SHC

$26.0M Senior Mortgage Loan Opportunity

Hotel Conversion/Bridge Loan



Four Points by Sheraton
Fullerton/Anaheim, CA

FOUR POINTS BY SHERATON

Four Points by Sheraton – Fullerton/Anaheim, CA
222 W Houston Ave, Fullerton, CA 92832
201 rooms
Originally built 1974 / Conversion Completion Fall 2026

- Structured Hotel Capital (SHC) is finalizing terms to make a $26M full recourse loan to fund the refinance and conversion of an existing hotel into a fully renovated Four Points by Sheraton, a Marriott franchise brand
- SHC is seeking $3.0-4.0M to fund a subordinate "B Note" portion of the $26.0M loan
- **Returns on the B Note are anticipated to be 15-16% IRR and a 1.4x-1.6x multiple**

LOAN OVERVIEW	
Sponsor	Heritage Hotel Group
Loan Type	Bridge loan to refinance existing debt and finance a renovation and brand conversion
Loan Amount	$26,000,000
Loan Term	3 + 1; I/O for initial term, followed by 25-year amortization during extension period
Interest Rate	Prime + 225 bps (or equivalent SOFR index and spread)
Stabilized Value	$45.6M (CBRE Appraisal – Dec 2025)
LTC / LTV	73.2% LTC / 57.0% SLTV
Fees (1)	1.0% Commitment / No Exit Fee / 0.5% Extension
Recourse	Unlimited Personal Guarantees, with burn-off at 1.25x DSCR in a trailing twelve-month period.
Stated Net Worth & Liquidity	~$150M net worth and ~$8.0M of liquid assets
LOAN STRUCTURE AND RETURNS	
Senior A Note	$22.0M to $23.0M
B Note	**$3.0M to $4.0M**
B Note IRR / Multiple (1)	**15-16% IRR and a 1.4x-1.6x multiple**

1) The Borrower has agreed to pay a 2.0% Origination Fee, SHC's compensation will be 1.0% of the total loan amount, B Note investors will earn a 1.0% fee on the B Note amount.

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LOAN STRUCTURE SUMMARY

- SHC is seeking $3.0-4.0M to fund a subordinate "B Note" portion of the $26.0M loan
- A bank or other capital provider will fund $22.0 - 23.0M A Note
- The proceeds from both the A and B portions of the mortgage will be funded on a pro-rata basis at closing and through monthly construction/renovation draws

SOURCES & USES OF FUNDS
FOUR POINTS (CONVERSION) FULLERTON/ANAHEIM CONFERENCE CNTR

Sources						Uses	
Source			Amount	%	/ Room	Use	Amount
First Mortgage			$ 26,000,000	73.2%	$ 129,353	Refinance Existing Debt	$ 14,100,000
Senior A Note	$ 23,100,000	65.0%				Closing Cost Estimate	$ 427,144
Subordinate B Note	$ 2,900,000	73.2%				Origination Fee	$ 520,000
	$ 26,000,000					PIP Renovation - Remaining	$ 8,852,856
Existing Equity			$ 9,540,728	100.0%	$ 47,466	Interest Reserve	$ 2,100,000
						Existing Equity	$ 9,540,728
Total			**$35,540,728**	**100.0%**	**$176,820**	**Total**	**$35,540,728**

