MAISON ST. CHARLES NEW ORLEANS

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MAISON ST. CHARLES NEW ORLEANS



EXECUTIVE SUMMARY

The Hospitality Division of NAI Latter & Blum is pleased to announce its exclusive representation of the Maison St. Charles Hotel located at 1319 St. Charles Avenue. This offering is a rare opportunity to acquire a fee simple, historic, limited/select service hotel in the Lower Garden District of the City of New Orleans.

The Maison St. Charles Hotel is located adjacent to the future development of the Brown's Processing Facility, which is comprised of approximately five acres.

With a footprint of 2.09 acres, this hotel has 115 feet of frontage on St. Charles Avenue, and resides just minutes from the historic New Orleans French Quarter.

The following summarizes key property highlights:

- 130 guest rooms (26 suites, 30 poolside guest rooms, and 64 standard guest rooms)
- Food and Beverage Outlet: Mr. Ed's Oyster Bar & Fish House
- Three Meeting Rooms totaling approximately 3,000 square feet
- Three French Quarter style courtyards
- Outdoor swimming pool and spa

The property's full service food and beverage component is currently leased to Mr. Ed's Restaurant Group. Mr. Ed's Oyster Bar and Fish House is a casual dining experience that specializes in local delicacies.

In addition to the restaurant, there is a lounge located in the historic Carondelet building. The lounge offers the new ownership an opportunity to establish a unique bar/restaurant with a focus aimed at capitalizing on the theme of the hotel and the surrounding Garden District neighborhood.

The Maison St. Charles features more than 3,000 square feet of meeting space in three separate meeting rooms (Salon des Bonnes, Plantation Room, and Audubon Room). The largest of the meeting rooms is the 1,863 square foot Salon des Bonnes which can be divided into three sections, giving the hotel the flexibility to host functions for up to 100 guests.





TRAPOLIN · PEER ARCHITECTS

PROPERTY OVERVIEW

The Maison St. Charles is located in the beautiful Garden District area of the City of New Orleans. The Neighborhood adjoins the Historic District of the Upper and Lower Garden District. The neighborhood is one of highest income areas in the city.

The hotel is perfectly situated on the Mardi Gras parade route, the Streetcar line, and is within minutes of the World War II Complex, Warehouse District, Convention Center, and the French Quarter.

SUMMARY OF EXISTING FACILITIES AND AMENITIES

Item

Address Ownership Interest Management Guestrooms Food Beverage Meeting Space

Year Built Land Acreage Building Size Zoning

Description

1319 St. Charles AvenueFee SimpleUnencumbered130 Total Guest RoomsMr. Ed Oyster Bar & Fish House3,000 square feet of meeting and event space

1840's Historic Buildings/ 1984 2.45 Acres 53,700 square feet HU – MU Historic Urban Neighborhood Mixed Use District

EXISTING BUILDINGS: LOBBY & MOTORCOURT





EXISTING BUILDINGS: MAIN GUEST HOUSES









EXISTING BUILDINGS: THALIA STREET GUEST HOUSES





EXISTING BUILDINGS: AMENITIES





HOTEL DESCRIPTION

The two-story structure fronting St. Charles Avenue is of masonry construction with a stucco front and contains the lobby, administrative offices, the Plantation meeting facility, and the spacious Mardi Gras Suite on the second floor that overlooks St. Charles Avenue. This building has a covered circular carriageway for automobile traffic, with an entrance and exit via St. Charles Avenue. The adjoining single story structure is of brick exterior and is located at the corner of St. Charles and Thalia. It is currently leased to Mr. Ed's Seafood and Oyster Bar along with meeting room space. The meeting area contains approximately 3,000 square feet that is divisible for separate functions, and is currently undergoing renovation.

The rear portion of the property, which can be accessed via an easement off the back of the main building, contains 130 guestrooms and suites, multiple French Quarter style courtyards with beautiful fountains and lush landscaping throughout, a relaxing swimming pool and spa area, and a breakfast facility. This portion of the property contains two historic wood frame, two-story structures (formerly residences) facing Thalia Street that were constructed in the 1840's. These structures were combined and now contain 16 guest suites. A 2 1/2 -story historic building named the "Carondelet Building," is of masonry construction, and separates two of the three most recently built non-historic buildings. The "Carondelet Building" contains a total of 7 guest suites, including the Degas Honeymoon Suite, the recently renovated food and beverage component, and the Audubon Room meeting facility.

The three 3-story structures containing the bulk of the guestrooms, known as "Buildings A, B and C," were constructed in 1984 when the complex was retrofitted for its current purpose as a hotel. These buildings are located at the corner of Carondelet and Thalia, the corner of Carondelet and Erato, and on Erato Street behind the Wendy's restaurant. These buildings are of concrete construction and all have elevator service.

