel Memphis wants to enhance its presence on the corner of Exchange and Main in order to further revitalize the RCC area. Hotel Memphis believes its goals align with the mission of Memphis 3.0.

With respect to the Renovation of the Sheraton Memphis, Hotel Owner anticipates making capital investments (real property and tangible personal property) totaling approximately \$86 million. In addition to the costs of the Renovation, Hotel Memphis intends to conduct future refreshes of guestrooms and public spaces at an estimated cost of \$37 million over the next 30 years, for a total Renovation Project cost of \$123 million.

Project Costs – Renovation Only	
<b>Renovation</b>	\$ 86,000,000
<b>Refreshes (over 30 years)</b>	\$ 37,000,000
<b>TOTAL</b>	<b>\$ 123,000,000</b>

Significant components of the Renovation will include:

- ✓ Arrival and Porte Cochere upgrades
- ✓ Lobby renovation
- ✓ Meeting and Banquet Space enhancements
- ✓ Convert existing bar/restaurant into upscale Memphis-themed Sports Bar and Grill
- ✓ New Lobby Bar
- ✓ Infrastructure upgrades
- ✓ Expansive Guest and Bathroom renovation
- ✓ New Event Deck on 2nd floor (with additional visual connection to RCC)

Hotel Memphis has included, as attached Exhibit “A”, concepts currently contemplated for various portions of the Renovation.

Whether Hotel Memphis undertakes any Expansion will be driven ultimately by then-existing market conditions, including (i) RCC future booking pace, (ii) RevPar for Downtown Memphis hotel market; (iii) increase in corporate demand through additional commercial development, (iv) air travel to/from Memphis, and (v) City-approved revitalization efforts. Any Expansion likely would consist of construction of a second tower adjacent to the Sheraton Memphis, which Hotel Memphis anticipates would take 22 months to complete and \$103 million in capital expenditures (real property and tangible personal property).

<b>Project Costs – Renovation plus Expansion</b>	
<b>Renovation</b>	\$ 86,000,000
<b>Refreshes (over 30 years)</b>	\$ 37,000,000
<b>Expansion</b>	\$ 103,000,000
<b>TOTAL</b>	<b>\$ 226,000,000</b>

**Breakdown of Project Costs (without Refreshes)**

Sheraton Memphis	Control Budget	
	Cost/Line Item	\$/Key
Hard Costs - EXISTING RENOVATION	63,097,464	105,162
Hard Costs - NEW TOWER	78,000,000	260,000
<b>Hard Costs Total</b>	<b>141,097,464</b>	<b>235,162</b>
Soft Costs - EXISTING RENOVATION	3,365,000	5,608
Soft Costs - NEW TOWER	5,000,000	16,667
<b>Soft Costs Total</b>	<b>8,365,000</b>	<b>13,942</b>
FF&E - EXISTING RENOVATION	12,000,000	20,000
FF&E - NEW TOWER	10,500,000	35,000
<b>FF&amp;E Total</b>	<b>22,500,000</b>	<b>37,500</b>
<b>Project Subtotal - Existing Renovation</b>	<b>78,462,464</b>	<b>130,771</b>
<b>Project Subtotal - New Tower</b>	<b>93,500,000</b>	<b>155,833</b>
<b>OVERALL Project Contingency 10%</b>	<b>17,196,246</b>	
<b>TOTAL PROJECT COST</b>	<b>189,158,710</b>	<b>210,176</b>

**3) PROJECT LOCATION / SITE CONTROL**

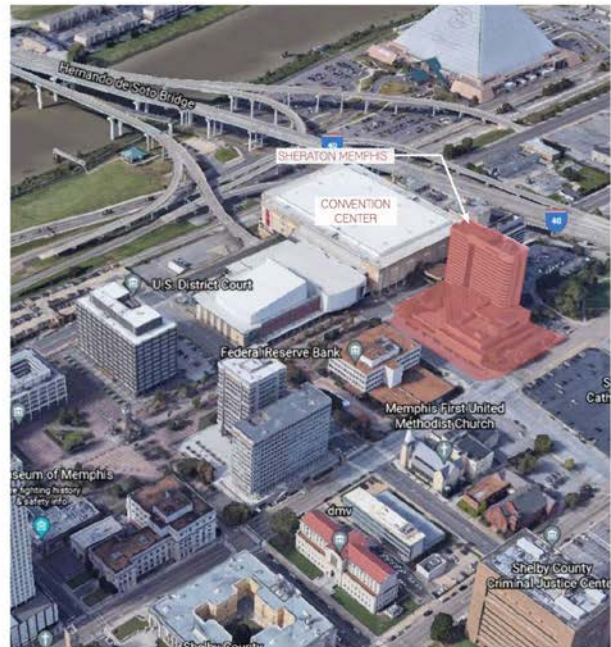
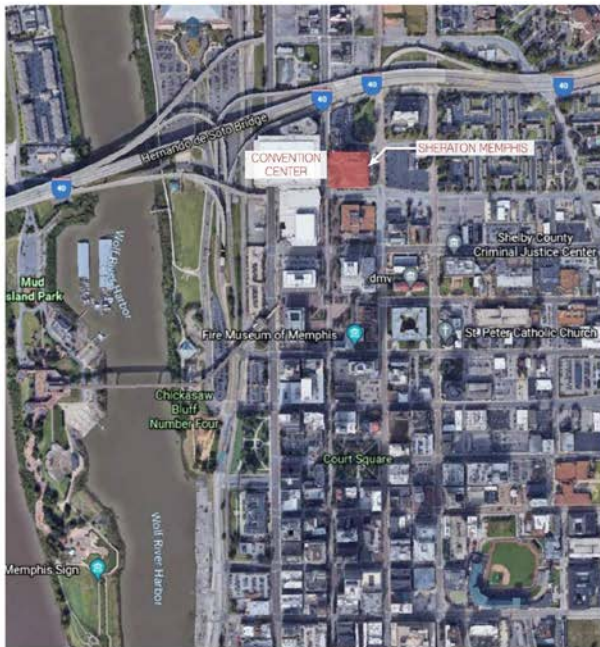
The Sheraton Memphis is and the Project would be located on the following tax parcels (collectively, the “Project Location”):

- Tax Parcel ID #001030 00001L (250 N. Main Street)
- Tax Parcel ID #001029 00004 (0 Market);
- Tax Parcel ID #001029 00005 (0 Market);
- Tax Parcel ID #001030 00002 (0 Market);

- Tax Parcel ID #001030 00003 (0 Market); and
- Tax Parcel ID #001030 00001Z (Market Ave)

Legal title to the Project Location is currently vested in the CCRFC, which leases the Project Location to the City pursuant to that Amended and Restated Lease Agreement dated as of April 14, 1998 and recorded as Instrument No. HW5726 in the Register’s Office of Shelby County, Tennessee, as amended (the “PILOT Lease”). The City subleases the Project Location to Hotel Owner pursuant to that Amended and Restated Lease Agreement dated as of April 14, 1998, a memorandum of which is recorded as Instrument No. HT2689, as amended. The City has agreed, and the CCRFC has consented, to the City’s transfer to Hotel Memphis of the City’s right, title, and interest under the PILOT Lease, including the option to purchase the Project Location at the end of the PILOT Lease term.

If Hotel Owner undertakes the Expansion as part of the Project, construction of the additional tower likely would occur on Tax Parcel ID #001029 00003 (0 N. Second Street) (the “Expansion Parcel”), which is currently owned by the City. In that event, Hotel Owner requests that the Project Location be amended and expanded to include the Expansion Parcel, and that the incentives requested herein be made applicable to the Expansion and the Expansion Parcel.



#### 4) FINANCIAL ITEMS:

If the Project is granted satisfactory economic development incentives by the CCRFC, the City and the State of Tennessee, then Hotel Memphis anticipates that all Project costs would be funded by the Tourism Surcharge revenues and by the property tax savings arising from the new PILOT incentives.



**Financial Projections**

Hotel Memphis has included, as attached **Exhibit “B”**, an executive summary outlining key financials supporting this Application, including a sources-and-uses statement and pro forma. In this analysis, Hotel Memphis compares pro forma financials and projected returns under six (6) scenarios:

- 1) Renovation funded by Tourism Surcharge revenues and savings from new PILOT incentives;
- 2) Renovation funded by Tourism Surcharge revenues, but without new PILOT incentives;
- 3) Renovation funded by Hotel Memphis (including private debt);
- 4) Renovation *plus* Expansion funded by Tourism Surcharge revenues and savings from new PILOT incentives;
- 5) Renovation *plus* Expansion funded by Tourism Surcharge revenues, but without new PILOT incentives; and
- 6) Renovation *plus* Expansion funded by Hotel Memphis (including private debt)

Stabilized returns on equity under each of these scenarios are as follows:

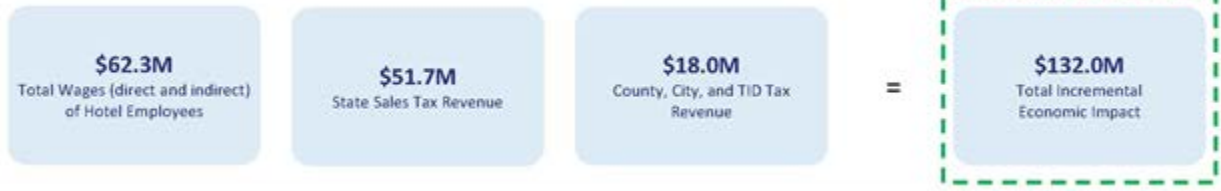
Cumulative Equity & Return Metrics						
	600-Key Scenario			900-Key Scenario		
	TDZ & PILOT	TDZ Only	Self-Funded	TDZ & PILOT	TDZ Only	Self-Funded
Peak Equity	\$25,011	\$25,011	\$25,011	\$25,011	\$25,011	\$25,011
Renovation / Construction Equity	-	-	43,154	-	-	125,179
30-yr Cumulative Refresh Capex	-	-	37,000	-	-	37,000
<b>Total "Cumulative" Equity</b>	<b>\$25,011</b>	<b>\$25,011</b>	<b>\$105,165</b>	<b>\$25,011</b>	<b>\$25,011</b>	<b>\$187,190</b>
	<u>Year 6</u>	<u>Year 6</u>	<u>Year 6</u>	<u>Year 8</u>	<u>Year 8</u>	<u>Year 8</u>
Stabilized Cash Flow	\$3,820	\$2,730	\$4,182	\$3,830	\$890	\$5,144
<b>Stabilized Return on Equity</b>	<b>15.3%</b>	<b>10.9%</b>	<b>4.0%</b>	<b>15.3%</b>	<b>3.6%</b>	<b>2.7%</b>

The Project’s Sources and Uses Statement is located on Page 1 of attached **Exhibit “B”**. The remainder of the Exhibit is comprised of Hotel Memphis’s Pro Forma for each of the above scenarios for the requested 30-year PILOT term.

**Economic Impact of Project**

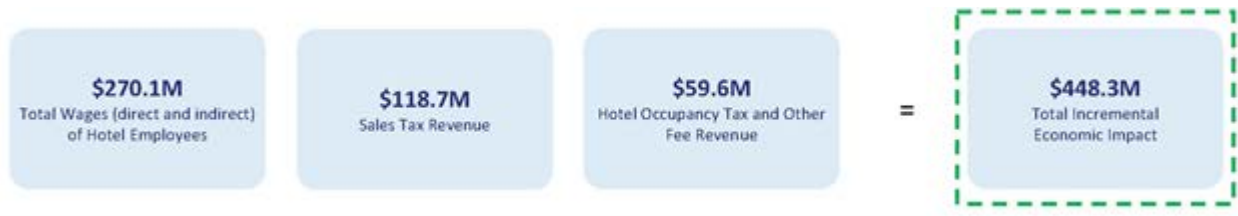
The Renovation and potential Expansion of the Sheraton Memphis is in furtherance of the public purposes of the CCRFC, including promoting commerce, tourism and recreation in and adjacent to the City and Shelby County, facilitating and accelerating commercial real estate development, and increasing investment and economic development. The Renovation would draw a new mix of business and additional demand providing, based on projections over the next 30 years, an additional \$62M in wages and \$70M in tax revenue, for a total incremental economic impact of \$132M.

**30-Year Economic Impact of Sheraton Memphis (600-key, transformation)**



The Expansion, if undertaken, is expected to create approximately 115 new permanent jobs, contribute an additional \$4.7M in annual wages, and generate a total incremental impact of \$316M for a total Project opportunity impact of \$448M.