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DEAL HIGHLIGHTS

- **Significant Equity / Low Loan Basis** – The Borrower will have over $9.5M of cash equity invested in the property. Similar hotels can trade for over $200,000/room vs. a $130,000/room debt basis (61% LTC). It is possible that the hotel could trade as-is today, with no renovation or brand conversion, at a price that is above the debt basis.
- **Highly Valuable Personal Guarantee** – The loan will be fully guaranteed by the CEO of Heritage Hotel Group, Ramesh Pitamber, who has a net worth in excess of $150M and liquid assets in excess of $8M.
- **Excellent Local Sponsorship Group** – Founded in California in 1972, Heritage Hotel Group (HHG) has owned and operated over 60 hotel properties. Their current portfolio consists of 44 hotels with 4,681 combined rooms, with the majority of properties located in California and approximately 11 hotels in southern CA. HHG has offices in Sacramento and Irvine, California (within several miles of the subject hotel) and owns and operates hotels across several chain scales with all major brands including IHG, Best Western, La Quinta, Choice Hotels, Hilton and Wyndham. https://heritagehotelgroup.com/
- **Premium Location with Multiple Demand Drivers** - The subject property is located just off the I-91 freeway with easy access to Disneyland Park, Knott's Berry Farm, Adventure City, Great Wolf Lodge and the Adventure Lagoon. While not directly next-door to Disneyland, the hotel offers complimentary shuttle service (3.5 miles directly S on Harbor Blvd) and competes well as an economy lodging option for the adjacent theme parks. In addition, the Anaheim Convention Center (ACC) is a major draw and the largest convention center on the West Coast. Spanning 53 acres and 1.8 million SF of function space, the ACC is considered one of the most flexible convention centers in North America. The hotel is also close to Angels Stadium (MLB) and the Honda Center (NHL).
- **Marriott Franchise Agreement** - The Property will be operated as a Four Points by Sheraton hotel, providing access to the Marriott reservation system and the Marriott Bonvoy loyalty rewards program. Marriott Bonvoy has over 237 million members worldwide, and over 9,400 hotels and resorts in over 144 countries participate in Marriott Bonvoy.
- **Four Points Brand** – Four Points by Sheraton is an upscale, select-service Marriott brand focusing on comfort, reliability, and value. The brand's strength lies in its balance of affordability and quality, backed by Marriott's loyalty program. There are 341 Four Points hotels globally and 147 located in the U.S., with 16 in California. The property received a 20-year franchise agreement with a ramp up of franchise fees from 3% of gross room revenue in Year 1, 4% in Years 2 & 3, then 5.5% thereafter.
- **Submarket Supply / Demand** – Despite the strong Occupancy in the market, there is only one hotel within a 3-mile radius currently in the Planning stage of development, with no hotels currently under construction.

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DEBT BASIS AND SALES COMPARABLES

- Similar hotels can trade for over $200,000/room implying a 61% LTV basis
- It is possible that the hotel could trade as-is today (no renovation or brand conversion) at a price that is above the debt basis