There is another historical two-story building of masonry construction overlooking two beautiful courtyards on the eastern side of the property. This building houses two suites and the on-site guest laundry.

Housekeeping is located on Thalia Street in a historic wood framed, camel-back building. This building contains a total square footage of 3,580 square feet. This building adjoins a paved and gated parking lot of approximately 16,000 Sq. Ft., located on the corner of Carondelet and Thalia Streets. There is an additional long term lease hold of approximately 21,372 Sq. Ft. of ground level asphalt parking on the corner of Erato and Carondelet.

KEY	BUILDING	CLASSIFICATION	LEVELS	CONSTRUCTION	GUEST ROOMS	FACILITIES
Α	MAIN	Historic	2	Masonry	1	Lobby, Admin, Office, Suite
В	RESTAURANT	Non-Historic	3	Brick	0	Restaurant, Lounge, Meeting Area
С	THALIA	Historic	2	Wood Frame	16	Suites
D	CARONDELET	Historic	2 1/2	Masonry	7	F&B Facility, Suites, Meeting Space
Ε	ERATO	Historic	2	Wood Frame	2	Suites, Guest Laundry, Security Post
F	BUILDING A	Non-Historic	3	Concrete	35	Guestrooms
G	BUILDING B	Non-Historic	3	Concrete	39	Guestrooms
Н	BUILDING C	Non-Historic	3	Concrete	30	Guestrooms
Ι	LAUNDRY	Historic	2	Wood Frame	0	Laundry, Office

BUILDING FACTS

TOTAL 130



VALUE ENHANCEMENTS

Repositioning the property as a French Quarter Garden Oasis, maximizing its St. Charles Avenue orientation, historic French Quarter architecture, and lushly landscaped courtyard, will subsequently enhance the achievable ADR while achieving occupancy realized only by the luxury lodging competitive set.

The existing administration lobby reception building minimizes its St. Charles Avenue orientation with its limited density relative to its allowable land to building ratio. Expanding the existing structure to accommodate a third-floor addition, while relocating the second floor, would provide for the inclusion of premium suites with garden terraces overlooking St. Charles Avenue.

The current driveway, bifurcating the site, can either be acquired to construct an adjoining structure to the new entrance (depicted in architectural drawing option 2) or via an enclosed raised platform over the parking (depicted in architectural drawing option 1). Either solution bridges the lobby/reception area to the picturesque French Quarter courtyards, retaining a consistent feel throughout the guest's walkthrough.

Existing rooms on the property offer ample opportunity for creative redesign. Rooms can be combined to fabricate junior and/or master suites. In order to maintain continuity with new construction in the St. Charles wing, a similar redesign would be considered for the rest of the property. On the rear of the property, guestrooms will be combined to create spacious master suites. This will simultaneously reduce the key count and enhance the premiere suites on St. Charles Avenue. The newly assembled master suites, along with the pre-existing suites shall undergo extensive head-to-toe remodeling including luxurious materials, finishes, and furnishings.

SITE ANALYSIS: EXISTING BUILDINGS & ACCESS





TRAPOLIN · PEER ARCHITECTS

SITE PROPOSAL: OPTION 1: BRIDGE



TRAPOLIN · PEER ARCHITECTS

SITE PROPOSAL: OPTION 2: NEW ENTRY BUILDING





FINANCIAL OVERVIEW

A summary of NAI Latter & Blum's pro forma assumptions are as follows:

PRO FORMA PROJECTIONS

- L&B has assumed room count of 130 rooms will remain unchanged
- L&B has forecasted the Property's performance based on the operating statistics of a luxury set of hotels within the trade area.

DEPARTMENTAL REVENUES & EXPENSES

- Average daily rate ("ADR") at the start of the forecast is set at \$214 with a 3% increase per annum.
- Occupancy is stabilized at start at 72%.
- Room Revenue is set at \$154 per-available room ("PAR") with expenses of \$43.45 PAR
- Miscellaneous revenue is set at \$2.84 PAR
- Other Operated revenue is set at \$7.51 PAR with expenses of \$5.82 PAR
- Food and beverage revenue is set at \$15.41 PAR with expenses at \$17.35

UNDISTRIBUTED EXPENSES

- Administrative & General are set at \$14.39 PAR
- Information & telecom Systems are set at \$5.40 PAR
- Sales & Marketing are set at \$14.48 PAR
- Property Operations & Maintenance set at \$10.79 PAR
- Utilities are set at \$8.99 PAR

MANAGEMENT FEE

Management fees are projected as 3.0% of Total Revenues starting in year one based on market comparables.

