



WALDORF, MD

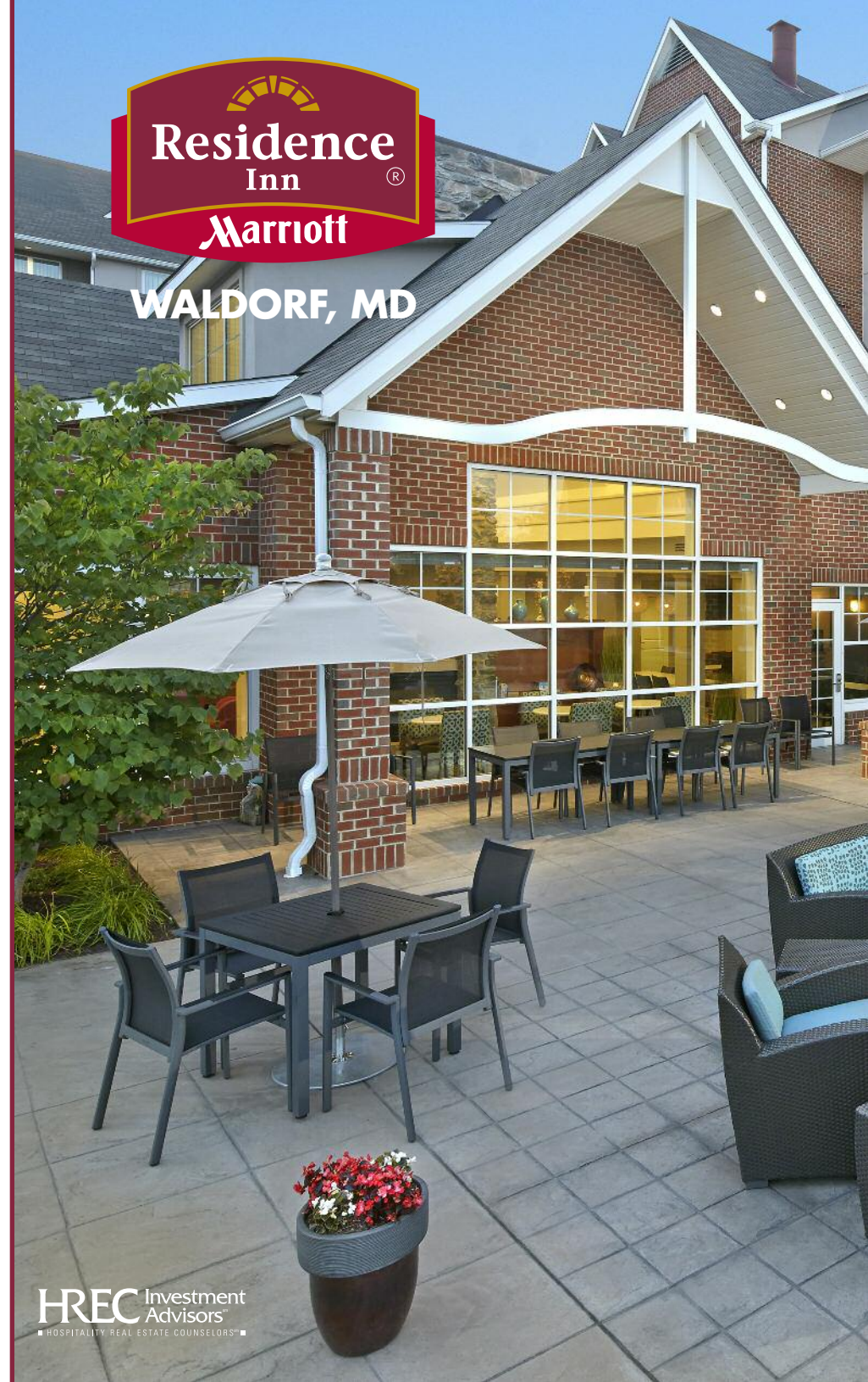


INVESTMENT OFFERING MEMORANDUM

HREC Investment
Advisors
HOSPITALITY REAL ESTATE COUNSELORS

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 **Residence Inn Waldorf** (the “Property” or “Hotel”) in Waldorf, MD. 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 interest 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.**