Property Name	Sale Date	Rooms	City	Distance to Disney	Brand	Scale	Built	Renovated	Sale Price	Per Room
Quality Inn & Suites Anaheim Maingate	5/1/2025	52	Anaheim	2.3	Choice	Midscale	1980	2020	$ 9,325,000	$ 179,327
Castaway Motel	3/31/2025	30	Orange	2.7		Independent	1980	2020	5,150,000	171,667
Days Inn Whittier Los Angeles	2/19/2025	54	Whittier	16.1	Wyndham	Economy	1991	2012	9,000,000	166,667
Residence Inn by Marriott at Anaheim Resort	12/12/2024	294	Anaheim	1.4	Marriott	Upscale	2016	2021	179,276,500	609,784
SpringHill Suites by Marriott at Anaheim Resort	12/12/2024	174	Anaheim	1.1	Marriott	Upscale	2014		123,963,500	712,434
Signature Anaheim Maingate	10/24/2024	66	Anaheim	2.4		Midscale	1981	2007	11,000,000	166,667
Capri Suites-Anaheim	5/30/2024	94	Anaheim	1.2		Independent	1962	2013	14,250,000	151,596
Relax Suites Extended Stay - La Mirada	5/13/2024	104	La Mirada	9.7		Independent	1998		17,000,000	163,462
Lemon Tree Hotel & Suites	11/1/2023	91	Anaheim	2.3		Independent	1960		12,650,000	139,011
Anaheim Express Inn Maingate	3/17/2023	63	Anaheim	0.7		Independent	1975		10,450,000	165,873
Holiday Inn Express & Suites Santa Ana Orange	2/10/2023	161	Santa Ana	6.1	IHG	Upper Midscale	1987	2018	29,490,000	183,168
DoubleTree Suites by Hilton Hotel Anaheim	1/20/2023	251	Anaheim	1.2	Hilton	Upscale	2006	2016	62,000,000	247,012
La Quinta Inn & Suites Orange County Airport	10/21/2022	181	Santa Ana	8.7	Wyndham	Upper Midscale	1985	2017	26,900,000	148,619
Fairfield Inn Anaheim North/Buena Park	10/6/2022	137	Buena Park	6.7	Marriott	Upper Midscale	1986	2001	23,600,000	172,263
Anaheim Express Inn Maingate	10/4/2022	63	Anaheim	0.7		Independent	1975		9,300,000	147,619
Studio 6 Suites – Santa Ana, CA	9/27/2022	59	Santa Ana	6.1		Independent	1969		8,250,000	139,831
Days Inn by Wyndham Anaheim West	9/1/2022	43	Anaheim	1.3	Wyndham	Economy	1983		8,600,000	200,000
La Quinta Inn & Suites by Wyndham Anaheim	8/24/2022	129	Anaheim	0.8	Wyndham	Upper Midscale	1959	2014	18,250,000	141,473
Motel 6 Santa Ana	7/19/2022	80	Santa Ana	6.1	Motel 6	Economy	1985		10,125,000	126,563
Magnolia Tree Hotel	7/12/2022	40	Anaheim	2.4		Independent	1958	2003	8,700,000	217,500
Studio 6 Anaheim Harbor Boulevard Hotel	6/30/2022	119	Anaheim	2.6	Motel 6	Economy	1984		17,750,000	149,160
The Hotel Fullerton Anaheim	6/1/2022	250	Fullerton	4.5		Independent	1968		45,000,000	180,000
Motel 6 Anaheim, CA - Maingate	5/25/2022	240	Anaheim	1.4	Motel 6	Economy	1985	2012	33,500,000	139,583
Portofino Inn & Suites Anaheim	4/15/2022	190	Anaheim	1.1		Independent	2000	2012	57,500,500	302,634
Best Western Plus Meridian Inn & Suites	12/29/2021	142	Orange	5.8	Best Western	Upper Midscale	1988	2008	21,300,000	150,000
SpringHill Suites Anaheim Maingate	12/7/2021	120	Anaheim	2.1	Marriott	Upscale	2014		30,659,000	255,492

Average	**$212,593**
Loan Basis	**$129,353**
LTV	**60.8%**

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HERITAGE HOTEL GROUP

- Heritage Hotel Group has a current portfolio of 44 hotels comprising 4,681 rooms that they own and operate.
- Almost all of Heritage's assets are located in CA and 10 are located in Southern CA
- Heritage also has an office in Irvine, CA within a short drive to the subject hotel

Hotel	Franchisor	Location	Rooms
Best Western Plus Irvine Spectrum	Best Western	Lake Forest, CA	90
Hampton Inn Irvine East-Lake Forest	Hilton	Lake Forest, CA	84
Comfort Inn John Wayne Airport	Choice Hotels	Santa Ana, CA	127
Holiday Inn Express Santa Ana	IHG	Santa Ana, CA	161
Best Western Plus Commerce LA	Best Western	Commerce, CA	154
Holiday Inn Express Camarillo	IHG	Camarillo, CA	98
Best Western Carlsbad by the Sea	Best Western	Carlsbad, CA	120
La Quinta Inn & Suites Carlsbad	Wyndham	Carlsbad, CA	110
Heritage Inn San Diego	Independent	San Diego, CA	119
Heritage Inn La Mesa	Independent	La Mesa, CA	105
Hotel Xola Trademark Collection	Wyndham	Moreno Valley, CA	140
Best Western Amador	Best Western	Jackson, CA	117
Best Western Chico	Best Western	Chico, CA	99
Best Western Concord	Best Western	Concord, CA	128
Best Western Gold Country	Best Western	Grass Valley, CA	84
Best Western Plus Benicia	Best Western	Benicia, CA	96
Best Western Plus John Muir Inn	Best Western	Martinez, CA	112
Best Western Plus Orchid Suites	Best Western	Roseville, CA	174
Best Western Plus Sonora	Best Western	Sonora, CA	100
Best Western Plus Stockton	Best Western	Stockton, CA	203
Best Western Plus Wine Country Inn	Best Western	Santa Rosa, CA	85
Best Western Roseville	Best Western	Roseville, CA	134