FIXED EXPENSES

- Property and other taxes are based on a market value of 85% of the asking price, assessed value of 10% of market value, and a millage of .1540797 with an increase of 2% per annum
- Insurance is set at 3.0% of Room Revenue
- Rents are fixed at a fixed amount of \$76,577

MAISON ST. CHARLES NEW ORLEANS

FINANCIAL OVERVIEW CHART

Maison Saint Charles Hotel & Suites															
Luxury Set															
	Adjusted	Actuals*	í						Projection						
For the Years Ending Number of Rooms Available Room Nights Occupied Room Nights Occupancy Percentage ADR Implied ADR Growth Rate RevPAR	Dec-2016 130 47,580 29,095 61.15% 120.89 73.92	%	<u>Year 1</u> 130 47,580 34,258 72.00% 214.00 NA. 154.08	%	Year 2 130 47,450 34,164 72.00% 220.42 3.00% 158.70	%	Year 3 130 47,450 34,164 72.00% 227.03 3.00% 163.46	%	Year 4 130 47,450 34,164 72.00% 233.84 3.00% 168.37	%	Year 5 130 47,580 34,258 72.00% 240.86 3.00% 173.42	%	Year 6 130 47,450 34,164 72.00% 248.08 3.00% 178.62	%	<u>Total</u> 130 284,960 205,171 5184.00% 16,610.66 11,959.68
			Amount		Amount	Ratio	Amount	Ratio	Amount		Amount	Ratio	Amount		Total
			Anount												Total
Departmental Revenues	3,517,315	02 710/	7 221 120	05.000/	7 520 420	05 600/	7 756 242	05 (00/	7 000 022	05 (00/	0.251.247	05 (00)	0 475 564	05 (00)	47,333,740
Rooms Food & Beverage	3,517,315	93.71% 0.00%	7,331,126 733,113	85.68% 8.57%	7,530,429 753,043	85.68% 8.57%	7,756,342 775,634	85.68% 8.57%	7,989,032 798,903	85.68% 8.57%	8,251,247 825,125	85.68% 8.57%	8,475,564 847,556	85.68% 8.57%	47,333,740
Other Operated	171,364	4.57%	357,172	6.57% 4.17%	366,882	6.57% 4.17%	377,889	8.57% 4.17%	389,226	8.57% 4.17%	402,001	8.57% 4.17%	412,929	8.57% 4.17%	2,306,099
Miscellaneous Income	64,824	1.73%	135,113	1.58%	138,786	1.58%	142,949	1.58%	147,238	1.58%	152,001	1.58%	156,205	1.58%	872,361
Total Departmental Revenue	3,753,503	100.00%	8,556,524	100.00%	8,789,140	100.00%	9,052,814	100.00%	9,324,399	100.00%	9,630,443	100.00%	9,892,255	100.00%	55,245,575
Departmental Expenses	3,733,303	100.00 /0	0,550,524	100.00 /0	0,709,140	100.00 /0	5,052,014	100.00 /0	5,527,555	100.00 /0	9,030,443	100.00 /0	5,052,255	100.00 /0	55,215,575
Rooms	991,848	28.20%	2,067,304	28.20%	2,123,506	28.20%	2,187,211	28.20%	2,252,827	28.20%	2,326,769	28.20%	2,390,024	28.20%	13,347,641
Food & Beverage	0	0.00%	825,485	112.60%	847,926	112.60%	873,364	112.60%	899,565	112.60%	929,090	112.60%	954,349	112.60%	5,329,779
Other Operated Expenses	8,388	4.89%	277,002	77.55%	284,532	77.55%	293,068	77.55%	301,860	77.55%	311,768	77.55%	320,243	77.55%	1,788,473
Total Departmental Expense	1,000,236	26.65%	3,169,791	37.05%	3,255,964	37.05%	3,353,643	37.05%	3,454,252	37.05%	3,567,627	37.05%	3,664,616	37.05%	20,465,893
Total Departmental Income	2,753,267	73.35%	5,386,733	62.95%	5,533,176	62.95%	5,699,171	62.95%	5,870,147	62.95%	6,062,816	62.95%	6,227,638	62.95%	34,779,681
Undistributed Expenses															
Administrative & General	350,277	9.33%	684,522	8.00%	703,131	8.00%	724,225	8.00%	745,952	8.00%	770,435	8.00%	791,380	8.00%	4,419,645
Information & Telecom Systems	103,371	2.75%	256,696	3.00%	263,674	3.00%	271,584	3.00%	279,732	3.00%	288,913	3.00%	296,768	3.00%	1,657,367
Sales & Marketing	115,458	3.08%	688,800	8.05%	707,526	8.05%	728,752	8.05%	750,614	8.05%	775,251	8.05%	796,326	8.05%	4,447,269
Property Operations & Maintenance	223,784	5.96%	513,391	6.00%	527,348	6.00%	543,169	6.00%	559,464	6.00%	577,827	6.00%	593,535	6.00%	3,314,734
Utilties	158,661	4.23%	427,826	5.00%	439,457	5.00%	452,641	5.00%	466,220	5.00%	481,522	5.00%	494,613	5.00%	2,762,279
Total Undistributed Expense	951,550	25.35%	2,571,236	30.05%	2,641,137	30.05%	2,720,371	30.05%	2,801,982	30.05%	2,893,948	30.05%	2,972,623	30.05%	16,601,297
Gross Operating Profit	1,801,716	48.00%	2,815,498	32.90%	2,892,039	32.90%	2,978,801	32.90%	3,068,165	32.90%	3,168,868	32.90%	3,255,016	32.90%	18,178,387
Fixed Expenses															
Property and Other Taxes**	111,612	2.97%	288,129	3.37%	293,892	3.34%	299,769	3.31%	305,765	3.28%	311,880	3.24%	318,118	3.22%	1,817,553
Insurance	152,174	4.05%	256,696	3.00%	263,674	3.00%	271,584	3.00%	279,732	3.00%	288,913	3.00%	296,768	3.00%	1,657,367
Rents	76,577	2.04%	76,577	0.89%	78,109	0.89%	79,671	0.88%	81,264	0.87%	82,889	0.86%	84,547	0.85%	483,057
Management Fee	112,605	3.00%	256,696	3.00%	263,674	3.00%	271,584	3.00%	279,732	3.00%	288,913	3.00%	296,768	3.00%	1,657,367
Total Fixed Expense	452,968	12.07%	878,098	7.47%	899,349	7.47%	922,609	7.46%	946,493	7.45%	972,595	7.44%	996,200	7.43%	5,615,344
Net Operating Income	1,348,748	35.93%	1,937,400	25.43%	1,992,690	25.44%	2,056,192	25.45%	2,121,672	25.46%	2,196,273	25.47%	2,258,816	25.47%	12,563,043

