



## Holiday Inn Express & Suites Natchez South Natchez, MS



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## Opportunity Overview

HREC Investment Advisors ("HREC IA") is pleased to offer, to qualified investors, the opportunity to acquire the fee-simple interest in the 81-room Holiday Inn Express & Suites Natchez South ("Hotel" or "Property"), situated at 639 S Canal St Natchez, MS 39120.

The Holiday Inn Express & Suites is located just steps from the scenic Mississippi River and minutes from the historic downtown district, just off Highway 425. The Hotel benefits from several highly stable demand generators within a ten-minute drive. These include the 179-bed Merit Health Natchez Hospital, the 98-bed Trinity Medical Hospital, Alcorn State University's Natchez campus, and various federal and state government offices. Natchez is a nationally recognized heritage tourism hub, drawing over 700,000 annual visitors with its antebellum architecture, riverfront festivals, and historic landmarks such as the Natchez National Historical Park and Longwood Mansion.

The Holiday Inn Express & Suites offers a compelling value-add opportunity on top of existing cashflows given the Hotel will be due for a full Change-of-Ownership PIP. Furthermore, there is no new supply proposed, in final planning, or under construction in the entire city. The Holiday Inn Express & Suites Natchez South will be offered fee simple, unencumbered by management, at a discount to replacement cost.





# Investment Highlights

## 1 Premier Location Along the Mississippi River

The Holiday Inn Express & Suites Natchez South enjoys an irreplaceable position along the banks of the Mississippi River, offering guests panoramic views and direct access to the historic downtown district. This location places the property within walking distance of Natchez's iconic landmarks, dining, shopping, and cultural attractions, making it a sought-after destination for both leisure and business travelers.

## 2 Trusted IHG Brand Affiliation

The hotel benefits from the strength of the globally recognized Holiday Inn Express brand, including access to IHG's robust reservation system and the IHG One Rewards loyalty program. These affiliations consistently drive higher occupancy levels and allow the property to command a premium rate relative to unbranded or independent competitors.

## 3 Strong Year-Round Demand Base

Natchez attracts over 700,000 visitors annually with its rich antebellum history, dynamic festivals, and distinctive Southern charm. In addition to this strong leisure base, the hotel benefits from steady year-round demand generated by nearby corporate offices, healthcare facilities, government agencies, and higher education institutions, offering a balanced mix of transient and group business.

## 4 Limited Competition and Operational Upside

With no new supply planning, proposed, or under construction in the Natchez market, the competitive landscape remains favorable. This limited competition, combined with clear opportunities to improve performance through enhanced revenue management, more aggressive direct booking strategies, and minor capital reinvestments, creates an attractive value-add opportunity for prospective ownership.



Under-the-Hill, Natchez, MS

## 5 Offered Well Below Replacement Cost

The opportunity to acquire this asset well below replacement cost allows an investor to benefit substantially from a combination of location in a growing economy and upside opportunity. The national average cost of building a hotel has increased significantly in the past few years. Given the size and condition of this Hotel, as well as the increased cost of labor and supplies in today's market, we can reasonably assume that the construction of this Property would be significantly more than the target selling price of this asset.

## 6 Fee Simple Interest

The Property will be offered as fee simple.

## 7 Offered Unencumbered by Management

The Holiday Inn Express & Suites Natchez South is being offered unencumbered by a management agreement. An investor possesses the opportunity to bring in a new management company or to act as an owner/operator and seek to revamp the operational strategy of the Hotel, implement strategic cost control initiatives, and employ more aggressive yield management strategies.



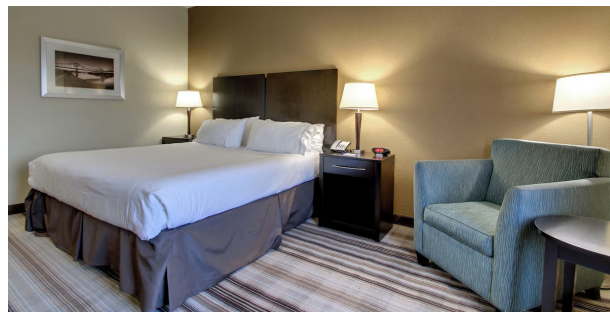
# Property Overview

## Property Overview

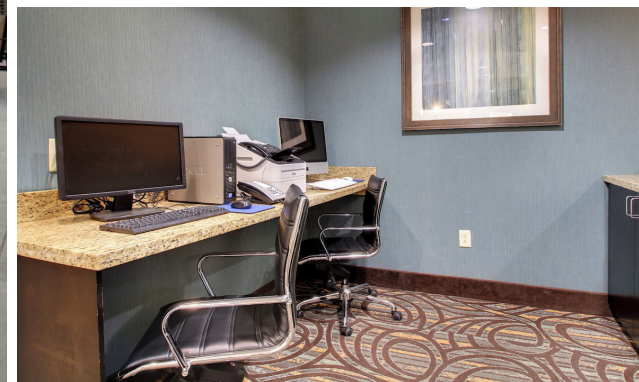
Address	639 S Canal St Natchez, MS 39120
Rooms	81
Stories	4
GBA	42,612
Corridors	Interior
Year Built	2013
Land Acres	1.60
Amenities	Business Center Fitness Center Pool Public Access WiFi Smoke-Free

## Guestroom Breakdown

King	21
ADA King	3
Double Queen	34
ADA Double Queen	4
Double Queen Suite	8
Executive King Suite	5
King Suite	4
ADA Double Queen Suite	1
ADA King Suite	1
Total	81









## Area Overview

### City Overview

Natchez is one of the oldest continuous settlements on the Mississippi River and serves as the economic and cultural anchor of southwest Mississippi. Rich in antebellum architecture, heritage tourism, and riverfront scenery, the city draws over 700,000 visitors annually. It is the county seat of Adams County and a hub for government services, healthcare, and regional education. Its historic charm, scenic beauty, and year-round events calendar position it as one of the South's premier cultural tourism destinations.

The hotel market is characterized by limited branded inventory, with the subject property representing one of the most desirable flag affiliations in the area. Continued investment in downtown revitalization, tourism promotion, and infrastructure upgrades (including nearby port and highway improvements) are expected to further benefit hotel demand.



New Orleans Natchez Harbor Steamboat Cruise Excursion



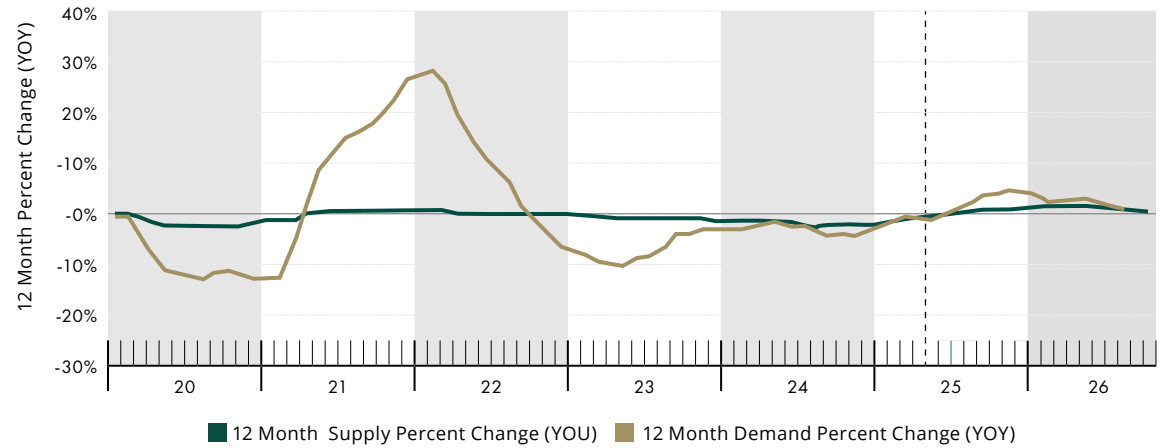
Natchez-Vidalia Bridge, Mississippi River



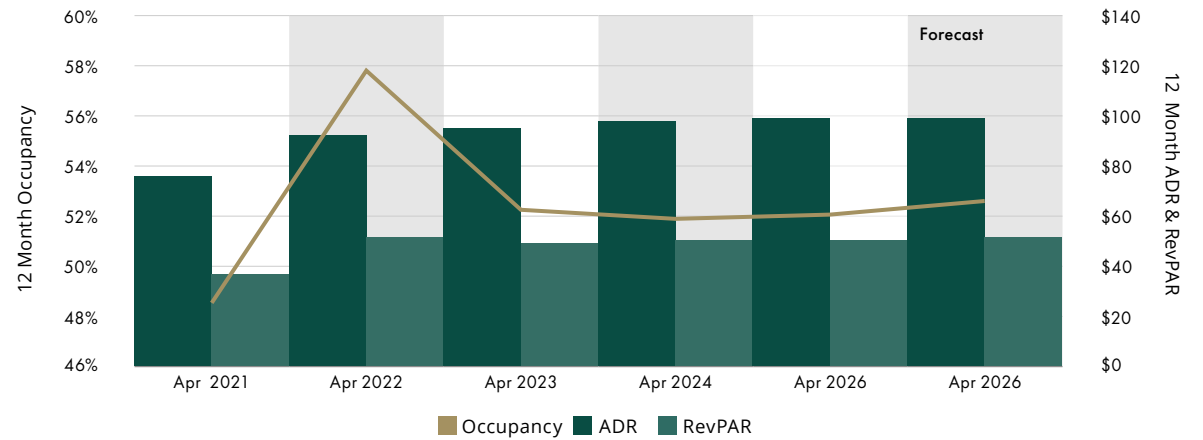
# Hospitality Market Overview



## Supply & Demand Change



## Occupancy, ADR & RevPAR





## Tourism/Leisure

### Natchez Convention Center

The Natchez Convention Center is less than a mile from the Property and serves as a premier venue for meetings, conferences, and special events in the region, offering 32,000 square feet of state-of-the-art meeting and exhibit space. Complemented by the adjacent Natchez Community Center and a 1,000-seat auditorium, the facility regularly hosts a wide range of events including corporate conferences, regional trade shows, cultural festivals, weddings, and citywide celebrations like the Natchez Literary and Cinema Celebration and the Natchez Food & Wine Festival. With its central location and flexible event spaces, the Convention Center plays a vital role in energizing the local economy and showcasing Natchez as a destination for both business and leisure.

### Natchez Trace Highway

The Natchez Trace Parkway is a scenic and historic route that stretches approximately 444 miles from Natchez, Mississippi, to Nashville, Tennessee. The start of the Natchez Trace Highway is positioned less than four miles from the Property. This picturesque drive offers travelers a chance to immerse themselves in natural beauty and rich history. Along the way, visitors can enjoy walking trails, such as the Cypress Swamp Trail at Milepost 122, which meanders through a lush cypress swamp, providing opportunities for wildlife viewing and photography. The Parkway also features several scenic overlooks, including the Twentymile Bottom Overlook near Tupelo, offering expansive views of the surrounding landscape. In addition to its natural attractions, the Natchez Trace Parkway hosts various events throughout the year. For instance, the Natchez Trace Century Ride, held annually in Ridgeland, welcomes cyclists to traverse portions of the Parkway, celebrating both fitness and the area's beauty. Whether you're seeking outdoor recreation, historical exploration, or simply a leisurely drive, the Natchez Trace Parkway offers a memorable experience for all who visit.



Natchez Convention Center



Natchez Trace Highway



### Natchez Festival of Music

The Natchez Festival of Music is hosted in the Margaret Martin Performing Arts Center less than two miles from the Property. The festival enriches the Natchez community through music, theater, and the arts, fostering inclusivity and cultural excellence since its founding in 1990. In partnership with local institutions, the festival provides educational opportunities, supports emerging talent, and offers world-class performances that inspire and uplift the region. The festival hosts several artists in 2025 with concerts spanning from March through late May.

### Downtown Natchez Historical District

Downtown Natchez's Historic District is a short mile from the Hotel and offers a rich blend of history, scenic beauty, and Southern charm. Overlooking the Mississippi River, Bluff Park provides stunning views and walking trails that highlight the city's heritage. The area is home to a vibrant culinary scene with local favorites like The Camp Restaurant and Natchez Brewing

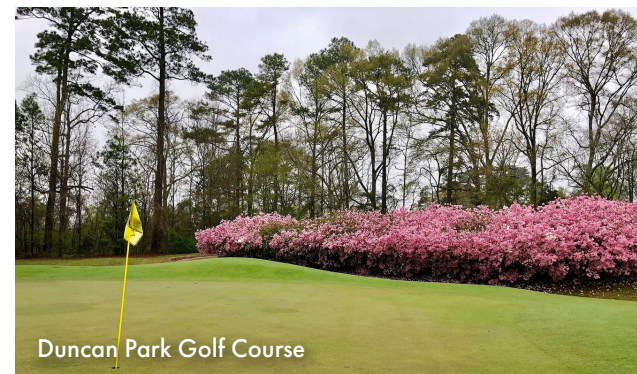
Company, as well as unique shops and boutiques along Main and Franklin Streets. Events such as the Natchez Food & Wine Festival bring locals and visitors together, supporting small businesses and fostering community pride. This walkable district is not only a hub for tourism but also a vital part of Natchez's cultural and economic life.

### Duncan Park Golf Course

Duncan Park Golf Course in Natchez, Mississippi, is a scenic 18-hole, par-71 course that blends historic charm with modern playability less than three miles from the Hotel. With a front nine featuring rolling hills and the back nine winding through a hardwood forest, it offers variety for golfers of all skill levels. Surrounded by blooming dogwoods and moss-draped oaks, the course provides a beautiful and affordable recreational option. As a draw for both tourists and locals, it supports community engagement and boosts the local economy through events and regular play.



Natchez Festival of Music



Duncan Park Golf Course



Downtown Natchez Historical District



Downtown Natchez Historical District



## Corporate

### Jordan Carriers

Located three and a half miles from the Property, Jordan Carriers is the largest company headquartered in Natchez, Mississippi and has grown to become the largest flatbed trucking company in the state. Founded in 1992 with a single truck, Jordan Carriers has expanded its operations significantly over the years. In 2024, the company celebrated the grand opening of a new 36,000-square-foot headquarters in Natchez, marking a \$9 million investment and the creation of 30 new high-quality jobs. This facility houses approximately 150 employees locally, with the company employing over 1,000 individuals across multiple states, including Texas, Louisiana, Arkansas, Tennessee, Georgia, Washington, and Indiana. Jordan Carriers' headquarters in Natchez serves as a central hub for its operations, providing state-of-the-art conference rooms, offices, a training classroom, and amenities such as showers, laundry facilities, and break rooms for employees. The company's growth and investment in the local community have made it a significant economic driver in Natchez, contributing to job creation and community development.

### International Paper

International Paper is located three miles from the Hotel and has been a cornerstone of Natchez since 1950, significantly shaping the region's economy and community. The mill's operations provided hundreds of local jobs and contributed millions in annual payroll, making it Adams County's largest employer for decades. Beyond employment, IP played an integral role in local philanthropy, with employees and the company collectively donating substantial amounts to organizations like the United Way and local schools. Their support extended to hands-on volunteer efforts, such as tutoring, mentoring, and organizing community events. The mill's closure in 2003 marked the end of an era, but its legacy continues through the Mississippi River Energy Complex, a revitalized industrial site that preserves the mill's infrastructure and serves as a foundation for future economic development in Natchez.

## Military

### Natchez National Guard Armory

The Natchez National Guard Armory, located less than four miles from the Property, serves as a pivotal facility for the Mississippi Army National Guard. It functions as a training and operational hub for local units, including elements of the 155th Armored Brigade Combat Team. In 2018, soldiers from this brigade were deployed to Kuwait, highlighting the armory's role in both national defense and international missions. Beyond military operations, the armory supports community resilience by storing emergency supplies and providing assistance during natural disasters, such as tornadoes and hurricanes. This dual role underscores its significance in both defense and civil support within the Natchez community.

### Mississippi Department of Human Services

While not a military entity, the Mississippi Department of Human Services (MDHS) in Natchez plays a crucial role in supporting military families and veterans. Just three miles from the Hotel, MDHS offers a range of services, including Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), and Medicaid, which can benefit service members and their families during deployments or transitions. Additionally, MDHS's Division of Youth Services operates programs that can assist military families with juvenile support services. By providing these resources, MDHS contributes to the overall well-being and stability of the military community in Natchez.



Jordan Carriers



International Paper



Natchez National Guard Armory



Mississippi Department of Human Services



## Higher Education

### Alcorn State University

The Alcorn State University-Natchez campus is located four and a half miles from the Property south of historic downtown Natchez. As of Fall 2024, the university enrolled 2,995 students, marking a 3.5% increase from the previous year. With a student-to-faculty ratio of 16:1, Alcorn offers personalized education across seven schools, including the College of Agriculture and Applied Sciences and the School of Nursing. Popular majors include biology, business administration, agricultural science, and psychology. Graduates often pursue careers in healthcare, education, agriculture, and public service.

### Copiah-Lincoln Community College

Located less than five miles from the Property, Copiah-Lincoln Community College Natchez Campus works in junction with the University of Southern Mississippi to provide an education presence in Natchez. Serving southwestern Mississippi, Copiah-Lincoln Community College (Co-Lin) offers accessible education across multiple campuses. As of 2022, the college had a full-time enrollment of 1,801 undergraduates. Co-Lin provides a range of programs, with popular majors in nursing, business, biology, welding, and cosmetology. Graduates often enter the workforce in healthcare, manufacturing, education, and skilled trades.



Copiah-Lincoln Community College



Alcorn State University



## Healthcare

### Merit Health Natchez

Located less than three miles from the Hotel, Merit Health Natchez stands as a cornerstone of healthcare in the Miss-Lou region, encompassing five Mississippi counties and two Louisiana parishes. This 179-bed, Joint Commission-accredited acute care hospital offers a wide range of services, including emergency medicine, surgery, cardiology, labor and delivery, radiology, and physical therapy. In 2021, the hospital reported over 79,400 patient visits, with more than 19,400 emergency department visits, over 3,000 inpatient admissions, and more than 2,400 surgeries performed. The hospital employs a dedicated team of healthcare professionals and supports the community through significant charitable care and economic contributions.

### Medical Associates of Natchez

Medical Associates of Natchez is a well-established multi-specialty clinic serving the Natchez community under three miles from the Property. While specific data on bed count and annual patient visits are not publicly available, the clinic is known for providing comprehensive outpatient services across various specialties, including internal medicine, family practice, and pediatrics. The clinic's team of experienced physicians and healthcare professionals is committed to delivering personalized care, contributing significantly to the region's healthcare landscape.

### Natchez Children's Clinic

Just over three miles from the Property, Natchez Children's Clinic is dedicated exclusively to pediatric care, offering comprehensive services for infants, children, and adolescents. Although specific statistics on staffing and patient visits are not publicly disclosed, the clinic is recognized for its commitment to child health, providing services ranging from routine check-ups to specialized care. The clinic's team of pediatricians and support staff work closely with families to ensure the well-being of the younger population in the Natchez area.



Medical Associates of Natchez



Natchez Children's Clinic



## Transportation

### Highway

#### US-61

U.S. Highway 61 runs north-south through Natchez, offering direct access to Baton Rouge to the south and Vicksburg and Memphis to the north, making it a vital route for regional connectivity and commerce.

#### US-84

U.S. Highway 84 travels east-west through Natchez, connecting the city to Brookhaven and Interstate 55 to the east, and Vidalia, Louisiana to the west, facilitating efficient cross-state travel.

#### US-425

U.S. Highway 425 intersects near Natchez and links the area southward to Ferriday and Alexandria, Louisiana. The subject property benefits from proximity to both U.S. 61 and U.S. 425, enhancing its accessibility to regional hubs and major transportation corridors.

### Air

#### Adams County Airport (HEZ)

Just northeast of downtown Natchez and 11.2 miles from the Property, the Natchez–Adams County Airport (HEZ) serves as a vital general aviation facility for the region. With two asphalt runways measuring 6,500 and 5,000 feet, the airport accommodates a variety of aircraft operations. In the year ending July 31, 2021, the airport recorded 15,142 aircraft operations, averaging 41 per day, primarily supporting general aviation, air taxi services, and military flights. While it doesn't offer commercial airline services, HEZ provides essential connectivity for private pilots, business travelers, and air cargo, facilitating access to larger hubs for international travel. This accessibility enhances Natchez's appeal for tourism, business development, and emergency services, contributing significantly to the local economy.

#### Alexandria International Airport (AEX)

Situated in Alexandria, Louisiana, approximately 81 miles from the Property, Alexandria International



US-84 Crossing Mississippi River



Adams County Airport (HEZ)



Alexandria International Airport (AEX)



Natchez Railway

Airport (AEX) functions as a key transportation hub for central Louisiana. In 2024, the airport experienced a 1% increase in passenger traffic, reflecting a rebound in air travel demand. AEX offers direct flights to major hubs such as Dallas/Fort Worth and Atlanta, operated by American and Delta Airlines, respectively. These connections provide travelers with convenient access to a wide range of domestic and international destinations. The airport's infrastructure includes two runways and a terminal equipped with modern amenities, supporting both passenger and cargo services. AEX's strategic location and facilities make it an essential asset for regional connectivity and economic development.

### Rail

#### Natchez Railway

Less than four miles from the Property, the Natchez Railway is a short-line freight railroad that plays a critical role in supporting the industrial and commercial sectors of Natchez, Mississippi. Operating since 2011 under the management of Natchez Railway, LLC, the line runs approximately 65 miles from Natchez to Brookhaven, where it connects with the Canadian National Railway. This rail connection enables the efficient transport of bulk commodities—such as timber, chemicals, and agricultural products—linking local industries to national and international markets. Its continued operation is vital to sustaining economic development and attracting industrial investment in the Natchez area.

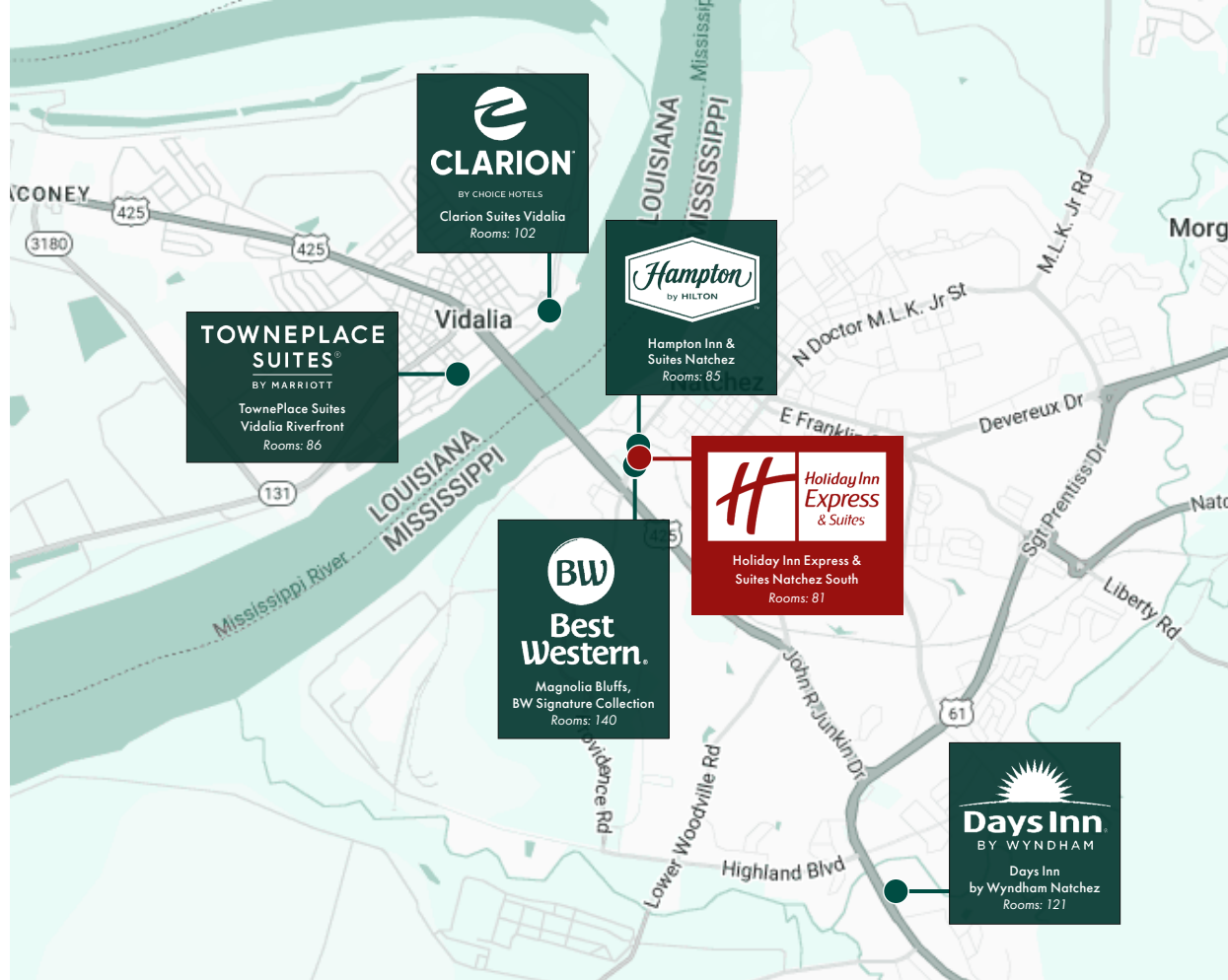


## Hotel Market Overview

As determined by management and STR, the Property competes most directly with six other area hotels. These properties have been selected for the competitive set based on location, size, market positioning and overall quality of facilities. The competitive set, including the Property, totals 705 guestrooms.

The tables below summarize the Occupancy, ADR, and RevPAR for the Holiday Inn Express & Suites Natchez South and its defined competitive set from May 2023 TTM to May 2025 TTM and May 2024-2025 YTD periods.

Primary Competitive Set			
#	Hotel	# of Rooms	Opening Date
-	<b>Holiday Inn Express &amp; Suites Natchez South</b>	81	Jul - 2013
1	Magnolia Bluffs, BW Signature Collection	140	Jun - 1984
2	Days Inn by Wyndham Natchez	121	Nov - 1978
3	Clarion Suites Vidalia	102	Oct - 2002
4	Hampton Inn & Suites Natchez	85	Dec - 2007
5	TownePlace Suites Vidalia Riverfront	86	Dec - 2018
<b>Totals</b>		<b>705</b>	



Occupancy, ADR & RevPAR Primary Competitive Set

Year	Occupancy			ADR			RevPAR		
	Hotel	Comp Set	Penet.	Hotel	Comp Set	Penet.	Hotel	Comp Set	Penet.
<b>May 2023 TTM</b>	65.1%	46.1%	141.1%	\$113.85	\$103.88	109.6%	\$74.08	\$47.91	154.6%
<b>May 2024 TTM</b>	62.0%	45.3%	136.8%	\$124.70	\$108.84	114.6%	\$77.34	\$49.33	156.8%
<b>May 2025 TTM</b>	61.4%	40.6%	151.2%	\$125.83	\$119.98	104.9%	\$77.32	\$48.76	158.6%
<b>% Change ('24-'25)</b>	<b>-0.9%</b>	<b>-10.3%</b>	<b>10.5%</b>	<b>0.9%</b>	<b>10.2%</b>	<b>-8.5%</b>	<b>0.0%</b>	<b>-1.2%</b>	<b>1.1%</b>
<b>May 2024 YTD</b>	61.4%	40.4%	151.9%	\$127.24	\$110.94	114.7%	\$78.08	\$44.82	174.2%
<b>May 2025 YTD</b>	60.8%	40.6%	149.9%	\$124.36	\$121.03	102.7%	\$75.66	\$49.11	154.1%
<b>% Change ('24-'25)</b>	<b>-0.9%</b>	<b>0.4%</b>	<b>-1.3%</b>	<b>-2.3%</b>	<b>9.1%</b>	<b>-10.4%</b>	<b>-3.1%</b>	<b>9.6%</b>	<b>-11.6%</b>



# Financial Overview

The following page provides the historical results of operations for the Holiday Inn Express & Suites Natchez South for the years YE 2021 – YE 2024, Feb 2025 TTM. The profit and loss statements, although deemed to be accurate, are presented for informational purposes only and should not be relied upon in making a final investment decision with regard to the Hotel. In this regard, HREC Investment Advisors and the Owner encourage potential investors to conduct their own research and analysis of the Hotel and the market.

Historical Operating Analysis Holiday Inn Express & Suites Natchez South - Natchez, MS																				
Year	YE 2021	% REV	\$POR	\$PAR	YE 2022	% REV	\$POR	\$PAR	YE 2023	% REV	\$POR	\$PAR	YE 2024	% REV	\$POR	\$PAR	Feb 2025 TTM	% REV	\$POR	\$PAR
Number of Guestrooms:	81				81				81				81				81			
Number of Days in Year:	365				365				365				366				365			
Occupancy:	100.0%				66.6%				62.5%				60.4%				60.5%			
Average Room Rate:	\$60.93				\$110.37				\$119.78				\$129.31				\$129.09			
RevPAR:	\$60.93				\$73.48				\$74.82				\$78.09				\$78.15			
Occupied Rooms:	29,565				19,685				18,467				17,904				17,897			
Available Rooms:	29,565				29,565				29,565				29,646				29,565			
REVENUES																				
Rooms	\$1,801,361	99.4%	\$60.93	\$22,239	\$2,172,573	98.7%	\$110.37	\$26,822	\$2,211,956	98.6%	\$119.78	\$27,308	\$2,315,153	98.9%	\$129.31	\$28,582	\$2,310,393	98.9%	\$129.09	\$28,523
Other Income	<u>10,841</u>	<u>0.6%</u>	<u>0.37</u>	<u>134</u>	<u>28,667</u>	<u>1.3%</u>	<u>1.46</u>	<u>354</u>	<u>31,879</u>	<u>1.4%</u>	<u>1.73</u>	<u>394</u>	<u>25,982</u>	<u>1.1%</u>	<u>1.45</u>	<u>321</u>	<u>26,161</u>	<u>1.1%</u>	<u>1.46</u>	<u>323</u>
TOTAL REVENUES	\$1,812,202	100.0%	\$61.30	\$22,373	\$2,201,240	100.0%	\$111.82	\$27,176	\$2,243,835	100.0%	\$121.51	\$27,702	\$2,341,135	100.0%	\$130.76	\$28,903	\$2,336,554	100.0%	\$130.56	\$28,846
DEPARTMENTAL COSTS¹																				
Rooms	\$508,906	28.3%	\$17.21	\$6,283	\$675,164	31.1%	\$34.30	\$8,335	\$624,115	28.2%	\$33.80	\$7,705	\$592,033	25.6%	\$33.07	\$7,309	\$600,000	26.0%	\$33.53	\$7,407
Other Expenses	<u>4,369</u>	<u>40.3%</u>	<u>0.15</u>	<u>54</u>	<u>17,976</u>	<u>62.7%</u>	<u>0.91</u>	<u>222</u>	<u>16,520</u>	<u>51.8%</u>	<u>0.89</u>	<u>204</u>	<u>18,403</u>	<u>70.8%</u>	<u>1.03</u>	<u>227</u>	<u>19,628</u>	<u>75.0%</u>	<u>1.10</u>	<u>242</u>
TOTAL DEPARTMENTAL COSTS	\$513,275	28.3%	\$17.36	\$6,337	\$693,140	31.5%	\$35.21	\$8,557	\$640,635	28.6%	\$34.69	\$7,909	\$610,436	26.1%	\$34.09	\$7,536	\$619,628	26.5%	\$34.62	\$7,650
GROSS OPERATING INCOME	\$1,298,927	71.7%	\$43.93	\$16,036	\$1,508,100	68.5%	\$76.61	\$18,619	\$1,603,200	71.4%	\$86.81	\$19,793	\$1,730,699	73.9%	\$96.67	\$21,367	\$1,716,926	73.5%	\$95.93	\$21,197
UNDIST. OPERATING EXPENSES																				
Administrative & General	\$169,143	9.3%	\$5.72	\$2,088	\$201,015	9.1%	\$10.21	\$2,482	\$216,504	9.6%	\$11.72	\$2,673	\$146,182	6.2%	\$8.16	\$1,805	\$152,378	6.5%	\$8.51	\$1,881
Information & Telecom	45,977	2.5%	1.56	568	57,580	2.6%	2.93	711	66,442	3.0%	3.60	820	65,694	2.8%	3.67	811	65,548	2.8%	3.66	809
Management Fee²	54,366	3.0%	1.84	671	66,037	3.0%	3.35	815	67,315	3.0%	3.65	831	70,234	3.0%	3.92	867	70,097	3.0%	3.92	865
Franchise Fees	168,763	9.3%	5.71	2,083	286,797	13.0%	14.57	3,541	296,871	13.2%	16.08	3,665	291,399	12.4%	16.28	3,598	290,079	12.4%	16.21	3,581
Sales & Marketing	112,247	6.2%	3.80	1,386	29,123	1.3%	1.48	360	59,908	2.7%	3.24	740	49,706	2.1%	2.78	614	46,328	2.0%	2.59	572
Property Operations & Maint.	113,077	6.2%	3.82	1,396	127,121	5.8%	6.46	1,569	102,296	4.6%	5.54	1,263	103,040	4.4%	5.76	1,272	83,585	3.6%	4.67	1,032
Energy, Water, & Waste	<u>90,463</u>	<u>5.0%</u>	<u>3.06</u>	<u>1,117</u>	<u>113,680</u>	<u>5.2%</u>	<u>5.77</u>	<u>1,403</u>	<u>116,504</u>	<u>5.2%</u>	<u>6.31</u>	<u>1,438</u>	<u>82,578</u>	<u>3.5%</u>	<u>4.61</u>	<u>1,019</u>	<u>98,847</u>	<u>4.2%</u>	<u>5.52</u>	<u>1,220</u>
TOTAL UNDIST. OPERATING EXPENSES	\$754,036	41.6%	\$25.50	\$9,309	\$881,353	40.0%	\$44.77	\$10,881	\$925,840	41.3%	\$50.13	\$11,430	\$808,833	34.5%	\$45.18	\$9,986	\$806,862	34.5%	\$45.08	\$9,961
GROSS OPERATING PROFIT	\$544,891	30.1%	\$18.43	\$6,727	\$626,747	28.5%	\$31.84	\$7,738	\$677,360	30.2%	\$36.68	\$8,362	\$921,866	39.4%	\$51.49	\$11,381	\$910,064	38.9%	\$50.85	\$11,235
FIXED CHARGES																				
Property Taxes	\$122,428	6.8%	\$4.14	\$1,511	\$110,951	5.0%	\$5.64	\$1,370	\$95,549	4.3%	\$5.17	\$1,180	\$92,963	4.0%	\$5.19	\$1,148	\$94,989	4.1%	\$5.31	\$1,173
Insurance	<u>23,043</u>	<u>1.3%</u>	<u>0.78</u>	<u>284</u>	<u>31,115</u>	<u>1.4%</u>	<u>1.58</u>	<u>384</u>	<u>37,341</u>	<u>1.7%</u>	<u>2.02</u>	<u>461</u>	<u>30,662</u>	<u>1.3%</u>	<u>1.71</u>	<u>379</u>	<u>36,602</u>	<u>1.6%</u>	<u>2.05</u>	<u>452</u>
TOTAL FIXED CHARGES	\$145,471	8.0%	\$4.92	\$1,796	\$142,066	6.5%	\$7.22	\$1,754	\$132,890	5.9%	\$7.20	\$1,641	\$123,625	5.3%	\$6.90	\$1,526	\$131,591	5.6%	\$7.35	\$1,625
C/F BEFORE RESERVE	\$399,420	22.0%	\$13.51	\$4,931	\$484,681	22.0%	\$24.62	\$5,984	\$544,470	24.3%	\$29.48	\$6,722	\$798,241	34.1%	\$44.58	\$9,855	\$778,473	33.3%	\$43.50	\$9,611
Reserve for Replacement²	<u>72,488</u>	<u>4.0%</u>	<u>2.45</u>	<u>895</u>	<u>88,050</u>	<u>4.0%</u>	<u>4.47</u>	<u>1,087</u>	<u>89,753</u>	<u>4.0%</u>	<u>4.86</u>	<u>1,108</u>	<u>93,645</u>	<u>4.0%</u>	<u>5.23</u>	<u>1,156</u>	<u>93,462</u>	<u>4.0%</u>	<u>5.22</u>	<u>1,154</u>
NET OPERATING INCOME	\$326,932	18.0%	\$11.06	\$4,036	\$396,631	18.0%	\$20.15	\$4,897	\$454,717	20.3%	\$24.62	\$5,614	\$704,596	30.1%	\$39.35	\$8,699	\$685,011	29.3%	\$38.28	\$8,457

Note 1: Departmental expenses ratios are expressed as a percentage of their respective departmental revenues.

Note 2: A base management fee of 3% and a reserve for replacement expense of 4% of total revenues were imputed.

Source: Desai Companies



# Financial Overview

The following table provides an estimated five-year proforma for the Property. The proforma is presented for informational purposes only and should not be relied upon in making a final investment decision with regard to the Hotel. In this regard, HREC Investment Advisors encourages potential investors to conduct their own research and analysis of the Hotel and the market.

Income & Expense Pro Forma Holiday Inn Express & Suites Natchez South - Natchez, MS																				
Year	Year 1				Year 2				Year 3				Year 4				Year 5			
	% Gross	\$ POR	\$ PAR		% Gross	\$ POR	\$ PAR		% Gross	\$ POR	\$ PAR		% Gross	\$ POR	\$ PAR		% Gross	\$ POR	\$ PAR	
	Renovation Period																			
Number of Guestrooms:	81				81				81				81				81			
Occupancy:	58%				65%				67%				67%				67%			
Average Room Rate:	\$129.61				\$134.79				\$138.84				\$143.00				\$147.29			
RevPAR:	\$75.17				\$87.61				\$93.02				\$95.81				\$98.69			
<b>REVENUES</b>																				
Rooms	\$2,222	98.8%	\$129.61	\$27,438	\$2,590	98.9%	\$134.79	\$31,979	\$2,750	98.9%	\$138.84	\$33,952	\$2,833	98.9%	\$143.00	\$34,971	\$2,918	98.9%	\$147.29	\$36,020
Other Income	26	1.2%	1.52	321	29	1.1%	1.51	358	31	1.1%	1.56	383	31	1.1%	1.56	383	32	1.1%	1.62	395
<b>TOTAL REVENUES</b>	<b>\$2,248</b>	<b>100.0%</b>	<b>\$131.12</b>	<b>\$27,759</b>	<b>\$2,619</b>	<b>100.0%</b>	<b>\$136.30</b>	<b>\$32,337</b>	<b>\$2,781</b>	<b>100.0%</b>	<b>\$140.40</b>	<b>\$34,335</b>	<b>\$2,864</b>	<b>100.0%</b>	<b>\$144.57</b>	<b>\$35,354</b>	<b>\$2,950</b>	<b>100.0%</b>	<b>\$148.91</b>	<b>\$36,415</b>
<b>DEPARTMENTAL EXPENSES**</b>																				
Rooms	\$567	25.5%	\$33.04	\$6,995	\$619	23.9%	\$32.23	\$7,647	\$649	23.6%	\$32.74	\$8,007	\$668	23.6%	\$33.72	\$8,247	\$688	23.6%	\$34.74	\$8,495
Other Income	19	73.1%	1.11	235	20	69.0%	1.04	247	21	67.7%	1.06	259	21	67.7%	1.06	259	22	68.8%	1.11	272
<b>TOTAL DEPARTMENTAL EXPENSES</b>	<b>\$586</b>	<b>26.0%</b>	<b>\$34.15</b>	<b>\$7,229</b>	<b>\$639</b>	<b>24.4%</b>	<b>\$33.27</b>	<b>\$7,894</b>	<b>\$670</b>	<b>24.1%</b>	<b>\$33.80</b>	<b>\$8,266</b>	<b>\$689</b>	<b>24.1%</b>	<b>\$34.78</b>	<b>\$8,507</b>	<b>\$710</b>	<b>24.1%</b>	<b>\$35.85</b>	<b>\$8,766</b>
<b>DEPARTMENTAL INCOME</b>	<b>\$1,663</b>	<b>74.0%</b>	<b>\$96.98</b>	<b>\$20,530</b>	<b>\$1,980</b>	<b>75.6%</b>	<b>\$103.03</b>	<b>\$24,443</b>	<b>\$2,112</b>	<b>75.9%</b>	<b>\$106.60</b>	<b>\$26,069</b>	<b>\$2,175</b>	<b>75.9%</b>	<b>\$109.78</b>	<b>\$26,847</b>	<b>\$2,240</b>	<b>75.9%</b>	<b>\$113.06</b>	<b>\$27,649</b>
<b>UNDIST. OPERATING EXPENSES</b>																				
Administrative & General	\$145	6.5%	\$8.46	\$1,791	\$160	6.1%	\$8.31	\$1,971	\$167	6.0%	\$8.44	\$2,065	\$172	6.0%	\$8.70	\$2,126	\$177	6.0%	\$8.96	\$2,190
Information & Telecom	67	3.0%	3.89	824	71	2.7%	3.68	873	73	2.6%	3.69	902	75	2.6%	3.80	929	77	2.6%	3.91	957
Management Fee	67	3.0%	3.93	833	79	3.0%	4.09	970	83	3.0%	4.21	1,030	86	3.0%	4.34	1,061	88	3.0%	4.47	1,092
Franchise Fees	279	12.4%	16.28	3,446	325	12.4%	16.92	4,015	345	12.4%	17.43	4,263	356	12.4%	17.95	4,389	366	12.4%	18.49	4,521
Sales & Marketing	49	2.2%	2.88	611	54	2.1%	2.82	669	57	2.0%	2.86	700	58	2.0%	2.95	721	60	2.0%	3.04	742
Property Operations & Maint.	104	4.6%	6.06	1,284	112	4.3%	5.84	1,385	117	4.2%	5.92	1,448	121	4.2%	6.10	1,491	124	4.2%	6.28	1,536
Energy, Water, & Waste	83	3.7%	4.86	1,028	91	3.5%	4.73	1,121	95	3.4%	4.80	1,173	98	3.4%	4.94	1,208	101	3.4%	5.09	1,245
<b>TOTAL UNDIST. OPERATING EXPENSES</b>	<b>\$795</b>	<b>35.4%</b>	<b>\$46.37</b>	<b>\$9,816</b>	<b>\$891</b>	<b>34.1%</b>	<b>\$46.38</b>	<b>\$11,004</b>	<b>\$938</b>	<b>33.6%</b>	<b>\$47.35</b>	<b>\$11,580</b>	<b>\$966</b>	<b>33.6%</b>	<b>\$48.76</b>	<b>\$11,925</b>	<b>\$995</b>	<b>33.6%</b>	<b>\$50.23</b>	<b>\$12,283</b>
<b>GROSS OPERATING PROFIT</b>	<b>\$868</b>	<b>38.6%</b>	<b>\$50.61</b>	<b>\$10,713</b>	<b>\$1,089</b>	<b>41.5%</b>	<b>\$56.65</b>	<b>\$13,439</b>	<b>\$1,174</b>	<b>42.3%</b>	<b>\$59.24</b>	<b>\$14,488</b>	<b>\$1,209</b>	<b>42.3%</b>	<b>\$61.02</b>	<b>\$14,922</b>	<b>\$1,245</b>	<b>42.3%</b>	<b>\$62.83</b>	<b>\$15,365</b>
<b>FIXED CHARGES</b>																				
Property Taxes	\$96	4.3%	\$5.58	\$1,182	\$99	3.8%	\$5.13	\$1,218	\$102	3.7%	\$5.13	\$1,254	\$105	3.7%	\$5.28	\$1,292	\$108	3.7%	\$5.44	\$1,330
Insurance	32	1.4%	1.84	390	33	1.2%	1.69	402	34	1.2%	1.69	414	35	1.2%	1.74	426	36	1.2%	1.79	439
<b>TOTAL FIXED CHARGES</b>	<b>\$127</b>	<b>5.7%</b>	<b>\$7.43</b>	<b>\$1,572</b>	<b>\$131</b>	<b>5.0%</b>	<b>\$6.82</b>	<b>\$1,619</b>	<b>\$135</b>	<b>4.9%</b>	<b>\$6.82</b>	<b>\$1,668</b>	<b>\$139</b>	<b>4.9%</b>	<b>\$7.02</b>	<b>\$1,718</b>	<b>\$143</b>	<b>4.9%</b>	<b>\$7.24</b>	<b>\$1,769</b>
<b>C/F BEFORE RESERVE</b>	<b>\$740</b>	<b>32.9%</b>	<b>\$43.18</b>	<b>\$9,141</b>	<b>\$957</b>	<b>36.6%</b>	<b>\$49.82</b>	<b>\$11,820</b>	<b>\$1,038</b>	<b>37.3%</b>	<b>\$52.42</b>	<b>\$12,820</b>	<b>\$1,070</b>	<b>37.3%</b>	<b>\$53.99</b>	<b>\$13,204</b>	<b>\$1,101</b>	<b>37.3%</b>	<b>\$55.60</b>	<b>\$13,596</b>
Reserve for Replacement	90	4.0%	5.24	1,110	105	4.0%	5.45	1,293	111	4.0%	5.62	1,373	115	4.0%	5.78	1,414	118	4.0%	5.96	1,457
<b>TOTAL NET INCOME</b>	<b>\$650</b>	<b>28.9%</b>	<b>\$37.93</b>	<b>\$8,031</b>	<b>\$853</b>	<b>32.6%</b>	<b>\$44.37</b>	<b>\$10,527</b>	<b>\$927</b>	<b>33.3%</b>	<b>\$46.81</b>	<b>\$11,447</b>	<b>\$955</b>	<b>33.3%</b>	<b>\$48.21</b>	<b>\$11,790</b>	<b>\$983</b>	<b>33.3%</b>	<b>\$49.64</b>	<b>\$12,140</b>

NOTE: This proforma is based on estimates, assumptions and other information developed from our analysis of the hotel market area and characteristics of the lodging facility. Since the projections are based upon estimates and assumptions that are inherently subject to uncertainty and variation depending upon the evolving events, we do not represent or warrant them as results that will actually be achieved. Buyers should base their pricing decisions on their own independent analyses' projections.

\*\*Note: Departmental expenses ratios are expressed as a percentage of their respective departmental revenues.

Source: HREC Investment Advisors



## Confidentiality & Conditions

This is a **confidential** Investment Offering Memorandum ("Memorandum"), which is intended solely for your limited use and benefit in determining whether you desire to express any further interest in participating in the acquisition of the **Holiday Inn Express & Suites Natchez South** (the "Property" or "Hotel") in Natchez, Mississippi. You are bound by the Confidentiality Agreement executed in connection with your receipt of this Memorandum. This Memorandum was prepared by HREC Investment Advisors and has been reviewed by the Owner. It contains select information pertaining to the Property and does not purport to be all-inclusive or to contain all of the information, which prospective investors may desire. It should be noted that all the market analysis projections are provided for general reference purposes and are based on assumptions relating to the general economy, competition and other factors beyond our control and, therefore, are subject to material variation. Additional information and an opportunity to inspect material related to the Property will be made available to interested and qualified prospective investors. Neither the Owner nor HREC Investment Advisors nor any of their respective officers have made any representation or warranty, expressed or implied, as to the accuracy or completeness of this Memorandum or any of its contents, and no legal commitments or obligations shall arise by reason of this Memorandum or its contents. It is essential that all parties to real estate transactions be aware of the health, liability and economic impact of environmental factors on real estate. HREC Investment Advisors does not conduct investigations or analyses of environmental matters and, accordingly, urges interested parties to retain qualified environmental professionals to determine whether hazardous or toxic wastes or substances (such as asbestos, PCBs and other contaminants or petrochemical products stored in underground tanks) or other undesirable materials or conditions are present at the Property and if so, whether any health danger or other liability exists. Various laws and regulations have been enacted at the federal, state and local levels dealing with the use, storage, handling, removal, transport and disposal of toxic or hazardous wastes and substances. Depending on past, current and proposed uses of the Property, it may be prudent to retain an environmental expert to conduct a site investigation and/or building inspection. If such substances exist or are contemplated to be used at the Property, special governmental approvals or permits may be required. Consequently, legal counsel and technical experts should be consulted where these substances are or may be present. In this Memorandum, certain documents are described in summary form. The summaries do not purport to be complete descriptions of the full agreements involved, nor do they purport to constitute any legal analysis of the provisions of the documents. This brochure shall not be deemed an indication of the state of affairs of the Owner nor constitute an indication that there has been no change in the business or affairs of the Owner since the date of preparation of this Memorandum. **Photocopying or other duplication of the Investment Offering Memorandum in part or entirety is not authorized.**



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