Hotel	Franchisor	Location	Rooms
Best Western Vacaville	Best Western	Vacaville, CA	41
SureStay Rocklin	Best Western	Rocklin, CA	104
SureStay Sacramento	Best Western	Sacramento, CA	100
Best Western Laurel	Best Western	Laurel, MD	96
Motel 6 Oakdale	G6 Hospitality	Oakdale, CA	70
Holiday Inn Express Roseville	IHG	Roseville, CA	83
Holiday Inn Rancho Cordova	IHG	Rancho Cordova, CA	119
Aladdin Inn	Independent	Sonora, CA	65
Budget Inn & Suites	Independent	Stockton, CA	120
Country Inn Sonora	Independent	Jamestown, CA	63
Heritage Inn Chico	Independent	Chico, CA	39
Heritage Inn Hayward	Independent	Hayward, CA	60
Heritage Inn Roseville	Independent	Roseville, CA	99
Heritage Inn Yosemite – Sonora	Independent	Sonora, CA	111
Jack London Inn	Independent	Oakland, CA	110
Nevada City Inn	Independent	Nevada City, CA	27
Northern Queen Inn	Independent	Grass Valley, CA	71
Safari Garden Motel, Chico	Independent	Chico, CA	50
Howard Johnson Fullerton	Wyndham	Fullerton, CA	201
La Quinta Inn & Suites Hayward	Wyndham	Hayward, CA	146
Holiday Inn Express Santa Rosa	IHG	Santa Rosa, CA	98
Howard Johnson Sacramento North	Wyndham	Sacramento, CA	168