**30-Year Economic Impact of Sheraton Memphis (900-key, transformation with additional tower)**



**Incentives Requested**

From the outset of acquiring the Sheraton Memphis, Hotel Memphis has faced significant and unexpected headwinds in the ownership and operation of the Hotel. First, the renovations to the RCC were delayed and ultimately took longer to commence than initially anticipated. This and the intervening closure of the RCC had significant adverse effects on the revenues generated by the Sheraton Memphis. Next, Loews Hotels announced and pursued plans to build a competing convention center hotel. Lastly, the COVID-19 global pandemic decimated the hospitality industry, the impact of which has been and continues to be significant on both revenue and supply chains, not to mention the entire disruptive effect on the travel ecosystem and worldwide tourism.

Even with the grand reopening of the RCC last year, convention business has been slow to return to Memphis. In late 2021, AutoZone held its national sales meeting, the first large-scale event to take place at the newly renovated RCC. Originally scheduled to return to the Convention Center in September 2020, this AutoZone event was the first significant convention business that the Sheraton Memphis enjoyed in many months.

These forces (all of which were beyond Hotel Memphis’s control) coalesced to greatly impact the economic feasibility of the Project. Despite Hotel Memphis’ conviction in Memphis and belief in the Sheraton Memphis, expected cash flows following Project completion do not provide a sufficient return on the required costs, and the combination of a large amount of capital placed at risk and below market investment returns renders the transformational Project infeasible in the absence of external funding sources. As a result, Hotel Memphis needs to collaborate with the CCRFC and the City and, to that end, requests the following economic development incentives for the Project:

## **1. Tourism Surcharge Incentives**

The Local Tourism Development Zone Business Act, Tenn. Code Ann. §§ 67-4-3001 *et seq.* (the “Surcharge Act”) permits the City: (i) to impose a privilege tax on the sale of certain goods and services (a “Tourism Surcharge”) within all or a portion of the Downtown Memphis Tourism Development Zone (the “Downtown TDZ”), and (ii) to assign the revenues generated from a Tourism Surcharge to CCRFC to finance, fund, or otherwise reimburse costs incurred in connection with the development of a qualified public use facility (“QPUF”). The Surcharge Act defines a QPUF as, in relevant part, a full-service hotel of 250 or more rooms and related retail, commercial, and parking spaces located within the Downtown TDZ.

The Sheraton Memphis is a full-service hotel with 600 rooms and various commercial, retail and parking areas, and is located within the Downtown TDZ. The Sheraton Memphis qualifies for Tourism Surcharge incentives. As such, Hotel Memphis requests that:

- i.** the CCRFC and the City designate the Project Location, together with the Expansion Parcel, as a QPUF under the Surcharge Act;
- ii.** the City impose via ordinance a Tourism Surcharge of five percent (5%) on the sale of all qualified goods and services made within the Project Location for a period of thirty (30) years;
- iii.** the City assign all revenues generated by such Tourism Surcharge to CCRFC to finance or fund all applicable costs incurred in connection with the Project; and
- iv.** the CCRFC enter into a development agreement with Hotel Memphis in connection with the Tourism Surcharge incentive and the use of the proceeds therefrom as the funding mechanism for the Project.

Applying a 5% surcharge to total revenue expected to be generated over the next 30 years at a renovated Sheraton Memphis (including room revenue, F&B revenue, occupancy revenue), Hotel Memphis projects that the Tourism Surcharge would generate an average of \$2.8M/year in revenues with a total of \$93M (not present value) in revenues over the 30-year term (see: Exhibit “B”). If Hotel Memphis undertakes the Expansion, it anticipates that the Tourism Surcharge levied at a renovated and expanded Sheraton Memphis would generate an average of \$4.2M/year in revenues with a total of \$127M (not present value) in revenues over the 30-year term (see: Exhibit “B”).

## **2. PILOT Incentives**

Subject to the Special Requests set forth below, Hotel Memphis requests that CCRFC grant a PILOT incentive for the Project for a period of not less than thirty (30) years (the “PILOT Term”) commencing on September 2, 2023, with respect to all real property parcels comprising the Project Location, together with the Expansion Parcel.

Hotel Memphis requests that CCRFC grant certain special requests, which may require CCRFC to waive or make exceptions to certain provisions of its Downtown Memphis PILOT Program Policies and Procedures, in order to fashion an incentive package that will enable the

revitalization and potential expansion of the Sheraton Memphis (the “Special Requests”). These Special Requests include the following:

**A. 30-Year PILOT Term.** Hotel Memphis requests that CCRFC approve the Project for a 30-year PILOT incentive subject to approval by the Tennessee Comptroller of the Treasury and the Commissioner of the Tennessee Department of Economic and Community Development, and that the CCRFC would assist and support Hotel Memphis in seeking and obtaining such approval.

**B. Extended Closing Period.** Hotel Memphis requests that the PILOT incentives awarded by CCRFC be closed no earlier than September 2, 2023 (i.e., the current expiration date of the PILOT Lease), without having to seek any extensions of the typical one-year closing period.

**C. Pre-Development Assessment.** Hotel Memphis requests that the “frozen”, pre-development tax assessment set forth in the PILOT Lease of \$4,000,000, be made and considered the tax assessment for purposes of any new PILOT incentive and new lease agreement (or any amendment to the existing PILOT Lease) for the Project, such that the PILOT payments to be made thereunder will be calculated as:

- i. With respect to City of Memphis taxes, payments shall be based on 100% of the predevelopment assessment of \$4,000,000 times the then current mileage rate, plus 25% of the increase in the assessment from the date of PILOT closing to the date of determination times the then current mileage rate; and
- ii. With respect to Shelby County taxes, payments shall be based on 100% of the predevelopment assessment of \$4,000,000 times the then current mileage rate, plus 25% of the increase in the assessment from the date of PILOT closing to the date of determination times the then current mileage rate.

**D. Purchase Option.** Hotel Memphis requests that the option to purchase the Project Location under any new PILOT lease agreement (or any amendment to the existing PILOT Lease) be exercisable at any time during the term thereof, but not earlier than September 2, 2023.

**E. Base Rent.** Hotel Memphis requests that the basic rent under any new PILOT lease agreement (or any amendment to the existing PILOT Lease) be One Hundred and No/100 Dollars (\$100.00) per annum.

**F. Value of Renovations.** Hotel Memphis requests that the Project be found eligible for the requested PILOT incentives so long as the value of the proposed building renovations, site improvements, and new construction is equal to at least twenty percent (20%) of the total cost of the Project.

## **5) ANTICIPATED PROJECT TIMELINE:**

- Closing of the loan or other financing: Q4/2022

- First expenditure of funds with regard to the Project: Q4/2022
- Commence Renovation: Q1/2023.
- Complete Renovation: 18 months after commencement, based on a phased approach so Sheraton Memphis would remain open during Renovation.
- Commence Expansion: If, in Hotel Memphis's discretion, market conditions would support additional rooms to the Sheraton Memphis, then Hotel Owner could potentially commence the Expansion as early as 2024.
- Complete Expansion: 20-22 months after commencement.

**6) PROJECT PROFESSIONALS:**

The following professionals will be involved in establishing the Project:

Applicant's Legal Counsel

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 Rinaldi, Finkelstein & Franklin, LLC  
 591 West Putnam Avenue  
 Greenwich, CT 06830  
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 Email: jraved@Starwood.com

Applicant's Local Legal Counsel

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Applicant's Contractor

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Applicant's Project Manager

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9000 Biscayne Blvd,  
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Hospitality and Interiors Americas  
NW Arkansas  
2203 S Promenade Blvd Suite 8260  
Rogers, AR 72758  
Telephone: (562) 628-8000

To the best of Applicant's knowledge, Applicant has no previous or ongoing professional relationship with any board member of CCRFC or with the legal counsel for CCRFC.

**7) CREDIT REFERENCES:**

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Email: michael.piccirillo@citi.com

William Butler  
Senior Vice President  
Citizens Bank

Telephone: 914.620.5743  
Email: William.j.butler@citizensbank.com

**8) ITEMS FOR LEASE PREPARATION**

- Hotel Memphis, L.P. will be the lessee under the existing PILOT Lease or any new PILOT lease agreement with CCRFC
- Project Location will be comprised of the following tax parcels:
  - #001030 00001L (250 N. Main Street) (2022 appraised value: \$44,600,000)
  - #001029 00004 (0 Market) (2022 appraised value: \$500)
  - #001029 00005 (0 Market) (2022 appraised value: \$216,700)
  - #001030 00002 (0 Market) (2022 appraised value: \$377,600)
  - #001030 00003 (0 Market) (2022 appraised value: \$1,409,800)
  - #001030 00001Z (Market Ave) (2022 appraised value: \$2,800)
  - #001029 00003 (0 N. Second Street) (2022 appraised value: \$957,800)

**9) DISCLOSURES:**

- Applicant civil proceedings: None
- Applicant criminal proceedings: None
- Felony indictments: None
- Bankruptcy filings: None

**10) DIVERSITY PLAN:**

Hotel Memphis will comply with the CCRFC's Equal Business Opportunity (EBO) Program during the term of the Project, and will coordinate utilization plans with CCRFC staff prior to closing and establishing the requested incentives.

## **APPLICATION REPRESENTATIONS AND COVENANTS**

This application is made in order to induce the Memphis Center City Revenue Finance Corporation (CCRFC) to grant financial incentives to the applicant. The applicant hereby represents that all statements contained herein are true and correct. All information materially significant to the CCRFC in its consideration of the application is included. The applicant expressly consents to the CCRFC's investigation of its credit in connection with this application. The applicant acknowledges that it has reviewed the descriptions of the CCRFC financial program for which it is applying and agrees to comply with those policies. The applicant shall also be required to show a good faith effort with regard to the employment of MWBE contractors. The applicant specifically agrees to pay all reasonable costs, fees and expenses incurred by the CCRFC whether or not the incentive is granted or project completed.

### **APPLICANT:**

HOTEL MEMPHIS, L.P.,  
a Delaware limited partnership

By: Hotel Memphis GP, L.L.C.,  
a Delaware limited liability company,  
its general partner