INVESTMENT OFFERING MEMORANDUM

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I. INVESTMENT SUMMARY



COMPLIMENTARY
BREAKFAST
HOURS:
MON-FRI
6:30 AM-9:00 AM
SAT-SUN
7:00 AM-9:30 AM

Opportunity Overview

HREC Investment Advisors is pleased to offer for sale the fee simple interest in the 98-room Residence Inn Waldorf (herein referred to as the "Property" or "Hotel"), located at 3020 Technology Place in Waldorf, Maryland, approximately 25 miles southeast of Washington, D.C. The Hotel is easily accessible from US-301, the primary retail corridor in Southern Maryland. The Residence Inn Waldorf is a 4-story prototypical Hotel supporting Waldorf and the surrounding Charles County market, which boasts a strong presence of aviation and defense contractors. The Hotel's location also provides convenient access to a variety of federal military installations that include Joint Base Andrews, Fort Belvoir, Patuxent River Naval Air Station, Quantico, and Fort Meade. Additionally, the Hotel is near other demand generators such as the National Harbor and three major power plants: CPV St. Charles Energy Center, the Nuclear Plant at Calvert Cliffs, and the LNG Facility near Solomons Island.

The Property benefits directly from project demand due to the ongoing development surge in the region, such as the \$765 million Nice Bridge project, the Waldorf Urban Redevelopment Corridor project and the Waldorf Station development project.

The Hotel completed a \$1.3mm renovation in 2017 to bring it to Residence Inn brand standards. Despite the displacement caused by the renovations, the Residence Inn has led its competitive set in RevPAR for nearly a decade, consistently reporting RevPAR penetration of 140% or more. The Hotel's recent renovation combined with the major developments in the area provide an investor with the unique opportunity to acquire a premium select-service property in a dynamic, suburban Washington, DC market.



Investment Highlights

Exceptional Location Proximate to Key Demand Generators

The Hotel is located along U.S. 301, which is Southern Maryland’s premier retail strip. The Hotel benefits from its proximity to major demand generators in the area including the largest mall in Southern Maryland: St. Charles Towne Center (1 mile), the Capital Clubhouse Recreation Center (1 mile), and Regency Furniture Stadium (6 miles). The Hotel's location places it within 40 miles of all the regions federal and military installations including Joint Base Andrews (13 miles), and Naval Air Station Patuxent River (38 miles). The Waldorf hotel market is very active reflecting its location along one of the busiest highways (US-301) along the Atlantic Seaboard allowing Waldorf to attract both commercial and leisure demand.

Recently Renovated

The Hotel underwent a \$1.3mm renovation in 2017 bringing the Property in compliance with Residence Inn brand standards. The interior renovation took place in all guest rooms, meeting rooms, and public spaces placing the Property in good physical condition. As a result, a minimal Change of Ownership PIP will be required.

Highly Desirable Brand Affiliation

The Property is affiliated with Marriott International, one of the largest and most respected hotel companies in the world. The Property benefits from the Marriott Bonvoy program, which drives additional room nights to the Hotel as it is a well-respected and highly utilized rewards program.

Strong RevPAR Penetration with Cash Flow Upside

Currently, the Hotel is over-penetrating its competitive set’s RevPAR at approximately 74%. Prior to the COVID-19 pandemic, the Property annually achieved net operating income (NOI) above \$1.1 million. During the renovation that occurred through 2016-17, which decreased occupancy, the Property was able to increase cash flows by driving rates reflecting the increase in demand to the general area. During 2020, in the midst of the COVID-19 pandemic, the Property proved its resilience, as performance dropped only slightly. As of the July 2021 TTM period, the Hotel increased Occupancy and NOI past YE 2019 levels, showing that the Hotel is fully recovering post-COVID. Future performance of the Property is expected to continue to grow with the ongoing development surge in the surrounding Waldorf market which will continue to bring increased visitors to the area.





Impressive Market Growth

The Nice Bridge construction project began construction in 2020 and will replace the outdated single lane Harry W. Nice Memorial Bridge. The \$765 million project will be the only bridge crossing the Potomac River south of the Alexandria-D.C area and will vastly improve transportation for travelers crossing from Charles County, MD, into King George County, VA. Currently under construction and located six miles from the Property, the 150-acre mixed-use Waldorf Station development will contain approximately 500,000 square feet of retail and commercial space, 700 apartments, and 100 town-homes.