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LOCATION

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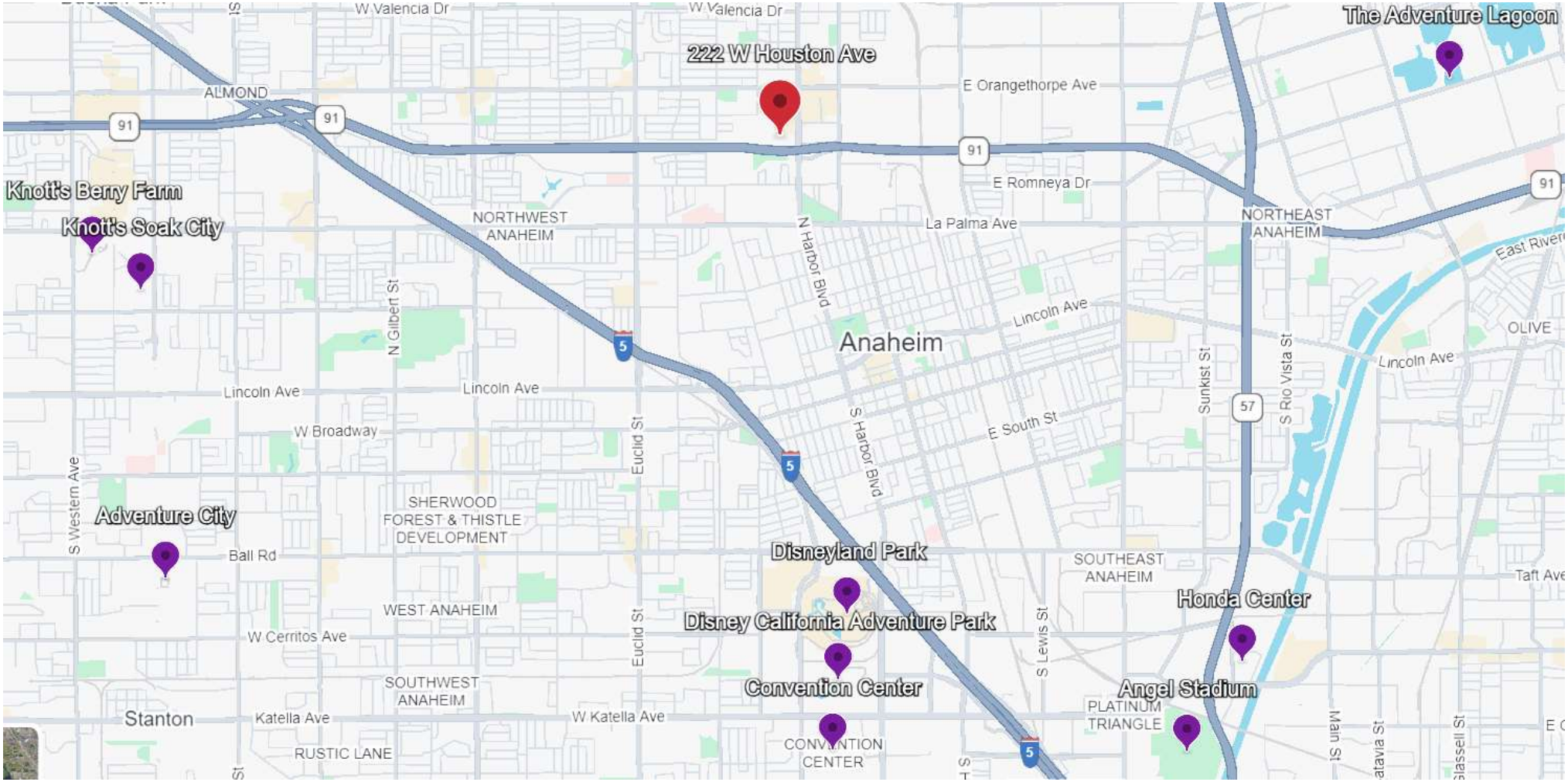
- <u>While not directly adjacent to Disneyland, the hotel offers complimentary shuttle service (3.5 miles directly S on Harbor Blvd) and competes well as an economy lodging option for the park.</u>