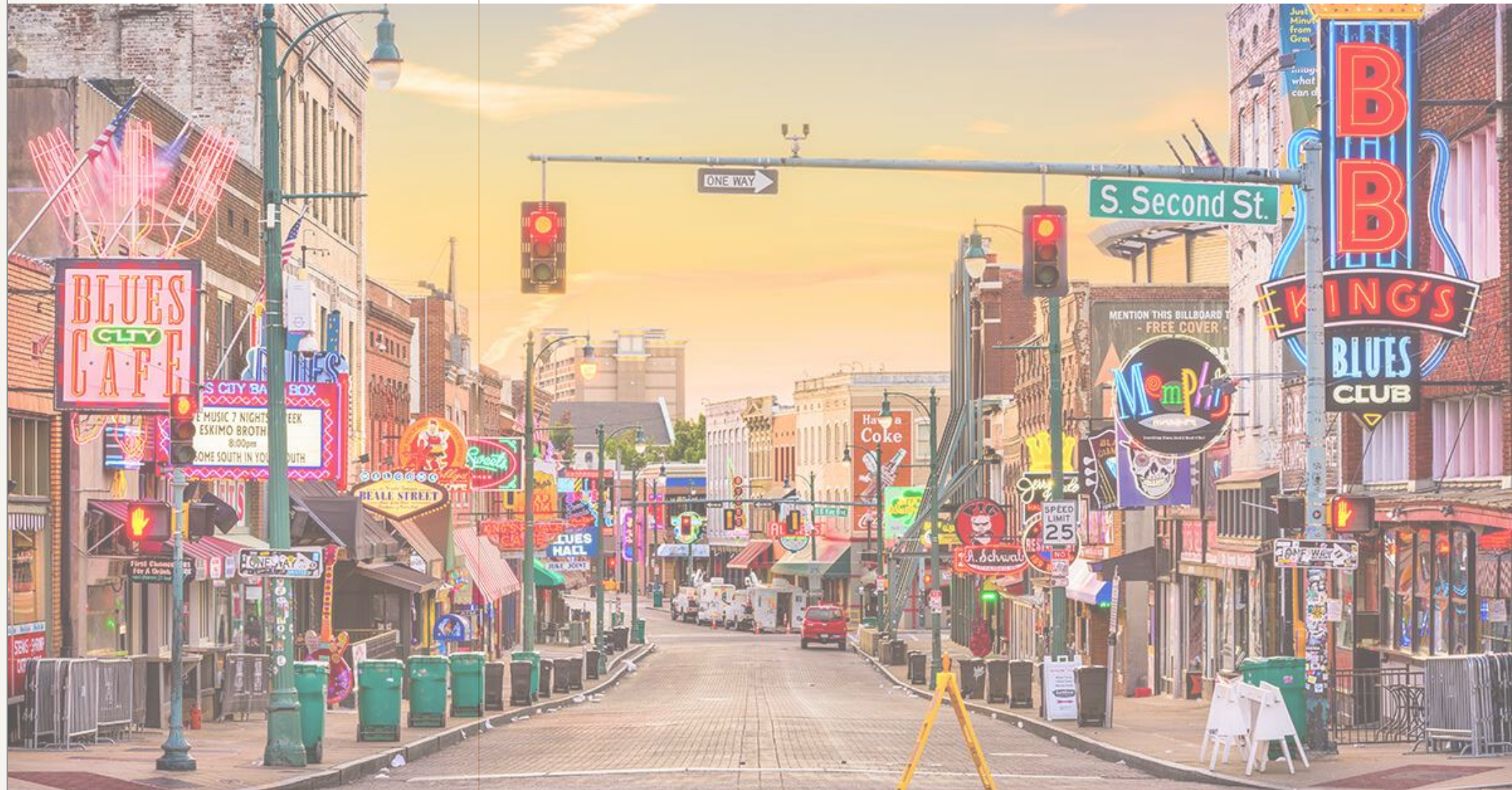
By: *Matt DiCello*

Name: Matt DiCello

Title: Vice President Asset Management



# **EXHIBIT A**



Memphis, Tennessee  
**SHERATON**

January 25, 2022

**rdc.**

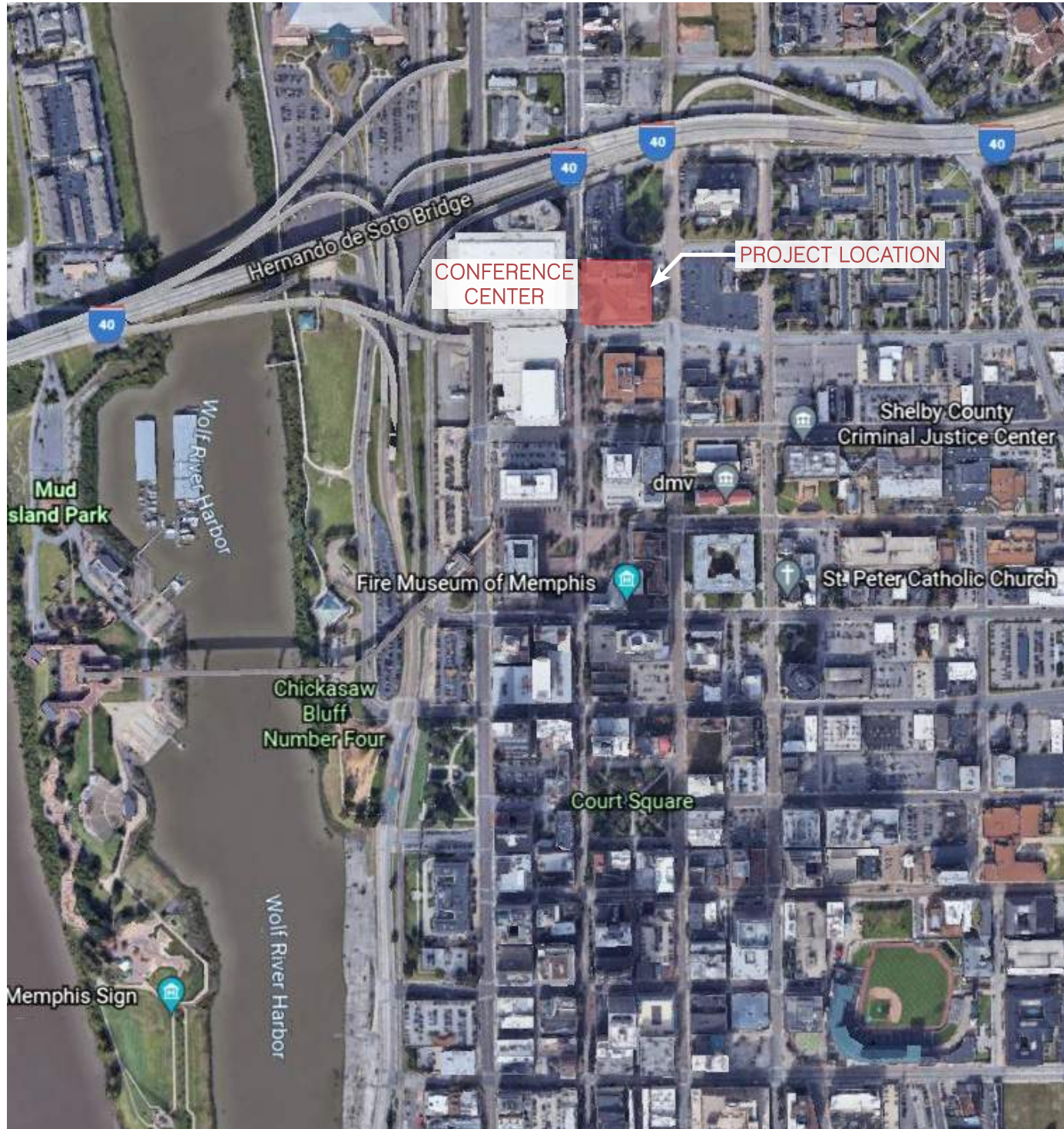


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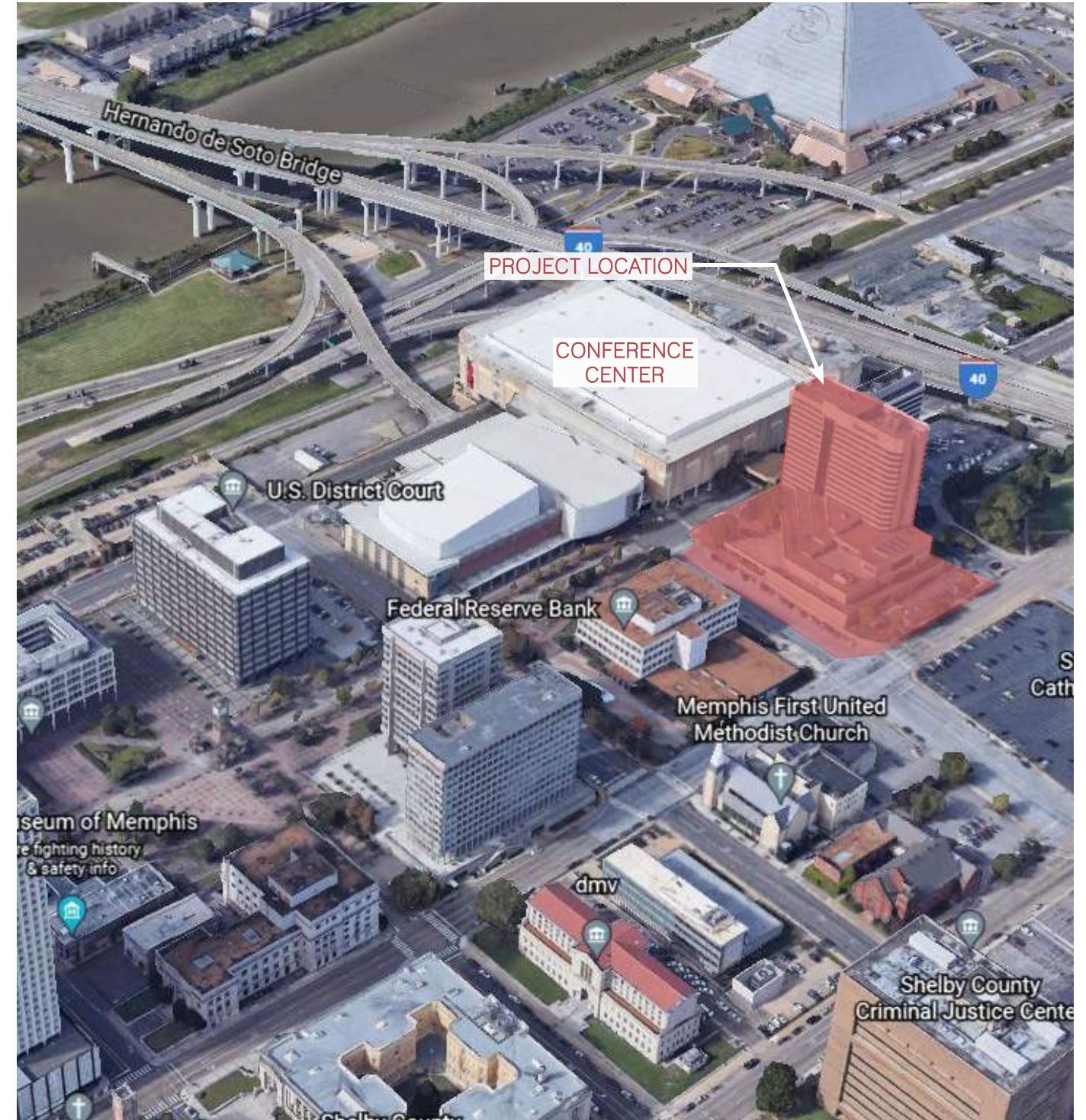
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# Site Context