Offered Unencumbered by Management

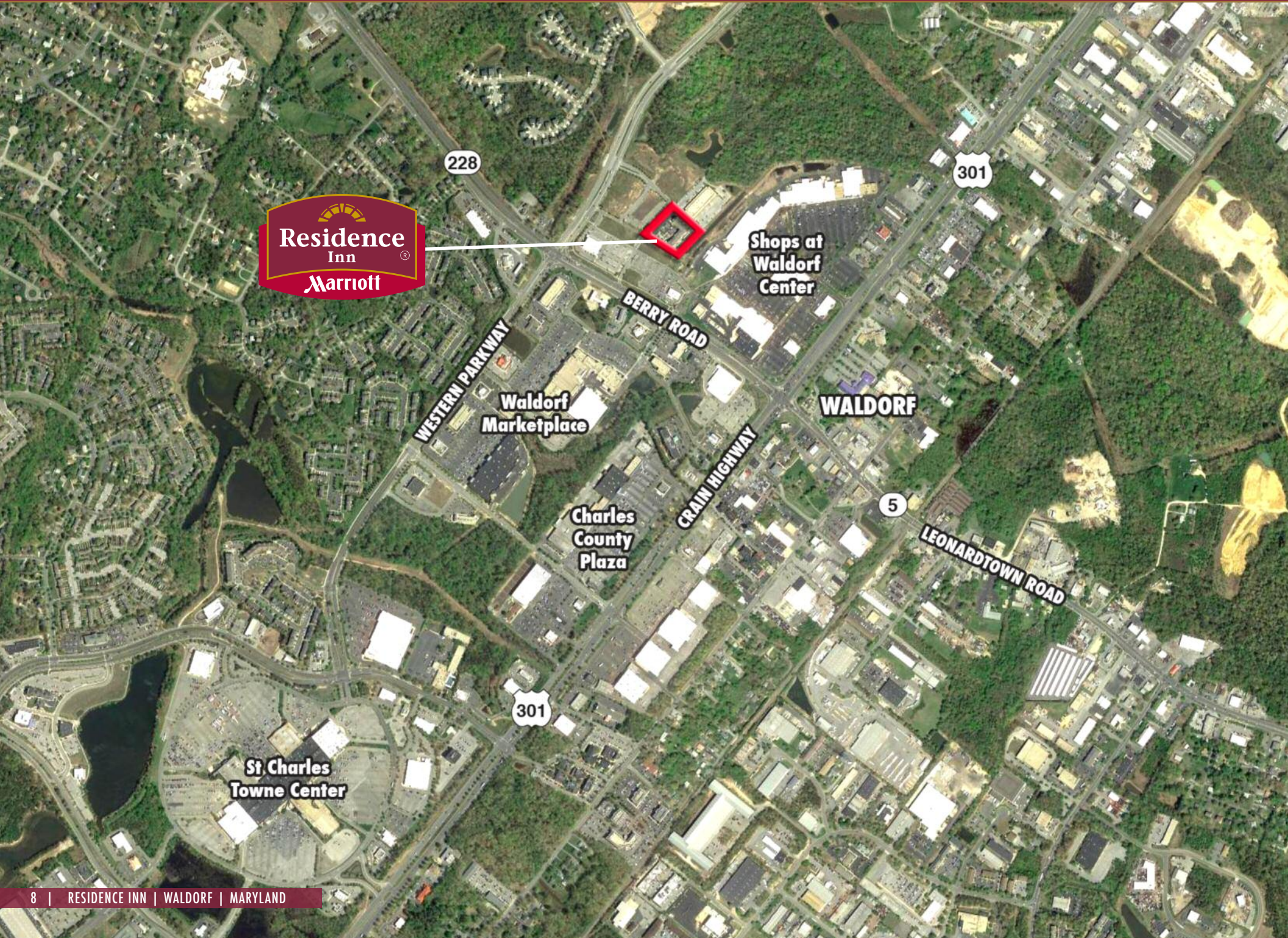
The Property will be offered unencumbered by management agreements. A new owner/operator has the opportunity to revamp the operational strategies of the Hotel, implement strategic cost control initiatives, and employ more aggressive revenue management strategies.

Fee-Simple Interest

The Property will be offered as fee-simple, which will be extremely attractive to the investment community.