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FOUR POINTS	Lender Pro Forma														
	Year One			Year Two			Year Three			Year Four			Year Five		
	Renovation Year														
Available Rooms	201			201			201			201			201		
Occ	61.0%			75.0%			77.0%			77.0%			77.0%		
ADR	103.00			165.00			171.60			178.46			183.82		
RevPAR	62.83			123.75			132.13			137.42			141.54		
OPERATING REVENUE	**Amount**	**Ratio**	**POR**	**Amount**	**Ratio**	**POR**	**Amount**	**Ratio**	**POR**	**Amount**	**Ratio**	**POR**	**Amount**	**Ratio**	**POR**
Rooms	4,609,523	97.0%	103.00	9,078,919	91.5%	165.00	9,693,864	91.7%	171.60	10,081,619	91.7%	178.46	10,384,067	91.7%	183.82
Food & Beverage	-	0.0%	-	302,631	3.1%	5.50	320,022	3.0%	5.67	329,622	3.0%	5.83	339,511	3.0%	6.01
Other Operated Departments	134,258	2.8%	3.00	357,654	3.6%	6.50	378,208	3.6%	6.70	389,554	3.5%	6.90	401,240	3.5%	7.10
Miscellaneous Income	6,713	0.1%	0.15	178,827	1.8%	3.25	184,192	1.7%	3.26	189,718	1.7%	3.36	195,409	1.7%	3.46
Total Operating Revenue	**4,750,494**	**100.0%**	**106.15**	**9,918,031**	**100.0%**	**180.25**	**10,576,286**	**100.0%**	**187.22**	**10,990,513**	**100.0%**	**149.81**	**11,320,228**	**100.0%**	**200.39**
DEPARTMENTAL EXPENSES															
Rooms	1,879,611	40.8%	42.00	2,380,327	26.2%	43.26	2,517,117	26.0%	44.56	2,592,630	25.7%	45.89	2,670,409	25.7%	47.27
Food & Beverage	-		-	272,368	90.0%	4.95	288,020	90.0%	5.10	296,660	90.0%	5.25	305,560	90.0%	5.41
Other Operated Departments	67,129	50.0%	1.50	232,475	65.0%	4.23	245,835	65.0%	4.35	253,210	65.0%	4.48	260,806	65.0%	4.62
Total Departmental Expenses	**1,946,740**	**41.0%**	**43.50**	**2,885,170**	**29.1%**	**52.44**	**3,050,971**	**28.8%**	**54.01**	**3,142,501**	**28.6%**	**55.63**	**3,236,776**	**28.6%**	**57.30**
Total Departmental Profit	**2,803,754**	**59.0%**	**62.65**	**7,032,861**	**70.9%**	**127.82**	**7,525,314**	**71.2%**	**133.21**	**7,848,012**	**71.4%**	**138.92**	**8,083,453**	**71.4%**	**143.09**
UNDISTRIBUTED EXPENSES															
Administrative & General	688,707	14.5%	15.39	709,369	7.2%	12.89	730,650	6.9%	12.93	752,569	6.8%	13.32	775,146	6.8%	13.72
IT & Telecom Systems	36,203	0.8%	0.81	37,290	0.4%	0.68	38,408	0.4%	0.68	39,561	0.4%	0.70	40,747	0.4%	0.72
Sales & Marketing	32,621	0.7%	0.73	446,311	4.5%	8.11	423,051	4.0%	7.49	435,743	4.0%	7.71	448,815	4.0%	7.94
Franchise Fee	414,857	8.7%	9.27	892,623	9.0%	16.22	951,866	9.0%	16.85	980,422	8.9%	17.36	1,009,834	8.9%	17.88
Property Ops. & Maintenance	291,450	6.1%	6.51	300,194	3.0%	5.46	309,199	2.9%	5.47	318,475	2.9%	5.64	328,030	2.9%	5.81
Utilities	307,089	6.5%	6.86	316,302	3.2%	5.75	325,791	3.1%	5.77	335,565	3.1%	5.94	345,632	3.1%	6.12
Total Undistributed Op. Exp.	**1,770,928**	**37.3%**	**39.57**	**2,702,088**	**27.2%**	**49.11**	**2,778,966**	**26.3%**	**49.19**	**2,862,334**	**26.0%**	**50.67**	**2,948,205**	**26.0%**	**52.19**
Gross Operating Profit	**1,032,825**	**21.7%**	**23.08**	**4,330,773**	**43.7%**	**78.71**	**4,746,349**	**44.9%**	**84.02**	**4,985,678**	**45.4%**	**88.26**	**5,135,248**	**45.4%**	**90.90**
Management Fee	142,515	3.0%	3.18	297,541	3.0%	5.41	317,289	3.0%	5.62	329,715	3.0%	5.84	339,607	3.0%	6.01
Income Before Non-Op. Exp.	**890,310**	**18.7%**	**19.89**	**4,033,232**	**40.7%**	**73.30**	**4,429,060**	**41.9%**	**78.40**	**4,655,962**	**42.4%**	**82.42**	**4,795,641**	**42.4%**	**84.89**
NON-OPERATING EXPENSES															
Property Taxes	311,754	6.6%	6.97	300,000	3.0%	5.45	310,000	2.9%	5.49	320,000	2.9%	5.66	329,600	2.9%	5.83
Insurance	192,650	4.1%	4.30	198,430	2.0%	3.61	204,383	1.9%	3.62	210,514	1.9%	3.73	216,829	1.9%	3.84
Total Non-Op. Exp.	**504,404**	**10.6%**	**11.27**	**498,430**	**5.0%**	**9.06**	**514,383**	**4.9%**	**9.11**	**530,514**	**4.8%**	**9.39**	**546,429**	**4.8%**	**9.67**
EBITDA	**385,906**	**8.1%**	**8.62**	**3,534,802**	**35.6%**	**64.24**	**3,914,677**	**37.0%**	**69.30**	**4,125,448**	**37.5%**	**73.03**	**4,249,212**	**37.5%**	**75.22**
Replacement Reserve	-	0.0%	-	396,721	4.0%	7.21	423,051	4.0%	7.49	439,621	4.0%	7.78	452,809	4.0%	8.02
Total Operating Expenses	4,364,588	91.9%	97.53	6,779,950	68.4%	123.22	7,084,660	67.0%	125.41	7,304,685	66.5%	129.31	7,523,826	66.5%	133.19
NOI	**385,906**	**8.1%**	**8.62**	**3,138,081**	**31.6%**	**57.03**	**3,491,626**	**33.0%**	**61.81**	**3,685,828**	**33.5%**	**65.25**	**3,796,403**	**33.5%**	**67.20**