Vicinity Map



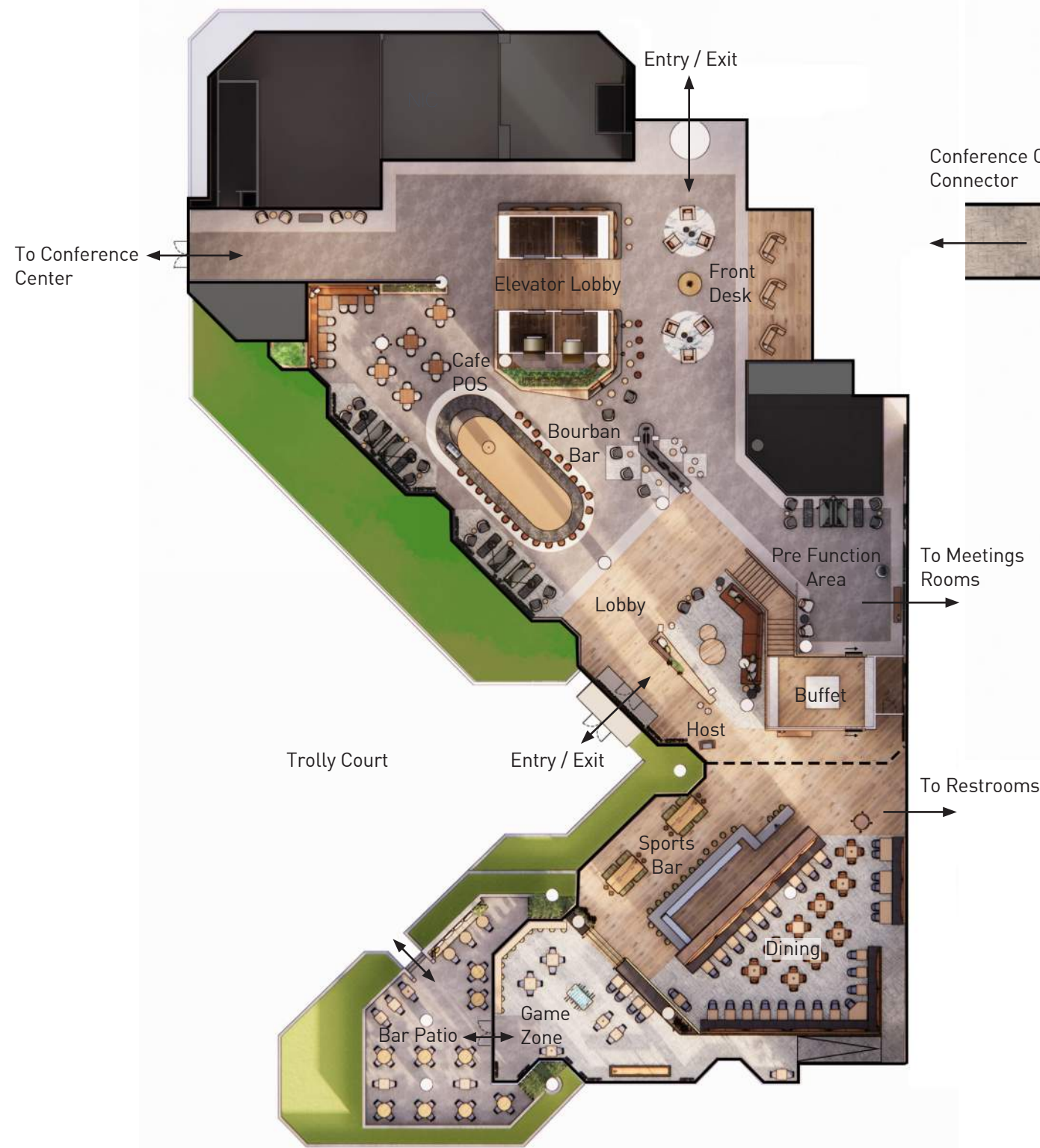
Site Map



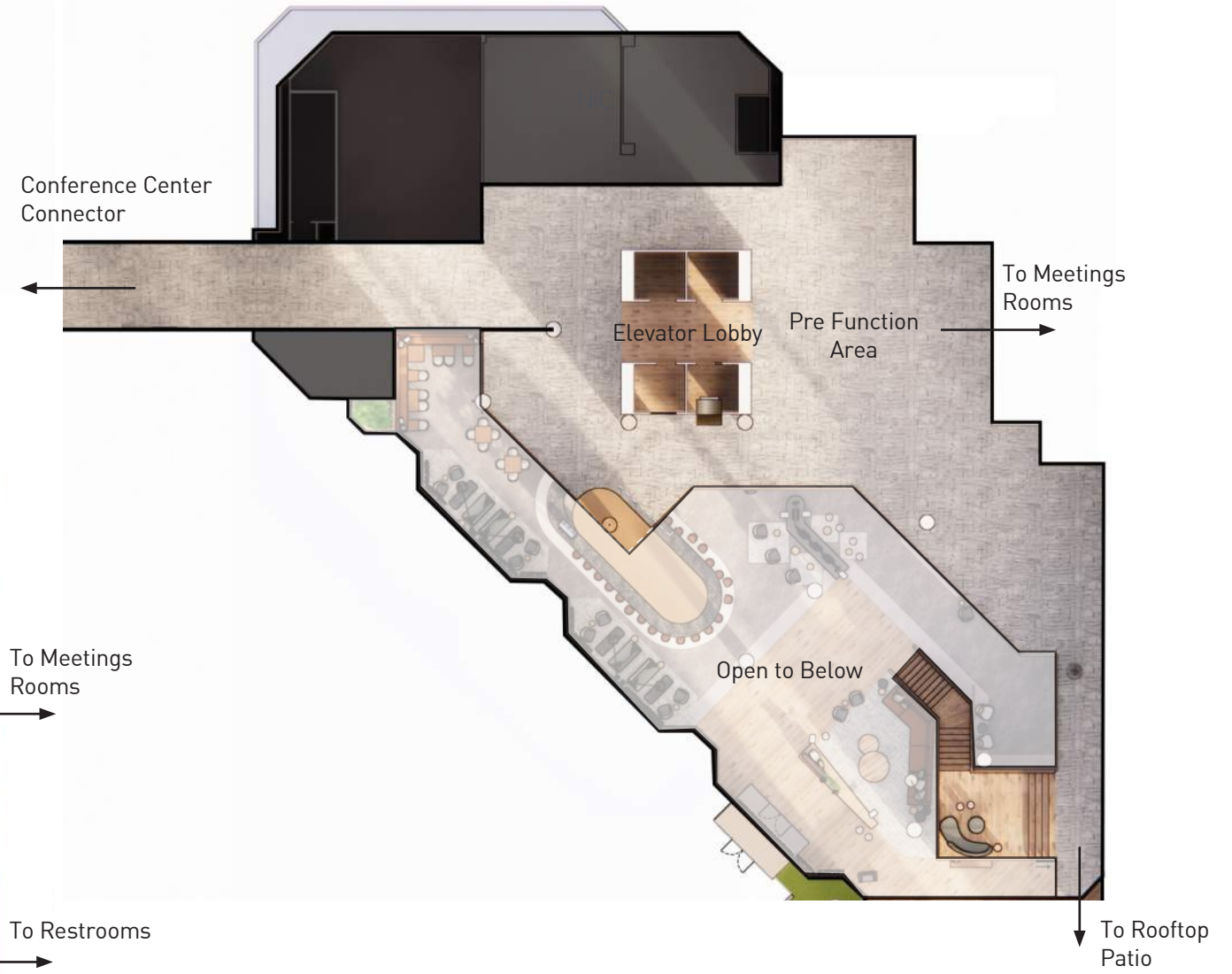
PLANS

# Proposed level one & mezzanine floor plan | n.t.s.

Overall first floor | Ground floor



Mezzanine



# Proposed rooftop floor plan | n.t.s.



# PUBLIC SPACES



Existing Lobby



# Lobby Rendering



Lobby  
Side by side study



Current Design



Proposed Design

Existing Bourbon bar



# Bourbon bar Rendering



Bourbon bar  
Side by side study



Current Design



Proposed Design

Existing Sports bar

# CROSSROADS TAVERN & GRILLE



# Sports bar rendering





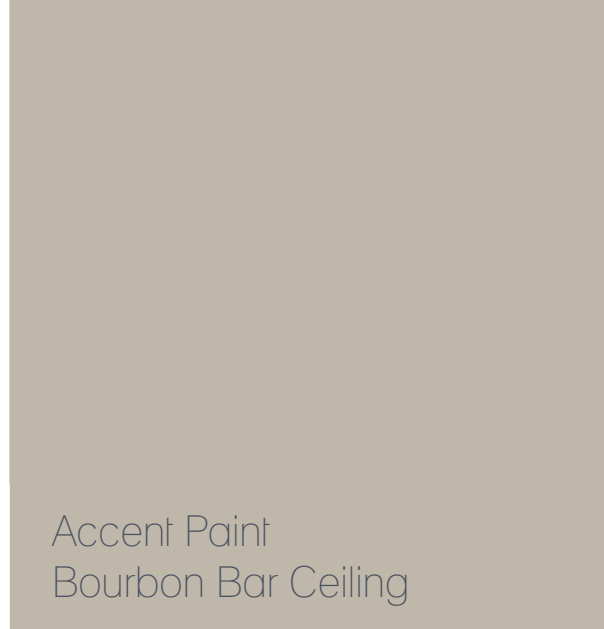
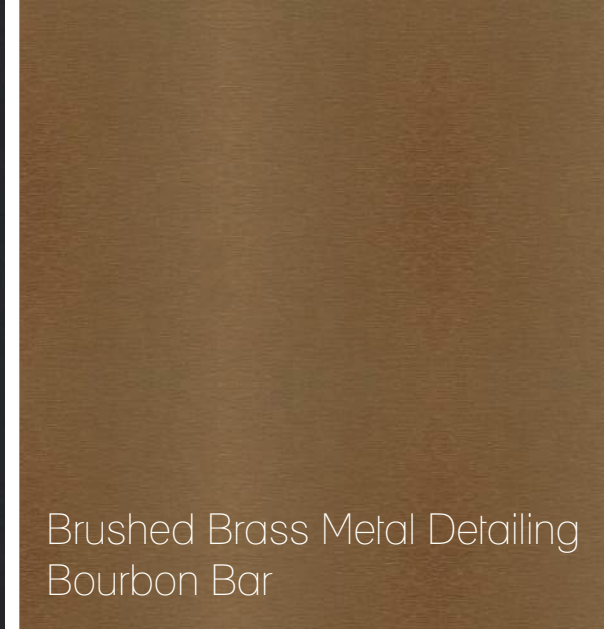
Sports bar  
Side by side study



Current Design



Proposed Design



Blackened Steel Accent Metal Bourbon Bar

Brushed Brass Metal Detailing Bourbon Bar

Brushed Brass Decorative Perforated Sheets Bourbon Bar Ceiling Feature

Leather Lobby Sectional

Accent Paint Bourbon Bar Ceiling



# Lobby & Bourbon bar Material & Furniture Palette

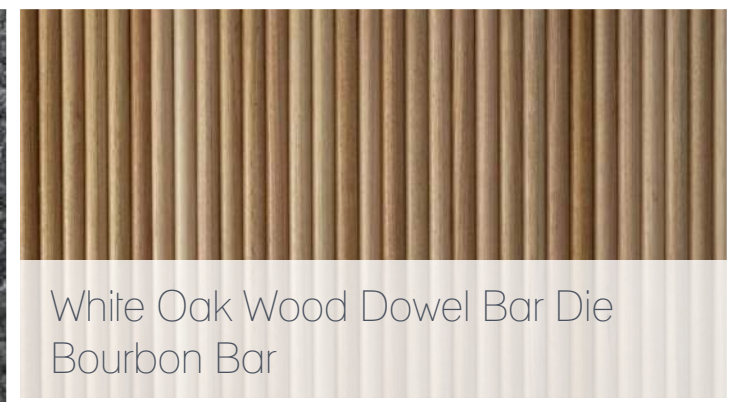
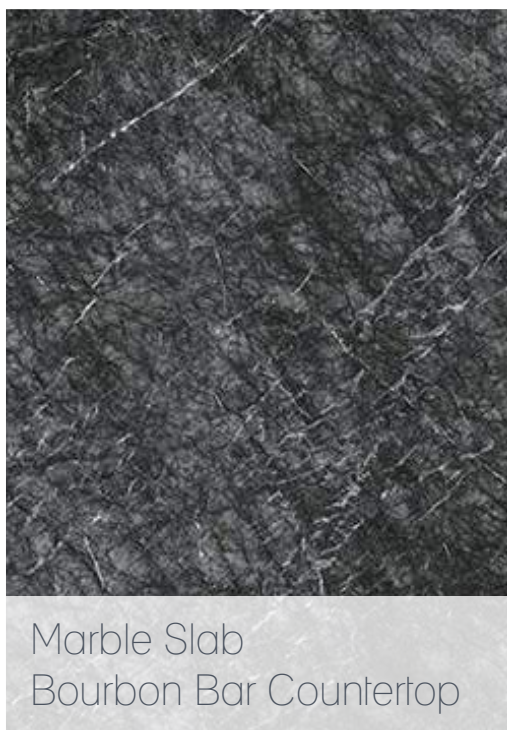


Railing to Thread Detail Lobby Staircase

Accent Wood Veneer Lobby/Bourbon Bar

Field Paint Overall

Large Format Porcelain Tile Lobby / Bourbon Bar Flooring



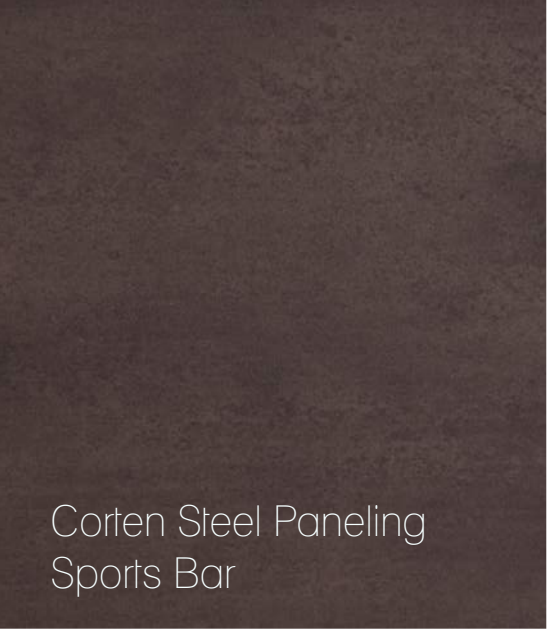
Vinyl Grasscloth Wallcovering Lobby Accent Wallcovering

Marble Slab Bourbon Bar Countertop

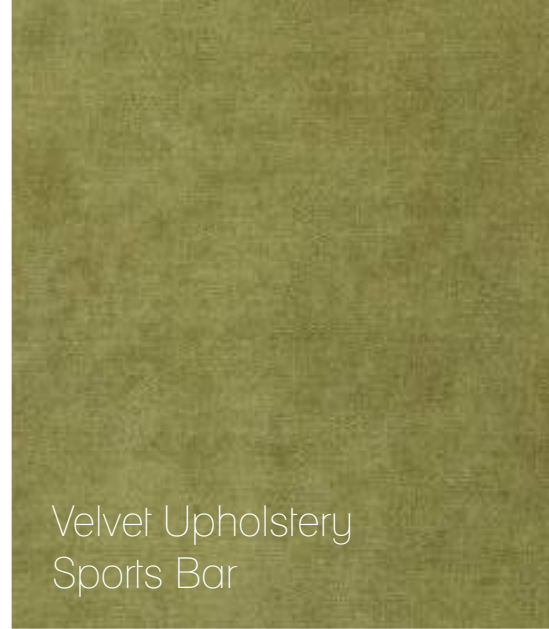
White Oak Wood Dowel Bar Die Bourbon Bar