II. PROPERTY OVERVIEW



**Residence
Inn**
Marriott

228

301

**Shops at
Waldorf
Center**

BERRY ROAD

WESTERN PARKWAY

**Waldorf
Marketplace**

WALDORF

**Charles
County
Plaza**

CRAIN HIGHWAY

5

LEONARDTOWN ROAD

301

**St Charles
Towne Center**



Property Overview

Address	3020 Technology Place Waldorf, MD 20601
Market	Washington, DC-MD-VA
Submarket	Maryland South/East
Ownership Interest	Fee Simple
Rooms	98
Stories	4
Opened/Renovated	2009/2017
Land Area	2.47 acres
Building Structure	Steel and Block
Parking	105 surface spaces
Meeting Space	360 square feet
Amenities & Services	Outdoor Swimming Pool Fitness Center Business Center Complimentary High-Speed Wireless Internet Complimentary, Hot Breakfast Buffet Sundry Shop Laundry On-Site





Guestrooms

The Property features a total of 98 guestrooms with options that include King Studio, King Suite, King Suite w/ bedroom, Double Queen Suite, and Two-Bedroom Suite. All rooms and suites come with a flat screen TV, free Wi-Fi, and a fully equipped kitchen that includes a refrigerator, dishwasher, microwave, and coffee maker.

Guestroom Breakdown

Room Type	Count	Size (SF)
King Studio	62	460
King Suite	4	460
King Suite*	16	550
Double Queen Suite	4	620
Two-Bedroom Suite	12	620
Total	98	

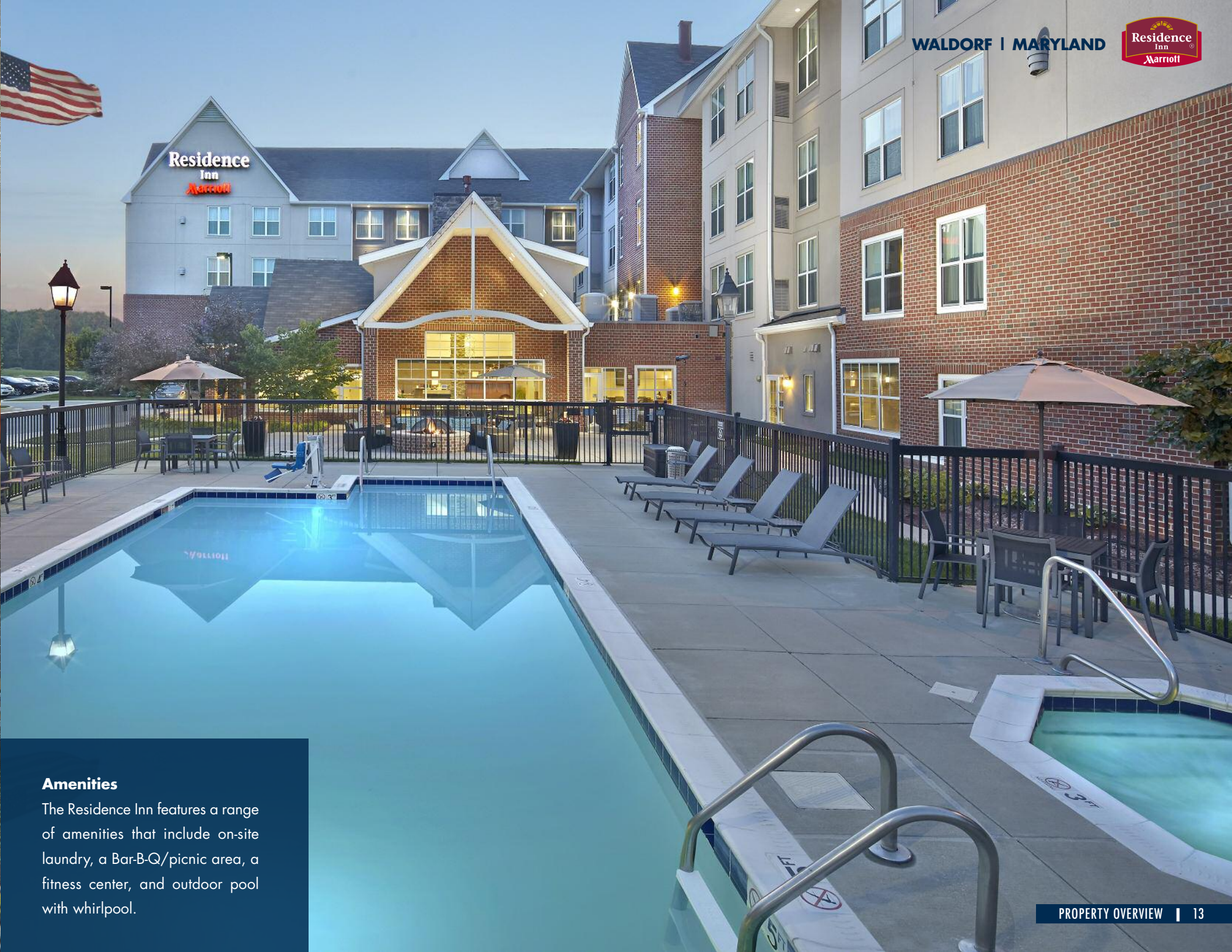
*8 with a fireplace





Food and Beverage

The Hotel offers a complimentary Full American Breakfast Each morning. Also unique to the Residence Inn Brand, the Property offers "The Residence Inn Mix", which hosts three social events a week for guests to unwind, socialize, and connect with food and beverages that are served either in the lobby or the outdoor patio depending on season.



Amenities

The Residence Inn features a range of amenities that include on-site laundry, a Bar-B-Q/picnic area, a fitness center, and outdoor pool with whirlpool.

III. AREA OVERVIEW

Waldorf, Maryland

Located in Charles County, Waldorf is a census-designated place situated on the east side of the Potomac River, approximately 25 miles southeast of Washington, D.C.. Charles County serves a population of more than 158,000 with over 20% population growth since 2000; making it one of the fastest growing communities in Maryland. The Washington D.C. MSA supports over 6.2 million people, and Waldorf is an ideal town for commuters traveling to the nation's capital. Waldorf is known for a mix of rich history, waterfront views, top schools, and lower cost of living relative the D.C. area, making it a highly desired location for young professionals and families. In recent years Waldorf ranked as one of *CNN Money's Best Places to Live*, Top 10 in "Best for Vets: Places to Live" by *Military Times* and in 2017, *USA Today* ranked Waldorf in the top 20 of the "Best Cities" in the United States to live in.



The Washington, D.C. metropolitan area economy has primarily been driven by the growth of government, knowledge and information-based businesses, and service business. Although a submarket of the D.C. MSA, Charles County has been promoted as the “shopping county of Southern Maryland” and has seen tremendous economic growth and development over recent years. Charles County is currently home to over 5,000 businesses in industries led by retail, health care and social services, education, and leisure and hospitality. St. Charles Towne Center, located one mile from the Hotel, is Southern Maryland’s only mall and attracts shoppers from several Maryland counties, Washington D.C., and parts of Virginia. Additionally, Waldorf benefits from its central location within a 40-mile radius of all the region’s federal and military installations including Joint Base Andrews, Fort Belvoir, Patuxent River NAS, Quantico and Fort Meade. Charles County is also home to the 3,500-acre Naval Support Facility Indian Head, which employs over 800 scientists and engineers and boasts the largest U.S. workforce in the Department of Defense dedicated to energetics.

Top Employers in Charles County, MD

Employer	Employees	Industry
1 Naval Support Facility (NSF) Indian Head	3,444	Military Installation
2 Charles County Board of Education	3,631	Public Education
3 Charles County Government	1,389	Local Government
4 University of MD Charles Regional Medical Center	680	Medical Services
5 The Lane Construction Corporation	640	HQ/Construction/Technology
6 College of Southern Maryland	550	Higher Education
7 Southern Maryland Electric Coop. (SMECO)	434	Energy Products and Services
8 Sagepoint Senior Living Services (formerly CCNRC)	367	Nursing Care
9 The Wills Group	339	HQ/Fuel Distribution & Marketing
10 Genesis Health Care La Plata Center	274	Nursing Care
11 ADJ Sheet Metal	240	Metals/Manufacturing
12 Spring Dell Center	195	Services-Dev. Disabled Individuals
13 NRG (formerly GenOn)	163	Power Generation
14 Solar City	150	Renewable Energy
15 Keller Transportation	150	Bus Transportation



CHARLES COUNTY Public Schools



Source: Charles County Department of Economic Development



IV. NEW DEVELOPMENTS

White Plains Corporate Business Center I



White Plains Corporate Center - Under Development

The White Plains Corporate Center office park features some of the highest quality office space in the County. Born of a public private partnership, the center houses five buildings with desirable amenities.

The fifth building is a new \$10 million-dollar, Class-A office building, designed with features appealing to health service providers, a key industry within the County.

The new 60,000-square-foot, three-story office building is among the largest office buildings in the County and is the first solar-powered Class A building in Southern Maryland. While spaces in the corporate center are in great demand, the business park has a shovel-ready site for a one-story building, up to 24,000-square-feet in size.

Under Development

Waldorf Technology Center

The Waldorf Technology Center is a 64-acre mixed use development that presently includes the Hotel and a 35,000-square-foot flex building. An additional 20,000-square-foot medical office building is proposed as well as a 250-unit apartment complex, which is a permitted use in the MX Zone where Waldorf Technology Center is located.