Year	Year One	Year Two	Year Three	Year Four	Year Five
DY	1.5%	12.1%	13.4%	14.3%	14.9%

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RevPAR ANALYSIS

- The Proforma assumes that the renovated hotel can achieve RevPAR in excess of $125 three years after completion
- The hotel's comp set has already achieved this RevPAR threshold
- More importantly, the Holiday Inn Express directly adjacent to this hotel generated RevPAR in excess of $125 in 2023 and 2024 with 2025 pacing ahead of 2024

Holiday Inn Express Fullerton Anaheim - 100 rooms				
	2022	2023	2024	TTM 9/2025
Occupancy	76.0%	83.4%	81.9%	83.0%
ADR	$154.58	$159.77	$153.76	$152.47
RevPAR	$117.48	$133.25	$125.93	$126.56

STR Competitive Set Historical Performance - Through May			
Occupancy	TTM May 2023	TTM May 2024	TTM May 2025
Subject	63.0%	58.8%	63.8%
Competitive Set	78.9%	80.2%	81.2%
Occupancy Index	79.8	73.4	78.6
ADR			
Subject	$97.37	$93.11	$84.26
Competitive Set	$157.75	$160.36	$154.03
ADR Index	61.7	58.1	54.7
RevPAR			
Subject	$61.35	$54.76	$53.73
Competitive Set	$124.52	$128.54	$125.01
RevPAR Index	49.3	42.6	43.0

Property Name	Hotel Class	City	State	Distance to Subject	Rooms	Year Built	Year Renovated
Ayres Hotel Orange	Upscale	Orange	CA	6.6 Miles South	138	2014	
DoubleTree by Hilton Buena Park	Upscale	Buena Park	CA	4.6 Miles West	249	1973	1995
DoubleTree Suites by Hilton Hotel Anaheim Resort - Convention Center	Upscale	Anaheim	CA	4.3 Miles South	252	2006	2016
Four Points by Sheraton Anaheim	Upscale	Anaheim	CA	2.8 Miles South	246	1984	2017
Holiday Inn & Suites Anaheim (1 Blk/Disneyland)	Upper Midscale	Anaheim	CA	3.4 Miles South	255	1978	2012
Holiday Inn Express Fullerton Anaheim	Upper Midscale	Fullerton	CA	Adjacent	100	1974	2017
SpringHill Suites Anaheim Placentia/Fullerton	Upscale	Placentia	CA	3.5 Miles East	116	2021	
SunCoast Park Hotel Anaheim, Tapestry Collection by Hilton	Upper Upscale	Anaheim	CA	3.5 Miles South	174	2016	
				Total	1,530		