Barstool Bourbon Bar

White Oak Look Porcelain Tile Flooring Lobby Flooring



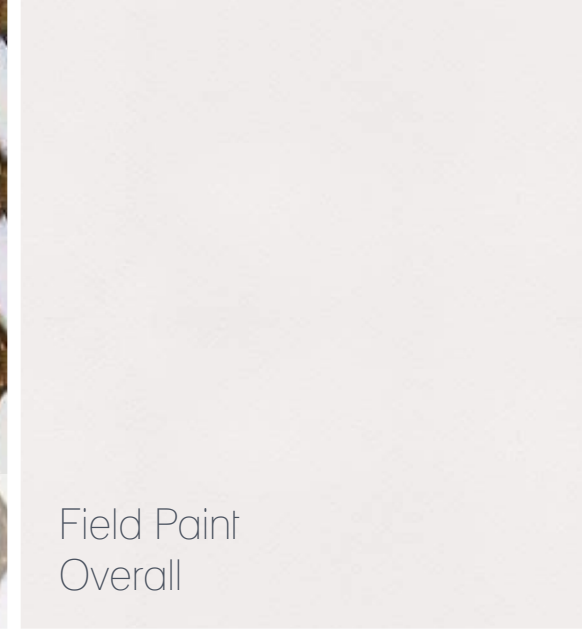
Corten Steel Paneling  
Sports Bar



Velvet Upholstery  
Sports Bar



Brass Expanded Metal Mesh  
Sports Bar



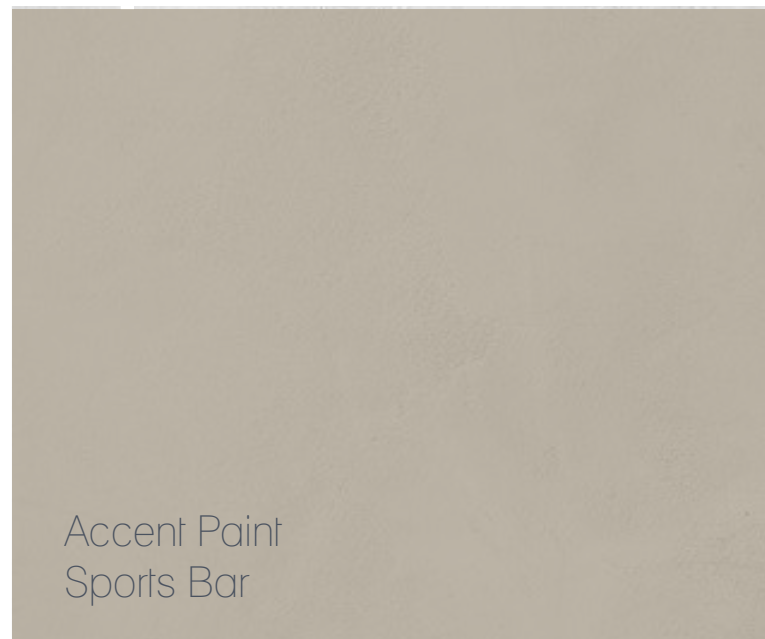
Field Paint  
Overall



Banquette Detail  
Dining

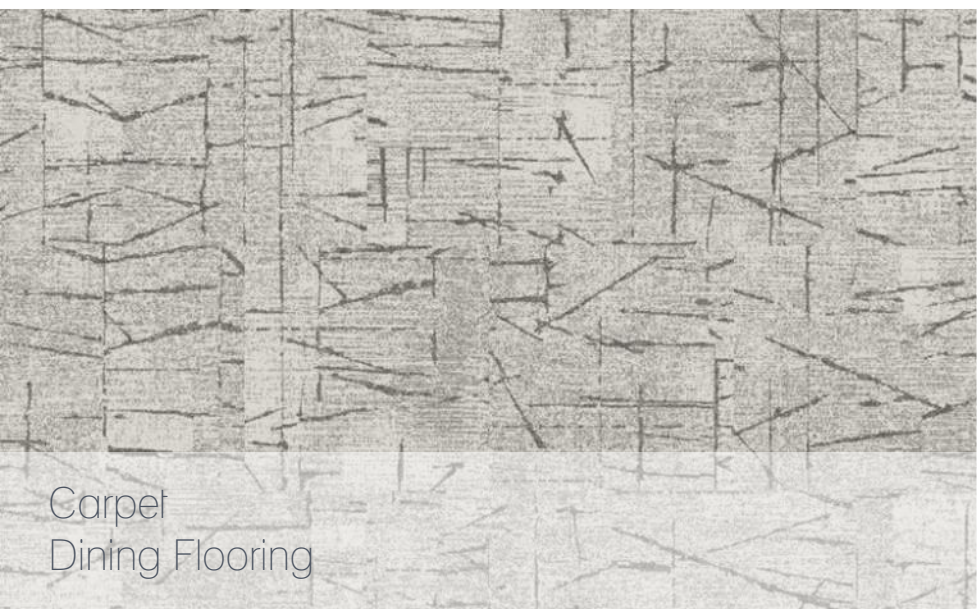


Antique Mirror  
Sports Bar, Bar Back



Accent Paint  
Sports Bar

Sports bar  
& Dining  
Material  
Palette



Carpet  
Dining Flooring



Mural Wallcovering  
Sports Bar



White Oak Look Porcelain Tile Flooring  
Sports Bar Flooring

# GUEST ROOMS

# Existing guest room



# Typical guest room

## Rendering one



# Typical guest room

## Rendering two



# Typical guest room

## Side by side study





# EXTERIOR DESIGN

Existing Exterior



Proposed Exterior  
Rendering



# Exterior

## Side by side study



Current Design



Proposed Design

# THANK YOU

COMMENTS OR QUESTIONS PLEASE CONTACT

- Jackson Thilenius, AIA - Senior Vice President  
Email: [Jackson.Thilenius@rdcollaborative.com](mailto:Jackson.Thilenius@rdcollaborative.com)  
Cell: 562-628-8000

**rdc.**



# **EXHIBIT B**

# Sheraton Memphis - TDZ & PILOT Application

## Executive Summary

\$ in thousands except per unit numbers

### Assumptions

- Scenarios prepared include (i) existing tower renovation (600-key scenario) and (ii) an existing tower renovation plus construction of a 300-room additional tower (900-key scenario)
- For each scenario, we prepared 30-year pro formas, based on topline projections from Davidson and projected EBITDA margins as follows:

	2023	2024	2025	2026	2027	2028	2029	2030
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
<b>600-Key</b>		<u>Reno.</u>				<u>Stab.</u>		
	15.0%	12.0%	18.3%	21.3%	22.3%	23.3%	23.3%	23.3%
<b>900-Key</b>		<u>Tower 1 Reno.</u>		<u>Tower 2 Open</u>		<u>Tower 1 Stab.</u>		<u>Tower 2 Stab.</u>
	15.0%	12.0%	18.3%	21.3%	13.9%	17.0%	19.2%	20.6%

- Assumes \$1.85m RE tax step up upon tower 2 opening
- Maintenance capex assumed to be 4% of revenues
- TDZ surcharge calculated as 5% of revenue (excl. excluding non-contracted concession revenues)
- Pro forma cash flow projections under both renovation scenarios (600-key and 900-key) assume two funding scenarios: (i) funded with a public bond (supported by TDZ surcharge and PILOT benefit) and (i) owner-funded. See sources and uses summary to the right.
- Debt assumptions include:
  - existing debt, post payoff at SOFR+310
  - publicly bond at 5% fixed
  - private construction debt sized to stabilized 11% DY, priced at SOFR+600, cash neutral refi at SOFR+310 upon stabilization

### Cumulative Equity & Return Metrics

	600-Key Scenario			900-Key Scenario		
	TDZ & PILOT	TDZ Only	Self-Funded	TDZ & PILOT	TDZ Only	Self-Funded
Peak Equity	\$25,011	\$25,011	\$25,011	\$25,011	\$25,011	\$25,011
Renovation / Construction Equity	-	-	43,154	-	-	125,179
30-yr Cumulative Refresh Capex	-	-	37,000	-	-	37,000
<b>Total "Cumulative" Equity</b>	<b>\$25,011</b>	<b>\$25,011</b>	<b>\$105,165</b>	<b>\$25,011</b>	<b>\$25,011</b>	<b>\$187,190</b>
	<u>Year 6</u>	<u>Year 6</u>	<u>Year 6</u>	<u>Year 8</u>	<u>Year 8</u>	<u>Year 8</u>
Stabilized Cash Flow	\$3,820	\$2,730	\$4,182	\$3,830	\$890	\$5,144
<b>Stabilized Return on Equity</b>	<b>15.3%</b>	<b>10.9%</b>	<b>4.0%</b>	<b>15.3%</b>	<b>3.6%</b>	<b>2.7%</b>

### Sources & Uses

City Funding				Self-Funded			
600-Key Renovation				600-Key Renovation			
	\$	Per Key	%		\$	Per Key	%
Public Bond	\$86,309	\$143,848	100.0%	Owner Equity	\$43,154	\$71,924	50.0%
				Constr. Loan	43,154	71,924	50.0%
<b>SOURCES</b>	<b>\$86,309</b>	<b>\$143,848</b>	<b>100.0%</b>	<b>SOURCES</b>	<b>\$86,309</b>	<b>\$143,848</b>	<b>100.0%</b>
Hard Costs	\$63,097	\$105,162	73.1%	Hard Costs	\$63,097	\$105,162	73.1%
Soft Costs	3,365	5,608	3.9%	Soft Costs	3,365	5,608	3.9%
FF&E	12,000	20,000	13.9%	FF&E	12,000	20,000	13.9%
Contingency	7,846	13,077	9.1%	Contingency	7,846	13,077	9.1%
<b>USES</b>	<b>\$86,309</b>	<b>\$143,848</b>	<b>100.0%</b>	<b>USES</b>	<b>\$86,309</b>	<b>\$143,848</b>	<b>100.0%</b>
300-Key Tower				300-Key Tower			
	\$	Per Key	%		\$	Per Key	%
Hard Costs	\$78,000	\$260,000	75.8%	Hard Costs	\$78,000	\$260,000	75.8%
Soft Costs	5,000	16,667	4.9%	Soft Costs	5,000	16,667	4.9%
FF&E	10,500	35,000	10.2%	FF&E	10,500	35,000	10.2%
Contingency	9,350	31,167	9.1%	Contingency	9,350	31,167	9.1%
<b>USES</b>	<b>\$102,850</b>	<b>\$342,833</b>	<b>100.0%</b>	<b>USES</b>	<b>\$102,850</b>	<b>\$342,833</b>	<b>100.0%</b>
Total 900-Key Scenario				Total 900-Key Scenario			
	\$	Per Key	%		\$	Per Key	%
Public Bond	\$189,159	\$210,176	100.0%	Owner Equity	\$125,179	\$139,087	66.2%
				Constr. Loan	63,980	71,089	33.8%
<b>SOURCES</b>	<b>\$189,159</b>	<b>\$210,176</b>	<b>100.0%</b>	<b>SOURCES</b>	<b>\$189,159</b>	<b>\$210,176</b>	<b>100.0%</b>
Hard Costs	\$141,097	\$156,775	74.6%	Hard Costs	\$141,097	\$156,775	74.6%
Soft Costs	8,365	9,294	4.4%	Soft Costs	8,365	9,294	4.4%
FF&E	22,500	25,000	11.9%	FF&E	22,500	25,000	11.9%
Contingency	17,196	19,107	9.1%	Contingency	17,196	19,107	9.1%
<b>USES</b>	<b>\$189,159</b>	<b>\$210,176</b>	<b>100.0%</b>	<b>USES</b>	<b>\$189,159</b>	<b>\$210,176</b>	<b>100.0%</b>