Waldorf Station

Waldorf Station is an open air, mixed-use development located at the intersection of US Route 301 and Maryland Route 5. Waldorf Station is envisioned as a pedestrian-friendly town center blending retail, entertainment, office space for businesses, hospitality, and a mix of residential uses.

A significant roadway extension approved by the Charles County Board of Commissioners for Waldorf Station will allow for seamless ease of access.

US Bomb Technician Association

The United States Bomb Technician Association (USBTA) established a multi-use site in the Town of Indian Head in November 2020 and plans to grow education and technology in accordance with the town and the Naval Surface Warfare Center Indian Head. A former CVS Pharmacy on Route 210 in Indian Head will be redeveloped into their bomb disposal and technology training campus.

Maryland Airport

Located four miles east of Indian Head's central business district, the Maryland Airport is the closest airport to Washington, DC that can accommodate corporate and private jets without TSA presence. The airport's master plan aims to extend its current 3,800-foot paved runway to a 4,300-foot-by-75-foot asphalt runway. Adjacent lands are currently subject to rezoning from Watershed Conservation District to a commercial district that will permit complementary use.

Pending

Kaiser Permanente Medical Center

Kaiser Permanente has purchased a 23-acre site in Waldorf, Maryland and plans to build a multi-phase medical center on the undeveloped parcel. The first phase is on track to open in the first quarter of 2025 at a cost of approximately \$100 million. The facility will be approximately 100,000 square feet. choices, efficient transit, and enhanced economic opportunities

Waldorf Urban Redevelopment Corridor

The Waldorf Urban Redevelopment Corridor (WURC) project will transform the Old Washington Road corridor of downtown Waldorf into a transit-oriented, mixed-use urban center. After more than a decade of planning, Phase One engineering for the project is underway. The WURC aims to deliver a high quality of life, new housing choices, efficient transit, and enhanced economic opportunities.e.

Recently Completed

Amazon Delivery Station

Charles County's Amazon Last Mile "Delivery Station" is one of seven such facilities that opened in Maryland. The operations are based in Waldorf's St. Charles Industrial Park.

MedStar Shah Medical Group

The MedStar Shah Medical Group has developed two ambulatory medical office buildings in Charles County to house their expanding operations. The main building is a 51,000-square-foot, three-story facility that replaced an existing building at 10 Saint Patrick's Drive in Waldorf. The second building is a new 20,000-square-foot facility in the Waldorf Technology Center at Berry Road and U.S.

Army Reserves Center

The Army Reserves Center is a 90,000-square-foot project that consolidates three existing Maryland Army Reserves locations on a 15-acre campus. Used for Army Reserves training and day-to-day activities, it also houses a vehicle maintenance shop and a recruitment and retention office. The Reserves Center will create 60 to 70 full-time jobs and stimulate spending at hotels, restaurants, and retail establishments.

CPV St. Charles Energy Center

CPV St. Charles is the County's largest economic development project in decades. This innovative facility is one of the cleanest natural gas-fired power plants in the nation, generating enough electricity to power roughly 700,000 homes. This \$750 million dollar project resulted in 400 construction jobs and 22 permanent jobs.

Military Presence

Joint Base Andrews

Joint Base Andrews is a United States military facility that operates under the jurisdiction of the United States Air Force 11th Wing, Air Force District of Washington (AFDW). Located in Prince George’s County, the base is known as the home of two Boeing VC-25 aircrafts which have the call sign Air Force One while the President is on board. Units based out of Joint Base Andrews are the 11th Wing, the 89th Airlift Wing Air Mobility Command (Presidential Airlift Group), and the Air Force District of Washington. Joint Base Andrews offers a number of Air Shows throughout the year for the general public.

Naval Air Station Patuxent River

Naval Air Station Patuxent River, which is commonly referred to as NAS Pax River, is a United States naval air station located on the Chesapeake Bay near the mouth of the Patuxent River. The station is home to the headquarters of Naval Air Systems Command (NAVAIR) which provides material support for aircraft and airborne weapons systems for the United States Navy. NAVAIR is organized into eight communities of practice: program management, contracts, research and engineering, test and evaluation, logistics and industrial operations, corporate operations, comptroller and counsel.





Marine Corps Base Quantico

Marine Corps Base Quantico, commonly referred to as MCB Quantico, is a United States Military Marine Corps installation covering over 55,000 acres of southern Prince William County, northern Stafford County, and southeastern Fauquier County. The U.S. Marine Corps' Combat Development Command, which develops strategies for U.S. Marine combat and makes up most of the community of over 12,000 military and civilian personnel, is based at MCB Quantico. The principal research and training facilities for both the Federal Bureau of Investigation (FBI) and the Drug Enforcement Administration (DEA) are located on the base.



Leisure Attractions

St. Charles Towne Center

St. Charles Towne Center is the only regional mall in Southern Maryland and serves as the premier shopping center in Charles County. The two-level, enclosed shopping center is located one mile from the Property and covers an area of just under one million square feet. The shopping center features over 113 stores, with 12 restaurants and one entertainment center.

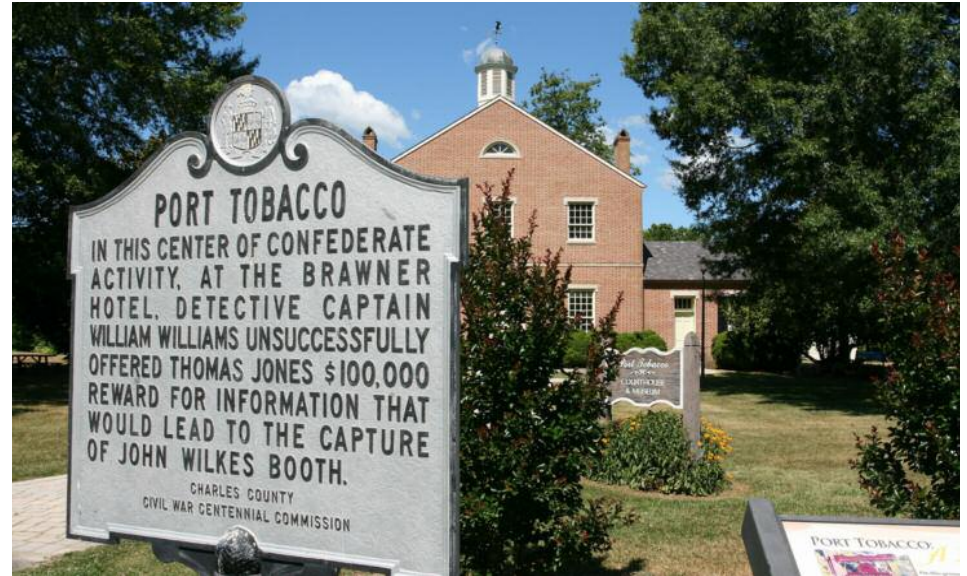


Regency Furniture Stadium

Regency Furniture Stadium is a 4,200-seat stadium that is home to the Southern Maryland Blue Crabs, an American professional baseball team competing in the Atlantic League of Professional Baseball. The stadium features two basketball courts and a 54,000-gallon artificial pond with paddle boats for young guests. The stadium has previously hosted select exhibition soccer matches which included major teams such as Crystal Palace F.C., a professional soccer team based out of London. Regency Furniture Stadium also hosts a number of music festivals and concerts throughout the year and has featured artists that include Trace Adkins, T-Pain, and Flo Rida.

Historical Attractions

Charles County is one of the oldest counties in Maryland and is known for rich history from its agricultural roots from which it was founded to the rise of its ports and railways. Charles County is home to a number of historical landmarks that include the Dr. Samuel A. Mudd House (six miles), Port Tobacco Village (11 miles), St. Ignatius Church (16 miles), and the Thomas Stone House (12 miles).





Outdoor Recreation

Charles County's location along the Potomac River offers a wide range of recreational opportunities for residents and visitors. Major parks in the surrounding area include Mallows Bay, Smallwood State Park, Bensville Park, and Ruth B. Swann Memorial Park. The parks offer fishing, hiking, boating, and golfing. Each year over 900,000 people visit the Charles County Park systems.



Washington D.C.

Washington DC is the nation’s capital and the 20th largest city in the United States, with a population of approximately 694,000. The Washington metropolitan area, which includes the surrounding suburbs in Maryland and Virginia, has a residential population of over 6.2 million, making it the sixth largest MSA in the country. The Washington metropolitan area is also one of the most educated and most affluent metropolitan areas in the United States. As the home of the all three branches of government, countless government agencies, international organizations, trade unions, non-profit organizations, lobbying groups, and 176 foreign embassies, Washington DC is a hugely influential center of power.

Although the city’s economy revolves largely around the federal government, many large corporations have headquarters or significant operations in the DC area. Defense contractors such as Northrop Grumman, Lockheed Martin, General Dynamics, and Booz Allen Hamilton have headquarters in the DC area and provide well-paying stable jobs. Several hospitality companies have corporate headquarters in the area including Choice Hotels International, Hilton Worldwide, Marriott International, Interstate Hotels and Resorts, Sodexo, and Host Hotels and Resorts. The Gross Metro Product of the Washington MSA was \$531.3 billion in 2017, making it the fifth-largest metropolitan economy in the country.



In addition to the city’s strong business climate, Washington D.C. is a very popular tourist destination. Tourists come from around the world to see Washington’s many memorials, museums, parks, and government agencies. In 2017, the city welcomed a record 20.8 million visitors, who collectively spent approximately \$7.5 billion. The Smithsonian Institute hosted 30 million visitors to its nineteen different museums. Meanwhile, the National Park Service saw nearly 57 million people enjoy its Washington parks and memorials, contributing almost \$1.6 billion to the region’s economy. Washington is also home to four professional sports teams:

- The Major League Baseball’s Washington Nationals;
- The National Hockey League’s Washington Capitals;
- The National Football League’s Washington Redskins;
- And the Washington Wizards of the National Basketball Association.



Nationals Park



The Smithsonian Institute



Transportation

Airports

Ronald Regan Washington National Airport

Located on the Virginia side of the VA-DC border, Ronald Regan Washington National Airport serves Washington D.C. and the surrounding area as the main domestic airport in the region. In 2017, Ronald Regan Washington National Airport set a seventh consecutive record for passenger traffic at the airport, serving over 23.9 million passengers. The airport's growing number of annual passengers has led airport officials to undertake a \$1 billion improvement project called Project Journey. Improvements will focus on the post-security traveler's experience and will include a new concourse and security checkpoints, creating new space for shops and restaurants. Project Journey broke ground in the fall of 2017 and is expected to be completed in 2021.



Washington Dulles International Airport

Situated in Dulles, Virginia, Washington Dulles International Airport is the primary international airport for the Washington D.C. area. In 2017, international traffic at the airport grew for the 14th consecutive year to a record 7.7 million passengers. Domestic activity also increased, growing overall passenger traffic to over 22.7 million passengers. In order to better connect the large number of passengers to the surrounding region, a public rail line is being constructed. The long-term project is called the Dulles Corridor Metrorail Project and is currently in Phase II, which extends Metro service to Dulles Airport. Phase II of the new Silver Line is set to open for passenger service in 2020. When both phases are completed, the line will provide a one-seat, no transfer ride from Dulles to downtown Washington, D.C., creating long-sought after connectivity between the burgeoning Dulles corridor and the nation's capital.

Airport Passenger Statistics							
Airport	Total Annual Passengers						% Change (2018-2019)
	2014	2015	2016	2017	2018	2019	
Ronald Regan Washington National Airport (DCA)	20,810,387	23,039,429	23,595,006	23,903,248	23,515,178	23,945,527*	2%
Washington Dulles International Airport (IAD)	21,572,233	21,650,546	21,972,118	22,716,399	24,076,637	24,817,677	3%

*Airport Passenger Record
Source: Metropolitan Washington Airports Authority

Interstate 495 (Capital Beltway)

Interstate 495 (I-495) is a 64-mile highway that surrounds Washington D.C. and connects the city's inner suburbs in adjacent Maryland and Virginia. In April 2018, the Virginia Department of Transportation (VDOT) announced a \$6 million project that will extend the express lanes from the I-495 and Dulles Toll Road interchange to the vicinity of the American Legion Bridge and Maryland line. The closest access point to Interstate I-495, by means of I-95, is 15 miles from the Property.

V. HOTEL MARKET OVERVIEW





Competitive Set Overview

As determined by management, the Property competes most directly with six other 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 645 guestrooms. The following table identifies these hotels.



COMPETITIVE SET		
Hotel	# of Rooms	Opening Date
Residence Inn Waldorf	98	Jun - 2009
Holiday Inn Express Waldorf	91	Feb - 1987
Comfort Suites Waldorf	69	Aug - 2000
Hampton Inn Waldorf	100	Sep - 2000
Baymont Waldorf	66	Jun - 2006
Courtyard Waldorf	91	Dec - 2008
Hilton Garden Inn Waldorf	130	Apr - 2010
Totals	645	

Source: Smith Travel Research