* The following expenses were removed from the 2016 Actuals; Sales and marketing reduced by (\$247,594) including the following itemized expense categories: Franchise Fees (\$189,729), Franchise Marketing Fees (\$57,795), Franchise Program Fees (\$247,594), and Property Operations and Maintenance reduced by (\$115,402) due to the ongoing renovations.

**Adjusted actual property and other taxes are based on the budgeted amount.



NEW ORLEANS HIGHLIGHTS

TOURISM 9.8 Million Visitors in 2015 2.7% Increase from 2014 8 Million visitors stayed overnight \$7 Billion tourism industry No.11 in STR's Top 25 US Markets No.11 in terms of RevPAR in 2016

Purpose of Travel 77% for Vacation/Pleasure 13% for Conventions/Corporate Meetings 10% for Business

MIGRATION

6% population growth forecast for New Orleans through 2025

Gateway cities include: Boston Los Angeles Miami New York San Francisco INFRASTRUCTURE IMPROVEMENTS

University Medical Center and VA Hospital

\$2 Billion + 30,000+ Jobs \$93K+ Average Salary

New Orleans Armstrong International (MSY)

Fastest growing airport in USA New Terminal opening in 2018 15 Airlines, 57 non-stop destinations ranging from Munich, Germany to Panama

> **Hotel Industry** \$400 million in improvements

Mercedes-Benz Superdome \$350 million in renovations

National World War II Museum \$320 million expansion

Orleans Ernest N. Moral Convention Center \$92.7 million in renovations

> French Quarter Rail \$70 million expansion

New Orleans Children's Museum \$38 million construction of an 8.5 acre ACCOLADES Fastest Median Wage Growth (Forbes 2015) 6.5% Since 2006

Number #1 in the World for Nightlife (Travel & Leisure 2014)

Number #2 in the Nation for Dining (Travel & Leisure 2014)

Number #2 in USA for Growth of Knowledge Industry (Economic Modeling Specialists Intl. 2015) 37% Growth 2007 – 2015

Number #2 Most Cost-Competitive Markets in the Nation (KPMG 2016) Business Cost 6.9% below the U.S. National baseline Lowest Corporate Income Tax Rate

Number #1 City for Creative Professionals (Smartasset 2016)

Number #1 in USA in Foreign Direct Investment per capita and export growth (GNO, Inc. 2016)



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