**Sheraton Memphis - TDZ & PILOT Application**

Annual P&L Comparison

P&L	Year 1 2023	Year 2 2024	Year 3 2025	Year 4 2026	Year 5 2027	Year 6 2028	Year 7 2029	Year 8 2030	Year 9 2031	Year 10 2032	Year 11 2033	Year 12 2034	Year 13 2035														
<i>Renovation</i>														<i>Stabilized</i>													
<b>600-Key Renovated (with TDZ Surcharge and PILOT)</b>																											
Equity	25,011,000																										
Total Hotel Revenue	\$27,291,607	\$26,442,904	\$39,227,550	\$43,185,097	\$44,480,650	\$45,815,069	\$47,189,521	\$48,605,207	\$50,063,363	\$51,565,264	\$53,112,222	\$54,705,589	\$56,346,756														
Hotel Expenses	(\$21,721,058)	(\$21,792,947)	(\$30,566,932)	(\$32,504,173)	(\$33,078,796)	(\$33,657,314)	(\$34,711,337)	(\$35,796,982)	(\$36,915,196)	(\$38,066,956)	(\$39,253,269)	(\$40,475,171)	(\$41,733,730)														
RE Taxes	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)														
Hotel EBITDA	\$4,093,741	\$3,173,148	\$7,183,810	\$9,204,115	\$9,925,045	\$10,680,947	\$11,001,376	\$11,331,417	\$11,671,359	\$12,021,500	\$12,382,145	\$12,753,609	\$13,136,218														
EBITDA Margin (%)	15.0%	12.0%	18.3%	21.3%	22.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%														
Maintenance Capex	4.0%	(1,091,664)	(1,057,716)	(1,569,102)	(1,727,404)	(1,779,226)	(1,832,603)	(1,887,581)	(1,944,208)	(2,002,535)	(2,062,611)	(2,124,489)	(2,188,224)														
Hotel NOI	\$3,002,077	\$2,115,432	\$5,614,708	\$7,476,711	\$8,145,819	\$8,848,344	\$9,113,795	\$9,387,208	\$9,668,825	\$9,958,889	\$10,257,656	\$10,565,386	\$10,882,347														
Total Debt Service	(\$8,464,365)	(\$8,390,016)	(\$8,323,257)	(\$8,295,850)	(\$8,307,825)	(\$8,328,582)	(\$8,351,176)	(\$8,372,909)	(\$8,393,635)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)														
PILOT Tax Benefit	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450														
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$1,323,330	\$1,279,658	\$1,895,753	\$2,083,505	\$2,146,010	\$2,210,390	\$2,276,702	\$2,345,003	\$2,415,353	\$2,487,814	\$2,562,448	\$2,639,322	\$2,718,501														
Net Cash Flow	(\$3,049,508)	(\$3,905,476)	\$276,654	\$2,353,816	\$3,073,454	\$3,819,603	\$4,128,771	\$4,448,753	\$4,779,993	\$5,128,341	\$5,501,742	\$5,886,345	\$6,282,486														
Stabilized (year 6) Return on Equity	15.3%																										
<i>Renovation</i>														<i>Stabilized</i>													
<b>600-Key Renovated (with TDZ Surcharge, No PILOT)</b>																											
Equity	25,011,000																										
Total Hotel Revenue	\$27,291,607	\$26,442,904	\$39,227,550	\$43,185,097	\$44,480,650	\$45,815,069	\$47,189,521	\$48,605,207	\$50,063,363	\$51,565,264	\$53,112,222	\$54,705,589	\$56,346,756														
Hotel Expenses	(\$21,721,058)	(\$21,792,947)	(\$30,566,932)	(\$32,504,173)	(\$33,078,796)	(\$33,657,314)	(\$34,711,337)	(\$35,796,982)	(\$36,915,196)	(\$38,066,956)	(\$39,253,269)	(\$40,475,171)	(\$41,733,730)														
RE Taxes	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)														
Hotel EBITDA	\$4,093,741	\$3,173,148	\$7,183,810	\$9,204,115	\$9,925,045	\$10,680,947	\$11,001,376	\$11,331,417	\$11,671,359	\$12,021,500	\$12,382,145	\$12,753,609	\$13,136,218														
EBITDA Margin (%)	15.0%	12.0%	18.3%	21.3%	22.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%														
Maintenance Capex	4.0%	(1,091,664)	(1,057,716)	(1,569,102)	(1,727,404)	(1,779,226)	(1,832,603)	(1,887,581)	(1,944,208)	(2,002,535)	(2,062,611)	(2,124,489)	(2,188,224)														
Hotel NOI	\$3,002,077	\$2,115,432	\$5,614,708	\$7,476,711	\$8,145,819	\$8,848,344	\$9,113,795	\$9,387,208	\$9,668,825	\$9,958,889	\$10,257,656	\$10,565,386	\$10,882,347														
Total Debt Service	(\$8,464,365)	(\$8,390,016)	(\$8,323,257)	(\$8,295,850)	(\$8,307,825)	(\$8,328,582)	(\$8,351,176)	(\$8,372,909)	(\$8,393,635)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)														
PILOT Tax Benefit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0														
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$1,323,330	\$1,279,658	\$1,895,753	\$2,083,505	\$2,146,010	\$2,210,390	\$2,276,702	\$2,345,003	\$2,415,353	\$2,487,814	\$2,562,448	\$2,639,322	\$2,718,501														
Net Cash Flow	(\$4,138,958)	(\$4,994,926)	(\$812,796)	\$1,264,366	\$1,984,004	\$2,730,152	\$3,039,321	\$3,359,303	\$3,690,543	\$4,038,891	\$4,412,292	\$4,796,895	\$5,193,036														
Stabilized (year 6) Return on Equity	10.9%																										
<i>Renovation</i>														<i>Stabilized</i>													
<b>600-Key Renovated (Self-Funded)</b>																											
Equity	105,165,355																										
Total Hotel Revenue	\$27,291,607	\$26,442,904	\$39,227,550	\$43,185,097	\$44,480,650	\$45,815,069	\$47,189,521	\$48,605,207	\$50,063,363	\$51,565,264	\$53,112,222	\$54,705,589	\$56,346,756														
Hotel Expenses	(\$21,721,058)	(\$21,792,947)	(\$30,566,932)	(\$32,504,173)	(\$33,078,796)	(\$33,657,314)	(\$34,711,337)	(\$35,796,982)	(\$36,915,196)	(\$38,066,956)	(\$39,253,269)	(\$40,475,171)	(\$41,733,730)														
RE Taxes	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)														
Hotel EBITDA	\$4,093,741	\$3,173,148	\$7,183,810	\$9,204,115	\$9,925,045	\$10,680,947	\$11,001,376	\$11,331,417	\$11,671,359	\$12,021,500	\$12,382,145	\$12,753,609	\$13,136,218														
EBITDA Margin (%)	15.0%	12.0%	18.3%	21.3%	22.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%														
Maintenance Capex	4.0%	(1,091,664)	(1,057,716)	(1,569,102)	(1,727,404)	(1,779,226)	(1,832,603)	(1,887,581)	(1,944,208)	(2,002,535)	(2,062,611)	(2,124,489)	(2,188,224)														
Hotel NOI	\$3,002,077	\$2,115,432	\$5,614,708	\$7,476,711	\$8,145,819	\$8,848,344	\$9,113,795	\$9,387,208	\$9,668,825	\$9,958,889	\$10,257,656	\$10,565,386	\$10,882,347														
Total Debt Service	(\$6,211,000)	(\$6,050,605)	(\$5,906,583)	(\$5,847,458)	(\$5,873,293)	(\$4,666,596)	(\$4,715,337)	(\$4,762,222)	(\$4,806,936)	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)														
PILOT Tax Benefit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0														
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0														
Net Cash Flow	(\$3,208,923)	(\$3,935,173)	(\$291,875)	\$1,629,253	\$2,272,526	\$4,181,748	\$4,398,457	\$4,624,986	\$4,861,889	\$5,121,368	\$5,420,135	\$5,727,865	\$6,044,826														
Stabilized (year 6) Return on Equity	4.0%																										

(1) Surcharge calculated on total revenues excluding non-contracted concession revenues



**Sheraton Memphis - TDZ & PILOT Application**

Annual P&L Comparison

P&L	Year 14 2036	Year 15 2037	Year 16 2038	Year 17 2039	Year 18 2040	Year 19 2041	Year 20 2042	Year 21 2043	Year 22 2044	Year 23 2045	Year 24 2046	Year 25 2047	Year 26 2048
<b>600-Key Renovated (with TDZ Surcharge and PILOT)</b>													
Equity	25,011,000												
Total Hotel Revenue	\$58,037,159	\$59,778,274	\$61,571,622	\$63,418,771	\$65,321,334	\$67,280,974	\$69,299,403	\$71,378,385	\$73,519,737	\$75,725,329	\$77,997,089	\$80,337,001	\$82,747,111
Hotel Expenses	(\$43,030,046)	(\$44,365,252)	(\$45,740,514)	(\$47,157,034)	(\$48,616,049)	(\$50,118,835)	(\$51,666,704)	(\$53,261,009)	(\$54,903,144)	(\$56,594,542)	(\$58,336,683)	(\$60,131,088)	(\$61,979,324)
RE Taxes	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)
Hotel EBITDA	\$13,530,304	\$13,936,213	\$14,354,300	\$14,784,929	\$15,228,477	\$15,685,331	\$16,155,891	\$16,640,568	\$17,139,785	\$17,653,978	\$18,183,597	\$18,729,105	\$19,290,979
EBITDA Margin (%)	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%
Maintenance Capex	4.0%	(2,321,486)	(2,391,131)	(2,462,865)	(2,536,751)	(2,612,853)	(2,691,239)	(2,771,976)	(2,855,135)	(2,940,789)	(3,029,013)	(3,119,884)	(3,213,480)
Hotel NOI	\$11,208,818	\$11,545,082	\$11,891,435	\$12,248,178	\$12,615,623	\$12,994,092	\$13,383,915	\$13,785,432	\$14,198,995	\$14,624,965	\$15,063,714	\$15,515,625	\$15,981,094
Total Debt Service	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)
PILOT Tax Benefit	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$2,800,056	\$2,884,058	\$2,970,580	\$3,059,697	\$3,151,488	\$3,246,033	\$3,343,414	\$3,443,716	\$3,547,028	\$3,653,438	\$3,763,042	\$3,875,933	\$3,992,211
Net Cash Flow	\$6,690,512	\$7,110,778	\$7,543,652	\$7,989,513	\$8,448,749	\$8,921,762	\$9,408,966	\$9,910,786	\$10,427,660	\$10,960,041	\$11,508,393	\$12,073,196	\$12,654,942
Stabilized (year 6) Return on Equity	15.3%												
<b>600-Key Renovated (with TDZ Surcharge, No PILOT)</b>													
Equity	25,011,000												
Total Hotel Revenue	\$58,037,159	\$59,778,274	\$61,571,622	\$63,418,771	\$65,321,334	\$67,280,974	\$69,299,403	\$71,378,385	\$73,519,737	\$75,725,329	\$77,997,089	\$80,337,001	\$82,747,111
Hotel Expenses	(\$43,030,046)	(\$44,365,252)	(\$45,740,514)	(\$47,157,034)	(\$48,616,049)	(\$50,118,835)	(\$51,666,704)	(\$53,261,009)	(\$54,903,144)	(\$56,594,542)	(\$58,336,683)	(\$60,131,088)	(\$61,979,324)
RE Taxes	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)
Hotel EBITDA	\$13,530,304	\$13,936,213	\$14,354,300	\$14,784,929	\$15,228,477	\$15,685,331	\$16,155,891	\$16,640,568	\$17,139,785	\$17,653,978	\$18,183,597	\$18,729,105	\$19,290,979
EBITDA Margin (%)	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%
Maintenance Capex	4.0%	(2,321,486)	(2,391,131)	(2,462,865)	(2,536,751)	(2,612,853)	(2,691,239)	(2,771,976)	(2,855,135)	(2,940,789)	(3,029,013)	(3,119,884)	(3,213,480)
Hotel NOI	\$11,208,818	\$11,545,082	\$11,891,435	\$12,248,178	\$12,615,623	\$12,994,092	\$13,383,915	\$13,785,432	\$14,198,995	\$14,624,965	\$15,063,714	\$15,515,625	\$15,981,094
Total Debt Service	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)
PILOT Tax Benefit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$2,800,056	\$2,884,058	\$2,970,580	\$3,059,697	\$3,151,488	\$3,246,033	\$3,343,414	\$3,443,716	\$3,547,028	\$3,653,438	\$3,763,042	\$3,875,933	\$3,992,211
Net Cash Flow	\$5,601,061	\$6,021,328	\$6,454,202	\$6,900,062	\$7,359,299	\$7,832,312	\$8,319,516	\$8,821,335	\$9,338,210	\$9,870,591	\$10,418,943	\$10,983,745	\$11,565,492
Stabilized (year 6) Return on Equity	10.9%												
<b>600-Key Renovated (Self-Funded)</b>													
Equity	105,165,355												
Total Hotel Revenue	\$58,037,159	\$59,778,274	\$61,571,622	\$63,418,771	\$65,321,334	\$67,280,974	\$69,299,403	\$71,378,385	\$73,519,737	\$75,725,329	\$77,997,089	\$80,337,001	\$82,747,111
Hotel Expenses	(\$43,030,046)	(\$44,365,252)	(\$45,740,514)	(\$47,157,034)	(\$48,616,049)	(\$50,118,835)	(\$51,666,704)	(\$53,261,009)	(\$54,903,144)	(\$56,594,542)	(\$58,336,683)	(\$60,131,088)	(\$61,979,324)
RE Taxes	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)
Hotel EBITDA	\$13,530,304	\$13,936,213	\$14,354,300	\$14,784,929	\$15,228,477	\$15,685,331	\$16,155,891	\$16,640,568	\$17,139,785	\$17,653,978	\$18,183,597	\$18,729,105	\$19,290,979
EBITDA Margin (%)	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%
Maintenance Capex	4.0%	(2,321,486)	(2,391,131)	(2,462,865)	(2,536,751)	(2,612,853)	(2,691,239)	(2,771,976)	(2,855,135)	(2,940,789)	(3,029,013)	(3,119,884)	(3,213,480)
Hotel NOI	\$11,208,818	\$11,545,082	\$11,891,435	\$12,248,178	\$12,615,623	\$12,994,092	\$13,383,915	\$13,785,432	\$14,198,995	\$14,624,965	\$15,063,714	\$15,515,625	\$15,981,094
Total Debt Service	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)
PILOT Tax Benefit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Flow	\$6,371,297	\$6,707,561	\$7,053,914	\$7,410,657	\$7,778,102	\$8,156,571	\$8,546,393	\$8,947,911	\$9,361,474	\$9,787,444	\$10,226,193	\$10,678,104	\$11,143,573
Stabilized (year 6) Return on Equity	4.0%												

(1) Surcharge calculated on total revenues excluding non-contracted concession revenues

**Sheraton Memphis - TDZ & PILOT Application**

Annual P&L Comparison

P&L	Year 27 2049	Year 28 2050	Year 29 2051	Year 30 2052	30-Year Total
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600-Key Renovated (with TDZ Surcharge and PILOT)					
Equity	25,011,000				
Total Hotel Revenue	\$85,229,525	\$87,786,410	\$90,420,003	\$93,132,603	\$1,851,011,529
Hotel Expenses	(\$63,883,008)	(\$65,843,803)	(\$67,863,421)	(\$69,943,628)	(\$1,383,707,944)
RE Taxes	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(44,304,253)
Hotel EBITDA	\$19,869,708	\$20,465,799	\$21,079,773	\$21,712,166	\$422,999,333
EBITDA Margin (%)	23.3%	23.3%	23.3%	23.3%	22.9%
Maintenance Capex	4.0% (3,409,181)	(3,511,456)	(3,616,800)	(3,725,304)	(74,040,461)
Hotel NOI	\$16,460,527	\$16,954,343	\$17,462,973	\$17,986,862	\$348,958,871
Total Debt Service	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$251,791,683)
PILOT Tax Benefit	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$32,683,506
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$4,111,977	\$4,235,336	\$4,362,396	\$4,493,268	\$89,317,459
Net Cash Flow	\$13,254,141	\$13,871,317	\$14,507,007	\$15,161,768	\$219,168,154
Stabilized (year 6) Return on Equity	15.3%				

600-Key Renovated (with TDZ Surcharge, No PILOT)					
Equity	25,011,000				
Total Hotel Revenue	\$85,229,525	\$87,786,410	\$90,420,003	\$93,132,603	\$1,851,011,529
Hotel Expenses	(\$63,883,008)	(\$65,843,803)	(\$67,863,421)	(\$69,943,628)	(\$1,383,707,944)
RE Taxes	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(44,304,253)
Hotel EBITDA	\$19,869,708	\$20,465,799	\$21,079,773	\$21,712,166	\$422,999,333
EBITDA Margin (%)	23.3%	23.3%	23.3%	23.3%	22.9%
Maintenance Capex	4.0% (3,409,181)	(3,511,456)	(3,616,800)	(3,725,304)	(74,040,461)
Hotel NOI	\$16,460,527	\$16,954,343	\$17,462,973	\$17,986,862	\$348,958,871
Total Debt Service	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$8,407,813)	(\$251,791,683)
PILOT Tax Benefit	\$0	\$0	\$0	\$0	\$0
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$4,111,977	\$4,235,336	\$4,362,396	\$4,493,268	\$89,317,459
Net Cash Flow	\$12,164,691	\$12,781,866	\$13,417,557	\$14,072,318	\$186,484,648
Stabilized (year 6) Return on Equity	10.9%				

600-Key Renovated (Self-Funded)					
Equity	105,165,355				
Total Hotel Revenue	\$85,229,525	\$87,786,410	\$90,420,003	\$93,132,603	\$1,851,011,529
Hotel Expenses	(\$63,883,008)	(\$65,843,803)	(\$67,863,421)	(\$69,943,628)	(\$1,383,707,944)
RE Taxes	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(44,304,253)
Hotel EBITDA	\$19,869,708	\$20,465,799	\$21,079,773	\$21,712,166	\$422,999,333
EBITDA Margin (%)	23.3%	23.3%	23.3%	23.3%	22.9%
Maintenance Capex	4.0% (3,409,181)	(3,511,456)	(3,616,800)	(3,725,304)	(74,040,461)
Hotel NOI	\$16,460,527	\$16,954,343	\$17,462,973	\$17,986,862	\$348,958,871
Total Debt Service	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)	(\$4,837,521)	(\$150,427,979)
PILOT Tax Benefit	\$0	\$0	\$0	\$0	\$0
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$0	\$0	\$0	\$0	\$0
Net Cash Flow	\$11,623,006	\$12,116,821	\$12,625,452	\$13,149,341	\$198,530,893
Stabilized (year 6) Return on Equity	4.0%				

(1) Surcharge calculated on total revenues excluding non-contracted concession revenues

**Sheraton Memphis - TDZ & PILOT Application**

Annual P&L Comparison

P&L	Year 1 2023	Year 2 2024	Year 3 2025	Year 4 2026	Year 5 2027	Year 6 2028	Year 7 2029	Year 8 2030	Year 9 2031	Year 10 2032	Year 11 2033	Year 12 2034	Year 13 2035
<i>Tower 1 Reno</i>													
<i>Tower 2 Open</i>													
<i>Tower 1 Stab.</i>													
<i>Tower 2 Stab.</i>													
<b>900-Key Renovated (with TDZ Surcharge and PILOT)</b>													
Equity	25,011,000												
Total Hotel Revenue	\$27,291,607	\$26,442,904	\$39,227,550	\$43,185,097	\$59,053,289	\$62,062,993	\$65,204,461	\$67,257,218	\$69,339,240	\$71,485,974	\$73,699,439	\$75,981,719	\$78,334,962
Hotel Expenses	(\$21,721,058)	(\$21,792,947)	(\$30,566,932)	(\$32,504,173)	(\$47,537,422)	(\$48,173,586)	(\$49,382,671)	(\$50,100,617)	(\$51,697,254)	(\$53,343,515)	(\$55,040,951)	(\$56,791,159)	(\$58,595,787)
RE Taxes	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)
Hotel EBITDA	\$4,093,741	\$3,173,148	\$7,183,810	\$9,204,115	\$8,189,059	\$10,562,599	\$12,494,981	\$13,829,793	\$14,315,178	\$14,815,650	\$15,331,679	\$15,863,751	\$16,412,367
EBITDA Margin (%)	15.0%	12.0%	18.3%	21.3%	13.9%	17.0%	19.2%	20.6%	20.6%	20.7%	20.8%	20.9%	21.0%
Maintenance Capex	4.0%	(1,091,664)	(1,057,716)	(1,569,102)	(1,727,404)	(2,362,132)	(2,482,520)	(2,608,178)	(2,690,289)	(2,773,570)	(2,859,439)	(2,947,978)	(3,039,269)
Hotel NOI	\$3,002,077	\$2,115,432	\$5,614,708	\$7,476,711	\$5,826,928	\$8,080,079	\$9,886,803	\$11,139,504	\$11,541,608	\$11,956,211	\$12,383,701	\$12,824,482	\$13,278,968
Total Debt Service	(\$8,464,365)	(\$8,390,016)	(\$8,323,257)	(\$13,438,350)	(\$13,450,325)	(\$13,471,082)	(\$13,493,676)	(\$13,515,409)	(\$13,536,135)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)
PILOT Tax Benefit	\$1,089,450	\$1,089,450	\$1,089,450	\$1,089,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$1,323,330	\$1,279,658	\$1,895,753	\$2,083,505	\$2,865,664	\$3,013,105	\$3,167,026	\$3,266,402	\$3,367,128	\$3,470,970	\$3,578,027	\$3,688,398	\$3,802,186
Net Cash Flow	(\$3,049,508)	(\$3,905,476)	\$276,654	(\$2,788,684)	(\$1,818,283)	\$561,551	\$2,499,604	\$3,829,948	\$4,312,051	\$4,816,318	\$5,350,865	\$5,902,017	\$6,470,291
Stabilized (year 8) Return on Equity	15.3%												
<i>Tower 1 Reno</i>													
<i>Tower 2 Open</i>													
<i>Tower 1 Stab.</i>													
<i>Tower 2 Stab.</i>													
<b>900-Key Renovated (with TDZ Surcharge, No PILOT)</b>													
Equity	25,011,000												
Total Hotel Revenue	\$27,291,607	\$26,442,904	\$39,227,550	\$43,185,097	\$59,053,289	\$62,062,993	\$65,204,461	\$67,257,218	\$69,339,240	\$71,485,974	\$73,699,439	\$75,981,719	\$78,334,962
Hotel Expenses	(\$21,721,058)	(\$21,792,947)	(\$30,566,932)	(\$32,504,173)	(\$47,537,422)	(\$48,173,586)	(\$49,382,671)	(\$50,100,617)	(\$51,697,254)	(\$53,343,515)	(\$55,040,951)	(\$56,791,159)	(\$58,595,787)
RE Taxes	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)
Hotel EBITDA	\$4,093,741	\$3,173,148	\$7,183,810	\$9,204,115	\$8,189,059	\$10,562,599	\$12,494,981	\$13,829,793	\$14,315,178	\$14,815,650	\$15,331,679	\$15,863,751	\$16,412,367
EBITDA Margin (%)	15.0%	12.0%	18.3%	21.3%	13.9%	17.0%	19.2%	20.6%	20.6%	20.7%	20.8%	20.9%	21.0%
Maintenance Capex	4.0%	(1,091,664)	(1,057,716)	(1,569,102)	(1,727,404)	(2,362,132)	(2,482,520)	(2,608,178)	(2,690,289)	(2,773,570)	(2,859,439)	(2,947,978)	(3,039,269)
Hotel NOI	\$3,002,077	\$2,115,432	\$5,614,708	\$7,476,711	\$5,826,928	\$8,080,079	\$9,886,803	\$11,139,504	\$11,541,608	\$11,956,211	\$12,383,701	\$12,824,482	\$13,278,968
Total Debt Service	(\$8,464,365)	(\$8,390,016)	(\$8,323,257)	(\$13,438,350)	(\$13,450,325)	(\$13,471,082)	(\$13,493,676)	(\$13,515,409)	(\$13,536,135)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)
PILOT Tax Benefit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$1,323,330	\$1,279,658	\$1,895,753	\$2,083,505	\$2,865,664	\$3,013,105	\$3,167,026	\$3,266,402	\$3,367,128	\$3,470,970	\$3,578,027	\$3,688,398	\$3,802,186
Net Cash Flow	(\$4,138,958)	(\$4,994,926)	(\$812,796)	(\$3,878,134)	(\$4,757,733)	(\$2,377,899)	(\$439,846)	\$890,498	\$1,372,601	\$1,876,868	\$2,411,415	\$2,962,567	\$3,530,841
Stabilized (year 8) Return on Equity	3.6%												
<i>Tower 1 Reno</i>													
<i>Tower 2 Open</i>													
<i>Tower 1 Stab.</i>													
<i>Tower 2 Stab.</i>													
<b>900-Key Renovated (Self-Funded)</b>													
Equity	187,189,614												
Total Hotel Revenue	\$27,291,607	\$26,442,904	\$39,227,550	\$43,185,097	\$59,053,289	\$62,062,993	\$65,204,461	\$67,257,218	\$69,339,240	\$71,485,974	\$73,699,439	\$75,981,719	\$78,334,962
Hotel Expenses	(\$21,721,058)	(\$21,792,947)	(\$30,566,932)	(\$32,504,173)	(\$47,537,422)	(\$48,173,586)	(\$49,382,671)	(\$50,100,617)	(\$51,697,254)	(\$53,343,515)	(\$55,040,951)	(\$56,791,159)	(\$58,595,787)
RE Taxes	(1,476,808)	(1,476,808)	(1,476,808)	(1,476,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)
Hotel EBITDA	\$4,093,741	\$3,173,148	\$7,183,810	\$9,204,115	\$8,189,059	\$10,562,599	\$12,494,981	\$13,829,793	\$14,315,178	\$14,815,650	\$15,331,679	\$15,863,751	\$16,412,367
EBITDA Margin (%)	15.0%	12.0%	18.3%	21.3%	13.9%	17.0%	19.2%	20.6%	20.6%	20.7%	20.8%	20.9%	21.0%
Maintenance Capex	4.0%	(1,091,664)	(1,057,716)	(1,569,102)	(1,727,404)	(2,362,132)	(2,482,520)	(2,608,178)	(2,690,289)	(2,773,570)	(2,859,439)	(2,947,978)	(3,039,269)
Hotel NOI	\$3,002,077	\$2,115,432	\$5,614,708	\$7,476,711	\$5,826,928	\$8,080,079	\$9,886,803	\$11,139,504	\$11,541,608	\$11,956,211	\$12,383,701	\$12,824,482	\$13,278,968
Total Debt Service	(\$6,211,000)	(\$6,050,605)	(\$5,906,583)	(\$7,641,256)	(\$7,673,780)	(\$7,730,151)	(\$7,791,512)	(\$5,995,111)	(\$6,051,401)	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)
PILOT Tax Benefit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Flow	(\$3,208,923)	(\$3,935,173)	(\$291,875)	(\$164,545)	(\$1,846,852)	\$349,927	\$2,095,291	\$5,144,393	\$5,490,207	\$5,866,306	\$6,293,797	\$6,734,577	\$7,189,063
Stabilized (year 8) Return on Equity	2.7%												

(1) Surcharge calculated on total revenues excluding non-contracted concession revenues

**Sheraton Memphis - TDZ & PILOT Application**

Annual P&L Comparison

P&L	Year 14 2036	Year 15 2037	Year 16 2038	Year 17 2039	Year 18 2040	Year 19 2041	Year 20 2042	Year 21 2043	Year 22 2044	Year 23 2045	Year 24 2046	Year 25 2047	Year 26 2048
<b>900-Key Renovated (with TDZ Surcharge and PILOT)</b>													
<b>Equity</b>	<b>25,011,000</b>												
Total Hotel Revenue	\$80,761,386	\$83,263,276	\$85,842,989	\$88,502,957	\$91,245,687	\$94,073,767	\$96,989,865	\$99,996,731	\$103,097,204	\$106,294,211	\$109,590,772	\$112,990,000	\$116,495,108
Hotel Expenses	(\$60,456,535)	(\$62,375,155)	(\$64,353,455)	(\$66,393,299)	(\$68,496,613)	(\$70,665,377)	(\$72,901,640)	(\$75,207,510)	(\$77,585,164)	(\$80,036,848)	(\$82,564,876)	(\$85,171,636)	(\$87,859,592)
RE Taxes	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)
Hotel EBITDA	\$16,978,043	\$17,561,313	\$18,162,726	\$18,782,849	\$19,422,266	\$20,081,582	\$20,761,416	\$21,462,412	\$22,185,231	\$22,930,555	\$23,699,088	\$24,491,556	\$25,308,708
EBITDA Margin (%)	21.0%	21.1%	21.2%	21.2%	21.3%	21.3%	21.4%	21.5%	21.5%	21.6%	21.6%	21.7%	21.7%
Maintenance Capex	4.0%	(3,230,455)	(3,330,531)	(3,433,720)	(3,540,118)	(3,649,827)	(3,762,951)	(3,879,595)	(3,999,869)	(4,123,888)	(4,251,768)	(4,383,631)	(4,519,600)
Hotel NOI	\$13,747,588	\$14,230,782	\$14,729,006	\$15,242,731	\$15,772,439	\$16,318,631	\$16,881,822	\$17,462,543	\$18,061,343	\$18,678,787	\$19,315,457	\$19,971,956	\$20,648,904
Total Debt Service	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)
PILOT Tax Benefit	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$3,919,497	\$4,040,442	\$4,165,132	\$4,293,685	\$4,426,220	\$4,562,862	\$4,703,738	\$4,848,980	\$4,998,723	\$5,153,109	\$5,312,281	\$5,476,388	\$5,645,585
Net Cash Flow	\$7,056,222	\$7,660,361	\$8,283,276	\$8,925,553	\$9,587,797	\$10,270,630	\$10,974,697	\$11,700,660	\$12,449,204	\$13,221,033	\$14,016,876	\$14,837,482	\$15,683,626
Stabilized (year 8) Return on Equity	15.3%												
<b>900-Key Renovated (with TDZ Surcharge, No PILOT)</b>													
<b>Equity</b>	<b>25,011,000</b>												
Total Hotel Revenue	\$80,761,386	\$83,263,276	\$85,842,989	\$88,502,957	\$91,245,687	\$94,073,767	\$96,989,865	\$99,996,731	\$103,097,204	\$106,294,211	\$109,590,772	\$112,990,000	\$116,495,108
Hotel Expenses	(\$60,456,535)	(\$62,375,155)	(\$64,353,455)	(\$66,393,299)	(\$68,496,613)	(\$70,665,377)	(\$72,901,640)	(\$75,207,510)	(\$77,585,164)	(\$80,036,848)	(\$82,564,876)	(\$85,171,636)	(\$87,859,592)
RE Taxes	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)
Hotel EBITDA	\$16,978,043	\$17,561,313	\$18,162,726	\$18,782,849	\$19,422,266	\$20,081,582	\$20,761,416	\$21,462,412	\$22,185,231	\$22,930,555	\$23,699,088	\$24,491,556	\$25,308,708
EBITDA Margin (%)	21.0%	21.1%	21.2%	21.2%	21.3%	21.3%	21.4%	21.5%	21.5%	21.6%	21.6%	21.7%	21.7%
Maintenance Capex	4.0%	(3,230,455)	(3,330,531)	(3,433,720)	(3,540,118)	(3,649,827)	(3,762,951)	(3,879,595)	(3,999,869)	(4,123,888)	(4,251,768)	(4,383,631)	(4,519,600)
Hotel NOI	\$13,747,588	\$14,230,782	\$14,729,006	\$15,242,731	\$15,772,439	\$16,318,631	\$16,881,822	\$17,462,543	\$18,061,343	\$18,678,787	\$19,315,457	\$19,971,956	\$20,648,904
Total Debt Service	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)
PILOT Tax Benefit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$3,919,497	\$4,040,442	\$4,165,132	\$4,293,685	\$4,426,220	\$4,562,862	\$4,703,738	\$4,848,980	\$4,998,723	\$5,153,109	\$5,312,281	\$5,476,388	\$5,645,585
Net Cash Flow	\$4,116,772	\$4,720,911	\$5,343,826	\$5,986,103	\$6,648,346	\$7,331,180	\$8,035,247	\$8,761,210	\$9,509,754	\$10,281,583	\$11,077,425	\$11,898,032	\$12,744,176
Stabilized (year 8) Return on Equity	3.6%												
<b>900-Key Renovated (Self-Funded)</b>													
<b>Equity</b>	<b>187,189,614</b>												
Total Hotel Revenue	\$80,761,386	\$83,263,276	\$85,842,989	\$88,502,957	\$91,245,687	\$94,073,767	\$96,989,865	\$99,996,731	\$103,097,204	\$106,294,211	\$109,590,772	\$112,990,000	\$116,495,108
Hotel Expenses	(\$60,456,535)	(\$62,375,155)	(\$64,353,455)	(\$66,393,299)	(\$68,496,613)	(\$70,665,377)	(\$72,901,640)	(\$75,207,510)	(\$77,585,164)	(\$80,036,848)	(\$82,564,876)	(\$85,171,636)	(\$87,859,592)
RE Taxes	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)
Hotel EBITDA	\$16,978,043	\$17,561,313	\$18,162,726	\$18,782,849	\$19,422,266	\$20,081,582	\$20,761,416	\$21,462,412	\$22,185,231	\$22,930,555	\$23,699,088	\$24,491,556	\$25,308,708
EBITDA Margin (%)	21.0%	21.1%	21.2%	21.2%	21.3%	21.3%	21.4%	21.5%	21.5%	21.6%	21.6%	21.7%	21.7%
Maintenance Capex	4.0%	(3,230,455)	(3,330,531)	(3,433,720)	(3,540,118)	(3,649,827)	(3,762,951)	(3,879,595)	(3,999,869)	(4,123,888)	(4,251,768)	(4,383,631)	(4,519,600)
Hotel NOI	\$13,747,588	\$14,230,782	\$14,729,006	\$15,242,731	\$15,772,439	\$16,318,631	\$16,881,822	\$17,462,543	\$18,061,343	\$18,678,787	\$19,315,457	\$19,971,956	\$20,648,904
Total Debt Service	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)
PILOT Tax Benefit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Flow	\$7,657,683	\$8,140,877	\$8,639,102	\$9,152,826	\$9,682,534	\$10,228,726	\$10,791,917	\$11,372,638	\$11,971,438	\$12,588,882	\$13,225,552	\$13,882,051	\$14,558,999
Stabilized (year 8) Return on Equity	2.7%												

(1) Surcharge calculated on total revenues excluding non-contracted concession revenues

**Sheraton Memphis - TDZ & PILOT Application**

Annual P&L Comparison

P&L	Year 27 2049	Year 28 2050	Year 29 2051	Year 30 2052	30-Year Total
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900-Key Renovated (with TDZ Surcharge and PILOT)					
Equity	25,011,000				
Total Hotel Revenue	\$120,109,408	\$123,836,318	\$127,679,362	\$131,642,176	\$2,530,977,671
Hotel Expenses	(\$90,631,284)	(\$93,489,333)	(\$96,436,441)	(\$99,475,398)	(\$1,911,348,226)
RE Taxes	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(92,404,253)
Hotel EBITDA	\$26,151,316	\$27,020,177	\$27,916,113	\$28,839,970	\$527,225,192
EBITDA Margin (%)	21.8%	21.8%	21.9%	21.9%	20.8%
Maintenance Capex	4.0% (4,804,376)	(4,953,453)	(5,107,174)	(5,265,687)	(101,239,107)
Hotel NOI	\$21,346,940	\$22,066,724	\$22,808,938	\$23,574,283	\$425,986,085
Total Debt Service	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$390,639,183)
PILOT Tax Benefit	\$2,939,450	\$2,939,450	\$2,939,450	\$2,939,450	\$80,783,506
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$5,820,029	\$5,999,884	\$6,185,319	\$6,376,507	\$122,729,531
Net Cash Flow	\$16,556,106	\$17,455,746	\$18,383,394	\$19,339,927	\$238,859,940
Stabilized (year 8) Return on Equity	15.3%				

900-Key Renovated (with TDZ Surcharge, No PILOT)					
Equity	25,011,000				
Total Hotel Revenue	\$120,109,408	\$123,836,318	\$127,679,362	\$131,642,176	\$2,530,977,671
Hotel Expenses	(\$90,631,284)	(\$93,489,333)	(\$96,436,441)	(\$99,475,398)	(\$1,911,348,226)
RE Taxes	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(92,404,253)
Hotel EBITDA	\$26,151,316	\$27,020,177	\$27,916,113	\$28,839,970	\$527,225,192
EBITDA Margin (%)	21.8%	21.8%	21.9%	21.9%	20.8%
Maintenance Capex	4.0% (4,804,376)	(4,953,453)	(5,107,174)	(5,265,687)	(101,239,107)
Hotel NOI	\$21,346,940	\$22,066,724	\$22,808,938	\$23,574,283	\$425,986,085
Total Debt Service	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$13,550,313)	(\$390,639,183)
PILOT Tax Benefit	\$0	\$0	\$0	\$0	\$0
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$5,820,029	\$5,999,884	\$6,185,319	\$6,376,507	\$122,729,531
Net Cash Flow	\$13,616,656	\$14,516,296	\$15,443,944	\$16,400,477	\$158,076,433
Stabilized (year 8) Return on Equity	3.6%				

900-Key Renovated (Self-Funded)					
Equity	187,189,614				
Total Hotel Revenue	\$120,109,408	\$123,836,318	\$127,679,362	\$131,642,176	\$2,530,977,671
Hotel Expenses	(\$90,631,284)	(\$93,489,333)	(\$96,436,441)	(\$99,475,398)	(\$1,911,348,226)
RE Taxes	(3,326,808)	(3,326,808)	(3,326,808)	(3,326,808)	(92,404,253)
Hotel EBITDA	\$26,151,316	\$27,020,177	\$27,916,113	\$28,839,970	\$527,225,192
EBITDA Margin (%)	21.8%	21.8%	21.9%	21.9%	20.8%
Maintenance Capex	4.0% (4,804,376)	(4,953,453)	(5,107,174)	(5,265,687)	(101,239,107)
Hotel NOI	\$21,346,940	\$22,066,724	\$22,808,938	\$23,574,283	\$425,986,085
Total Debt Service	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)	(\$6,089,905)	(\$188,939,399)
PILOT Tax Benefit	\$0	\$0	\$0	\$0	\$0
TDZ Local Surcharge (5%) <sup>(1)</sup>	\$0	\$0	\$0	\$0	\$0
Net Cash Flow	\$15,257,035	\$15,976,820	\$16,719,033	\$17,484,379	\$237,046,686
Stabilized (year 8) Return on Equity	2.7%				

(1) Surcharge calculated on total revenues excluding non-contracted concession revenues