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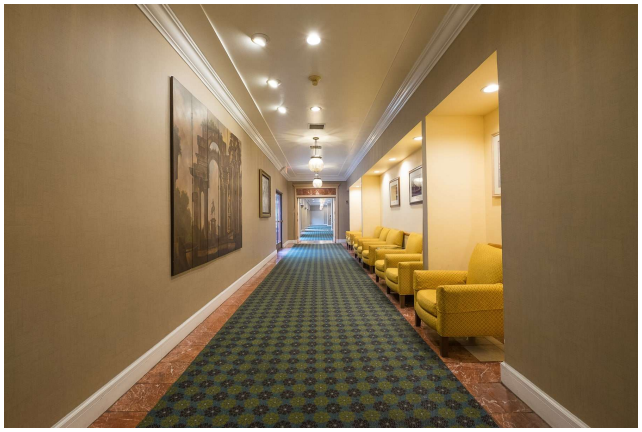
EXISTING HOTEL:



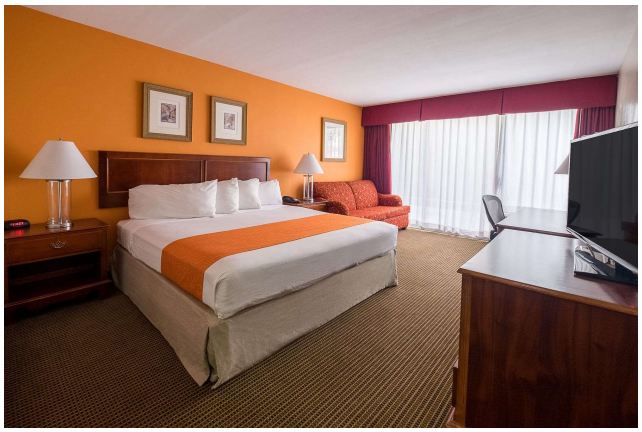


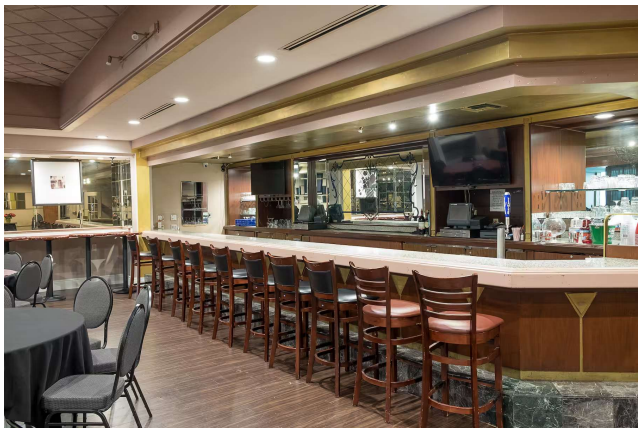


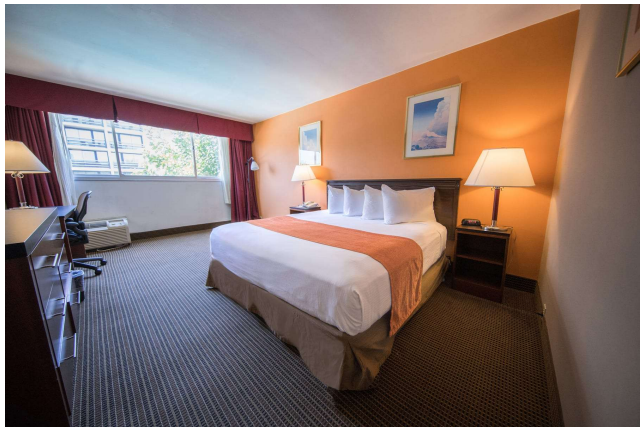












Four Points by Sheraton – Fullerton/Anaheim, CA

222 W Houston Ave, Fullerton, CA 92832
201 rooms
Originally built 1974 / Conversion Completion Fall 2026

RENDERINGS AS COMPLETE:









