



NON-PERFORMING COMMERCIAL LOAN SALE  
CONFIDENTIAL OFFERING MEMORANDUM



Combined Loan Balance \$12.6 Million

LOANS SECURED BY:

# LAUDERDALE BEACHSIDE HOTEL

4660 North Ocean Drive | Lauderdale-by-the-Sea, FL

147 Unit Beachfront Hotel



# LAUDERDALE BEACHSIDE HOTEL

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# CBRE





# LAUDERDALE BEACHSIDE HOTEL

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# LAUDERDALE BEACHSIDE HOTEL



## INTRODUCTION

Executive Summary  
Transaction Guidelines/Bid Instructions  
Credit Summary  
Collateral Summary





### i. EXECUTIVE SUMMARY ::

Comerica Bank ("Seller") has retained CBRE Middle Market Loan Sales as the exclusive loan sale advisor and agent to solicit bids and conduct the sale of two (2) non-performing commercial mortgage loans with a total unpaid balance of approximately \$12.6 Million (the "Loans").

The Loans are secured by the 147 room Lauderdale Beachside Hotel, located along the magnificent Florida coastline in the town of Lauderdale-By-The-Sea. Lauderdale Beachside Hotel encompasses  $\pm 2.86$  acres and two free standing buildings including 150 feet of beachfront access, restaurant space and swimming pool. A portion of the parking lot is held under a ground lease.

Comerica Bank initiated foreclosure proceedings in November 2011. The foreclosure action is at a point where dispositive summary judgment motions are either filed, or in the process of being filed. The Seller intends to sell the Loans prior to completing the foreclosure. Upon completion of the foreclosure by the new owner of the Loans, the winning bidder at the foreclosure sale will have the opportunity to redevelop the property including pursuing a national brand affiliation which may enhance market penetration and revenues.

### Investment Highlights

- Substantial Opportunity to Invest in a High-Barrier to Entry Market
- Superior Location with Excellent Visibility and Accessibility
- Established Vacation Destination
- Alternative Branding Opportunity



## ii. TRANSACTION GUIDELINES/BID INSTRUCTIONS ::

The Loans will be sold in a sealed bid offering with bids evaluated based upon a number of criteria established at the Seller's sole discretion, including but not limited to the purchase price, the prospective buyer's ability to perform within the time frame specified, the potential buyer's experience in purchasing commercial mortgage loans in the secondary market, and other contingencies.

EVENT	DATE
Loan sale offering distributed to prospective buyers	Monday, January 28 <sup>th</sup> , 2013
Indicative Bids Due	Monday, March 4 <sup>th</sup> , 2013
Notification for "Best and Final" Round (if necessary)	Tuesday, March 5 <sup>th</sup> , 2013
Anticipated Offer Date (Final Bids - if necessary)	Monday, March 11 <sup>th</sup> , 2013
Anticipated Closing/note transfer	Week of March 25 <sup>th</sup> , 2013

## OFFERING MATERIALS AND FILE REVIEW INFORMATION

- 1. OFFERING MATERIALS** - The offering materials will contain bid instructions and detailed information concerning the Loans. Main sections include:

- I. Executive Summary
- II. Due Diligence/Loan Documents/Court Pleadings
- III. Bidding Instructions

Information is available on CBRE Capital Markets' password protected website:  
[www.cbremarketplace.com/lauderdalebeachsidehotel](http://www.cbremarketplace.com/lauderdalebeachsidehotel)

- 2. FILE REVIEW** - Prospective bidders are encouraged to consult with their own legal counsel, accountants, and other consultants prior to submitting bids. The due diligence information will be available electronically on the CBRE website provided the bidder has signed the Confidentiality Agreement. These files contain copies of the note, mortgage, title policy, legal documentation, and other related documentation. It is expected that bidders complete all due diligence prior to submitting a bid.
- 3. COLLATERAL INSPECTION** - Site inspections will not be available due to the confidential nature of the offering.

## COMMUNICATION AND INDICATIVE BID INSTRUCTIONS

CBRE invites you to learn more about Lauderdale Beachside Hotel by reviewing this Offering Memorandum and touring the area. Please contact any of the individuals noted on the Offering Memorandum for answers to questions. Please address all communications, inquiries and requests only to the CBRE Team, as representatives of the Seller, and to no other parties. Neither borrower, guarantor, nor on-site management, should be contacted.

Prospective bidders who are interested in bidding on the loans must first submit an indicative bid on the loan purchase agreement contained within the due diligence information on the website. The Seller will evaluate the indicative bids for the loans as described above and reserves the right to hold a "Best and Final" round of bidding or to move directly to closing based on indicative bids. In the event of a "Best and Final" round, the Seller expects to select bidders whose indicative bids are in an acceptable range. Those bidders may be invited to submit final bids. Seller reserves the right to negotiate terms with best and final bidders. Indicative bids will not constitute a binding offer by the prospective bidders to purchase the loans for the price submitted, and if the Seller approves any indicative bid, the Seller will not be obligated to sell the loans. The Seller, however, reserves the right to reject any or all bids, regardless of bid price, or to withdraw the loans from sale, in its sole and absolute discretion, for any reason or no reason and at any time prior to the execution by the Seller of the loan purchase agreement.

The loans will be sold servicing released on a cash basis, based upon the terms and provisions set forth in the loan purchase agreement included in the due diligence information on the website. All indicative bids will be due March 4<sup>th</sup>, 2013.



### ii. CREDIT SUMMARY ::

CREDIT SUMMARY	
Lender	Comerica Bank
Current Combined Loan Balance	\$12,665,607.03
<b>Note A</b>	
Original Loan Amount	\$10,850,000.00
Principal Balance	\$10,651,445.32
Accrued Interest, Late Charges and Other Advances*	\$ 976,317.54
Payoff as of 1/24/2013	\$11,627,762.86
<b>Note B</b>	
Original Loan Amount	\$ 1,000,000.00
Principal Balance	\$ 933,449.13
Accrued Interest, Late Charges and Other Advances*	\$ 94,395.04
Payoff as of 1/24/2013	\$ 1,027,844.17
Escrow Balances	\$0
Loan Status	Non-Performing
Origination Date Note A	January 3, 2008
Origination Date Note B	January 3, 2008
Maturity Date Note A	February 1, 2011
Maturity Date Note B	January 1, 2011
Guarantor(s)	Remo Polselli and Hanna Karcho-Polselli
Borrower	Ocean 4660, LLC

\* Includes accrued interest, advances, legal fees and costs associated with collection efforts and foreclosure proceedings, among other things.

### iii. COLLATERAL SUMMARY ::

COLLATERAL SUMMARY	
Address	4660 N Ocean Drive Lauderdale by the Sea, FL 33308
Year Built	1975
Number of Rooms	147
Site Area	2.105 acres (fee); 0.66 acres (leasehold)
Floors	5
Food & Beverage	Restaurant & Poolside Bar
Amenities	Oceanfront swimming pool with a sun deck and complimentary high-speed, wireless internet access
Parking	172 spaces
County	Broward County
Account (fee)	494318-01-0700; 494318-01-0610; 494318-01-0730
Account (ground lease)	494318-01-0680; 494318-01-0682
Taxes (fee)	2011 - \$260,804.02 (delinquent) 2012 - \$216,831.49 (not due)
Taxes (ground lease)	2011 - \$26,569.03 (delinquent) 2012 - \$18,476.64 (not due)
Zoning	RM-25 RESIDENCE, APARTMENTS, HOTELS, ETC



# LAUDERDALE BEACHSIDE HOTEL



## PROPERTY OVERVIEW

Property Description

Unit Mix

Property History

Aerial, Maps & Site Plan

### i. PROPERTY DESCRIPTION ::

Lauderdale Beachside Hotel is a 147 room hotel located at 4660 North Ocean Drive. The hotel is comprised of two buildings. The main building is located directly on A1A Scenic and Historic Coastal Highway, just across the small beach access road from the other building.

The main building consists of a five-story tower and a single-story building which includes the lobby/registration area, general offices, public restrooms, housekeeping and laundry, and 97 guest rooms. The attached single-story building contains a restaurant, bar and kitchen and has a separate entrance along North Ocean Drive. Twenty of the guest rooms offer a full balcony with ocean views. Surface parking surrounds the building.

The oceanfront building is a five-story building located at 4660 El Mar Drive. This building consists of guest rooms, 50 total with 10 on each floor. Twenty of the guest rooms offer a full balcony and are located directly overlooking the ocean. An outdoor swimming pool and children's wading pool are located to the south of the building as well as a beachfront covered bar with outdoor seating and public restrooms. Surface parking is located in front of the building along El Mar Drive.

A portion of the parking lot is subject to a 99-year ground lease. The lease commencement date was September 5, 1957 with an expiration date of September 5, 2056, thus 43 years remain.

The hotel is surrounded by an infrastructure of service-related companies including shops, boutiques, banks, a pharmacy, restaurants, and a food market.

The Lauderdale Beachside Hotel is a prime candidate for extensive renovations. Significant upside potential exists with possible franchise affiliation such as a Hampton Inn by Hilton or a SpringHill Suites by Marriott. With aggressive management and the addition of a brand, as well as strategic capital improvements, the Hotel will likely experience strong growth and greater penetration of the competitive lodging market.

#### PROPERTY FEATURES INCLUDE:

- Beachfront location
- Restaurant
- Swimming Pool
- Tiki Bar on the Pool Deck
- Two Elevators in the main building
- One Elevator in the oceanfront building
- 172 Parking Spaces
- Convenient Beach Access
- Shopping and Entertainment within walking distance

#### UNIT FEATURES INCLUDE:

- High-speed internet access
- 27" to 32" televisions
- Cable/Satellite television service
- Full balcony with ocean views (included within 40 units)
- Safe
- Mini-refrigerator (included in some units)





### ii. UNIT MIX SUMMARY ::

ROOM TYPE	# OF UNITS
King-Bedded	17
Queen-Bedded	4
Double-Bedded	4
Double/Double-Bedded	119
Suite	1
Apartment Suite	2
Total	147

### iii. PROPERTY HISTORY ::

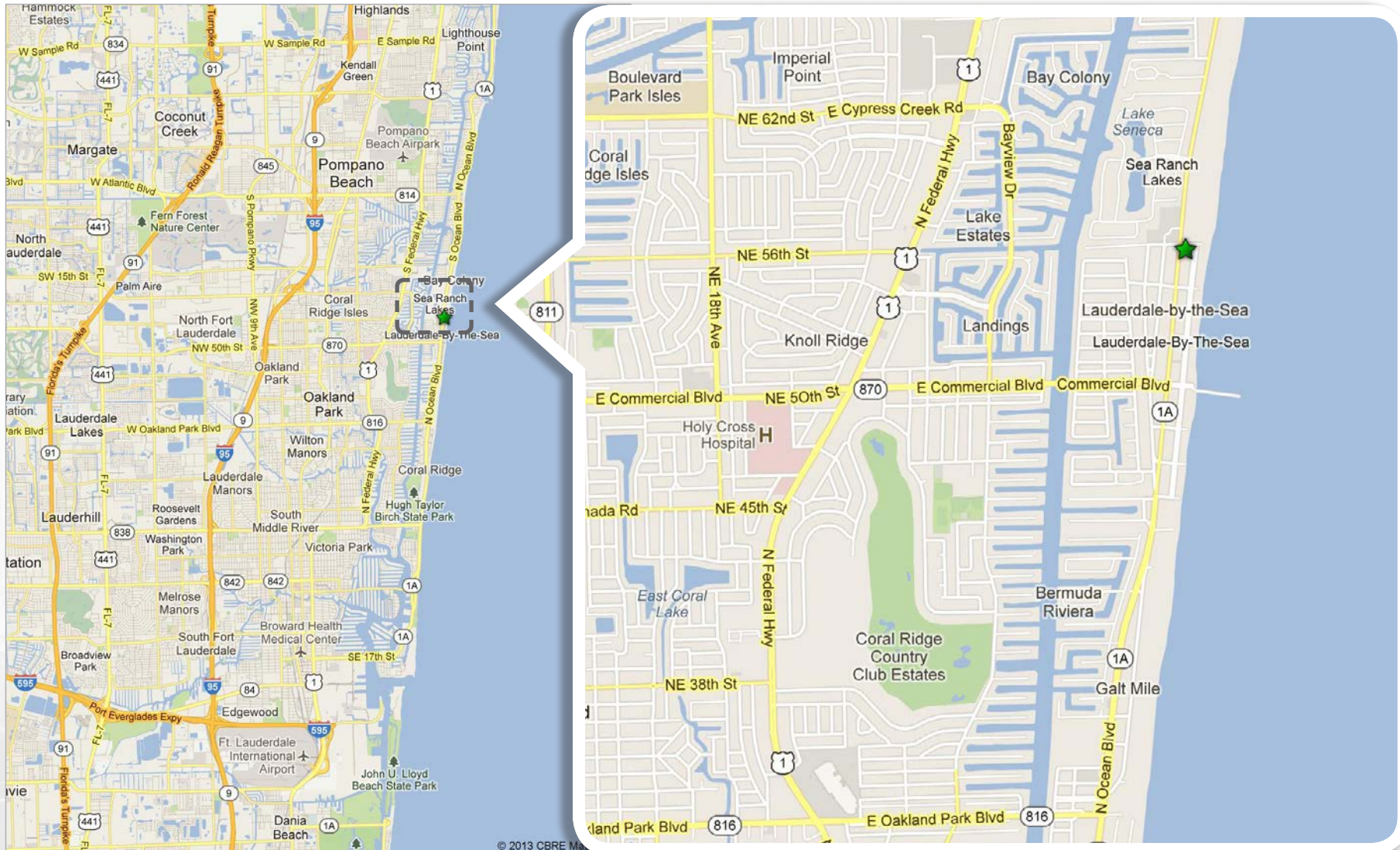
Beginning in December 2006, Comerica Bank entered into a banking relationship with Remo Polselli and Hanna Karcho-Polselli and certain entities controlled by them. The purpose of the relationship was to refinance and refurbish two hotels located in Lauderdale-By-The-Sea, Florida.

Lauderdale Beachside Hotel was built in 1975 and consists of two five-story buildings including features such as a restaurant, swimming pool and parking area.

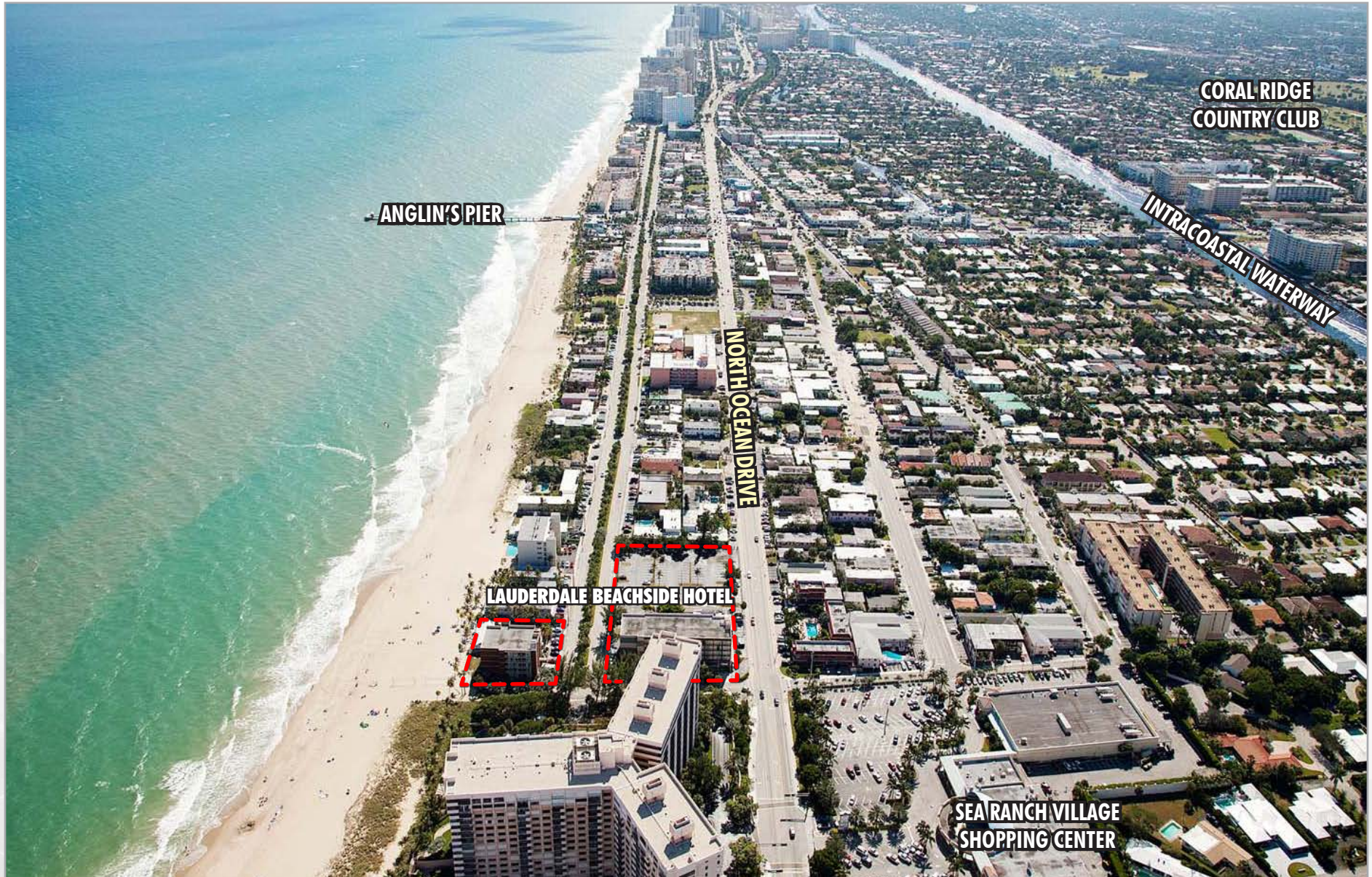
The borrower, Ocean 4660 LLC, based in Michigan, obtained a loan through Comerica Bank that has a current balance of approximately \$12,665,607.03 (which consists of a \$10,850,000 note and a \$1,000,000 note). The loan has matured and is in default. The lender, Comerica Bank, has initiated the foreclosure process in November 2011.



### AREA MAP









# LAUDERDALE BEACHSIDE HOTEL



## AREA OVERVIEW

Introduction to Lauderdale-By-The-Sea  
Market Overview



## i. INTRODUCTION TO LAUDERDALE-BY-THE-SEA ::

Lauderdale-By-The-Sea is within the Miami–Fort Lauderdale–Pompano Beach Metropolitan Statistical Area (MSA), the seventh largest MSA in the nation with over 5.5 million residents. Specifically, the hotel is located within the Greater Fort Lauderdale Area. While Lauderdale-By-The-Sea is a destination unto itself, the proximity to the City of Fort Lauderdale, less than 5 miles south, has a major influence on the town of Lauderdale-By-The-Sea.

The quaint town of Lauderdale-By-The-Sea is approximately 1.5 square miles in size, and is located along Florida’s “Gold Coast” in Broward County, Fla. The entire town is situated between the Atlantic Ocean on the east and Intracoastal Waterway on the west. It is bordered on the south by the City of Fort Lauderdale and on the north by the City of Pompano Beach. The town is located on a barrier island that is 7-feet above sea level. Lauderdale-By-The-Sea is 30 miles north of Miami and 33 miles south of Palm Beach.

Lauderdale-By-The-Sea was formally established in 1947, and in 1997 the Broward County Commission declared the town of Lauderdale-By-The-Sea the Shore Diving Capital of Florida. Given Lauderdale-By-The-Sea’s proximity to the Anglin’s Pier, Port Everglades and Fort Lauderdale, the city serves as both a residential community and a tourist attraction, home to an estimated 6,000 full-time residents and 10,000 during peak tourist season.

### Demographics

Population of Greater Fort Lauderdale increased from 1,623,018 in 2000 to 1,748,066 in 2010. As of 2010 the county is comprised of over 456,000 owner-occupied units and over 229,000 renter-occupied units, as many residences serve as second homes or rental properties.

The town of Lauderdale-By-The-Sea has 6,056 permanent residents. Its peak seasonal population during the winter months increases to more than 10,000 people. Primarily a residential community, Lauderdale-By-The-Sea has the following major industries within its municipal borders: retail/trade, tourism/hospitality, finance and real estate.



## TRANSPORTATION

Lauderdale-By-The-Sea, is traversed north to south by State Road A1A, a designated Scenic and Historic Coastal Highway. The only eastern road into town is Commercial Boulevard. In conjunction with Broward County Transit, the town operates the Pelican Hopper, a local and free shuttle service. Broward County also provides regional bus service. Greyhound Bus Lines has a facility in Fort Lauderdale.

### Airlift

The closest major airport is Fort Lauderdale-Hollywood International Airport. Fort Lauderdale Executive Airport, which serves small jets and single-engine planes, is just a few short miles from town on Commercial Boulevard. South Florida's other major airports include Palm Beach International in West Palm Beach and Miami International.

Fort Lauderdale-Hollywood International Airport (FLL) is one of the fastest-growing airports in the U.S. In 2011 passenger traffic, FLL ranked 21st in the U.S.

As displayed in the table, annual passenger movements have grown tremendously since 2005. In 2011, Fort Lauderdale/Hollywood International Airport serviced 23,349,835 passengers, representing a 4.2% increase, with international traffic increasing 4.7% to 3,608,922 passengers. Total passenger traffic for July 2012 was up 1.4% over July 2011.

### Port Everglades

Lauderdale-By-The-Sea is situated several miles north of Port Everglades, the second busiest cruise port in the nation. The Port of Miami is first. The Intracoastal Waterway, the Town's western border, provides ocean access to recreational boaters via Port Everglades and the Hillsboro Inlet in Pompano Beach, the city's northern neighbor.

On December 22, 2012 Ft. Lauderdale's Port Everglades hosted three of the world's six largest cruise ships; Royal Caribbean International's 5,400-guest *Oasis of the Seas*, and two of Royal Caribbean's 3,634-guest Freedom-class Cruise Ships *Independence of the Seas* and *Liberty of the Seas*.



	MIAMI INTERNATIONAL AIRPORT		FT. LAUDERDALE-HOLLYWOOD INTERNATIONAL AIRPORT		PORT EVERGLADES	
	Passengers	Total % Change Year-End	Passengers	Total % Change Year-End	Passengers	Total % Change Year-End
2005	31,008,453	---	22,752,181	---	2,688,363	---
2006	32,533,974	4.9%	21,323,812	-6.3%	2,459,684	-9.3%
2007	33,740,416	3.7%	22,205,200	4.1%	2,690,058	8.6%
2008	34,063,531	1.0%	23,135,951	4.2%	2,636,711	-2.0%
2009	33,886,025	-5%	20,940,740	-9.5%	2,836,954	7.1%
2010	35,698,025	5.3%	21,876,444	4.5%	3,314,208	14.4%
2011	38,314,389	7.3%	23,349,845	6.7%	3,664,103	9.5%
CAG*	3.6%	---	0.4%	---		



## BUSINESS ENVIRONMENT

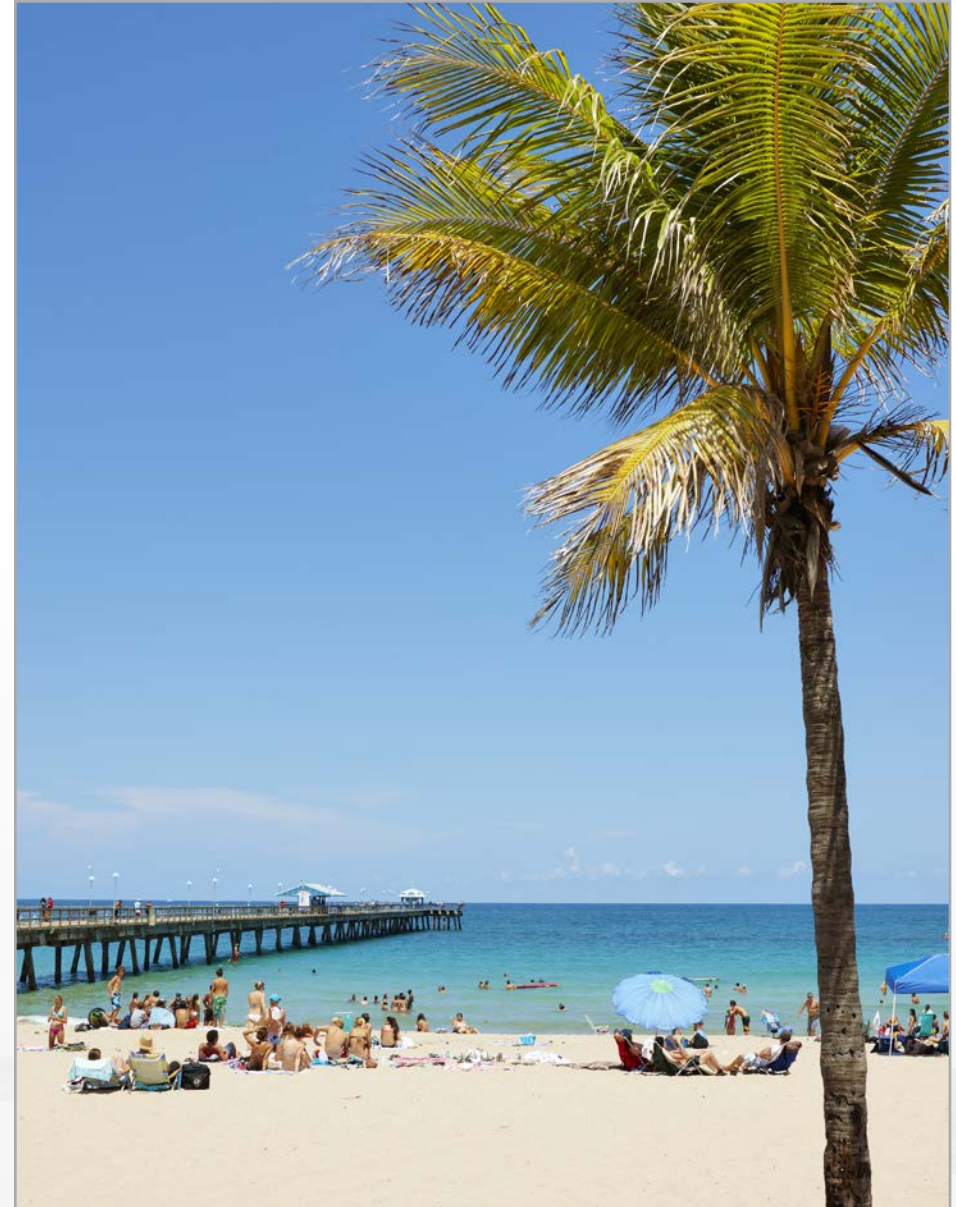
Employment is primarily executive/managerial, professional, sales and hospitality. Major industries include tourism, retail trade, finance, insurance, real estate and hospitality.

## CLIMATE

The town's average annual temperature is 76 degrees Fahrenheit. Due mostly to summer and fall showers, the average annual precipitation is approximately 60 inches.

## RECREATION

The town's oceanfront beaches are popular with tourists and residents from all over Broward County and the world. Scuba divers can often be seen entering the water to explore the coral reefs just 100 yards off the beach. Anglin's Pier, one of just four piers in Broward County, is also a popular spot with anglers and tourists. The town also has tennis courts, shuffleboard and bocce ball courts, a children's park and Community Center.



## ii. MARKET OVERVIEW

Greater Fort Lauderdale's tourism industry is thriving, stimulated by a record-breaking 11.1 million visitors from around the world, spending over \$9.1 billion and continuing 28 consecutive months of tourism growth. Visitor expenditures increased 3.5% to \$9.01 billion. Year-end average daily rate (ADR) was \$110.14 for 2011, a 2% increase from 2010; above the national average of \$101.64, and above the Florida average of \$108.25. Broward bed tax collections increased 11.2% year-over-year to \$40,636,084. Year-end hotel occupancy averaged 71.0% compared to the national average of 60.1% and State of Florida average of 62.9%. International visitation is up with increases from Canada, Brazil and Latin America. Jan-July 2012 hotel occupancy was 75.8%, up 2.5% from Jan-July 2011. The average daily room rate was \$122.10, up 3.7% from 2011. Fiscal Year-to-Date occupancy for Oct 2011- July 2012 was up 3.2% and ADR up 3.7% from 2011. Greater Fort Lauderdale experienced the highest hotel occupancy in Florida for December 2011 and January/February 2012. In 2011, Fort Lauderdale/Hollywood International Airport serviced 23,349,835 passengers, representing a 4.2% increase, with international traffic increasing 4.7% to 3,608,922 passengers. Total passenger traffic for July 2012 was up 1.4% over July 2011.

## HOTEL OUTLOOK

### Hotel Market Forecast

Forecasts indicate overall positive growth in real personal income and total employment through year-end 2013. The forecast for Fort Lauderdale's full-service segment projects an annualized RevPAR figure of \$102.08 for 2013 compared to \$101.90 in 2011 (0.1% annual change). Expectations are for an annualized RevPAR figure of \$65.27 in 2013 for Fort Lauderdale's limited-service segment compared to 2011's figure of \$59.88 (4.4% annual change).

Historical minimum, maximum, and average values for each variable are provided in the chart to the right to put current market performance in perspective. The time period from which these values are calculated is 1987 (or the earliest year of available data) to 2011.

### FORT LAUDERDALE FORECAST SUMMARY: Q2 2012

	Economy		Occ Rate(%)	Full Service		Occ Rate(%)	Ltd Service	
	% Growth Real Pers. Inc.	New Jobs Total Emp.		ADR (\$/Room)	RevPAR (\$/Room)		ADR (\$/Room)	RevPAR (\$/Room)
2011	-0.3	7,000	70.6	144.35	101.90	72.2	82.92	59.88
2012F	1.6	900	70.4	148.92	104.87	73.0	86.13	62.85
Q1	-0.7	600	83.6	178.39	149.13	84.4	105.07	88.68
Q2	-0.4	-6,600	72.0	142.34	102.48	69.6	81.13	56.47
Q3F	1.1	2,300	60.9	119.95	73.05	65.4	72.89	47.67
Q4F	1.6	4,600	65.2	145.21	94.68	72.5	80.81	58.59
2013F	4.7	24,900	67.5	151.23	102.08	73.6	88.66	65.27
Historical Performance								
Min	-8	-59,400	59.1	63.09	36.06	63.6	36.29	21.03
Max	8	46,200	73.2	163.44	110.19	80.4	99.76	72.41
Mean	2	12,900	66.4	106.02	70.77	70.8	64.69	45.90



### Annual History & Forecast: Limited Service

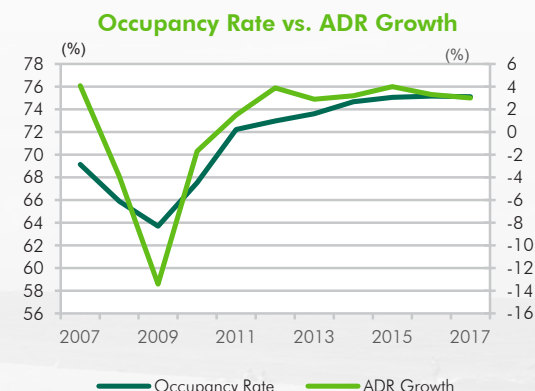
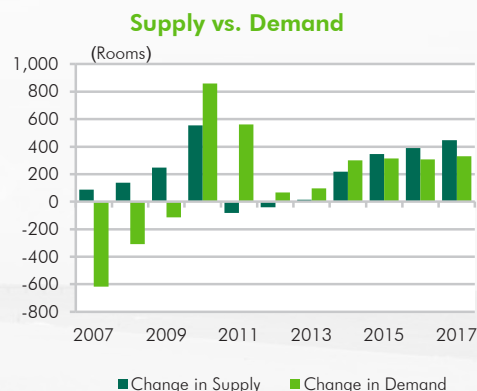
The chart to the right shows a six-year forecast for the Fort Lauderdale full and limited service hotel market. Historical measures are provided going back to 2007. Market data through the 2<sup>nd</sup> quarter of 2012 are included in the year-end 2012 estimates.

### Summary

The forecast for Fort Lauderdale's limited-service segment projects supply to increase by 1,376 rooms from the 2011 level of 13,143 rooms by 2017. Demand is forecasted to reach 10,908 rooms per night by 2017. Occupancy rates are expected to improve to 75.1% relative to 2011's average occupancy rate of 72.2%. ADR is expected to reach \$101.27 by 2017 compared to 2011's annualized ADR figure of \$82.92. RevPAR is expected to reach \$76.08 in 2017 compared to 2011's annualized figure of \$59.88.

### ANNUAL HISTORY & FORECAST: 2007-2017

Year	Real 2012 Pers. Inc. (\$ billions)	Total Employ. (x 1000)	Supply: Available Rooms	Demand: Rooms Sold	Occ. Rate (%)	ADR (\$/Room)	RevPAR (\$/Room)	RevPAR Growth (%)
<b>History</b>								
2007	81.6	788.2	12,286	8,495	69.1	99.76	68.98	-3.7
2008	79.6	744.3	12,423	8,187	65.9	95.89	63.19	-8.4
2009	73.3	704.1	12,670	8,072	63.7	83.06	52.92	-16.3
2010	75.8	707.2	13,224	8,930	67.5	81.66	55.15	4.2
2011	75.6	714.2	13,143	9,492	72.2	82.92	59.88	8.6
<b>Forecast</b>								
2012	76.8	715.1	13,102	9,560	73.0	86.13	62.85	5.0
2013	80.4	740.0	13,116	9,656	73.6	88.66	65.27	3.9
2014	83.1	763.2	13,335	9,956	74.7	91.53	68.34	4.7
2015	85.1	782.4	13,682	10,271	75.1	95.16	71.44	4.5
2016	87.5	802.2	14,072	10,578	75.2	98.31	73.89	3.4
2017	89.5	821.1	14,519	10,908	75.1	101.27	76.08	3.0



### DEMAND GENERATORS

#### Attractions

Leisure demand is generated by visitors to tourist attractions including Ocean Drive, Anglin's Fishing Pier, Sawgrass Mills Outlet Mall, the historical Shipwreck SS Copenhagen, and snorkeling and diving due to close proximity of the coral reefs in relation to the shore.

#### Snorkeling and Diving

South Florida is one of the most popular places in the world to scuba dive. Unlike the Florida Keys, where the reefs are only accessible by boat, the Town's coral reefs can be reached using a pair of fins and a mask. Recognizing the popularity of the Town's reefs with local and out-of-town divers, the Broward County Commission in September 1997 declared Lauderdale-By-The-Sea the "Shore Dive Capital of South Florida."



#### Shopping

Numerous and varied shops cover the area. Visitors can walk to any of the shops in town or jump aboard the Pelican Hopper to travel from one end of town to the other.

**Sea Ranch Shopping Center:** A neighborhood shopping center anchored by a Publix supermarket and located only a block away from Lauderdale Beachside hotel.

**Sawgrass Mills Mall:** The world's largest outlet mall covers 2.2 million square feet and is anchored by nine large stores and 200 specialty shops. The mall also has five themed recreational courts, two food courts and several sit down restaurants.



### Annual Events

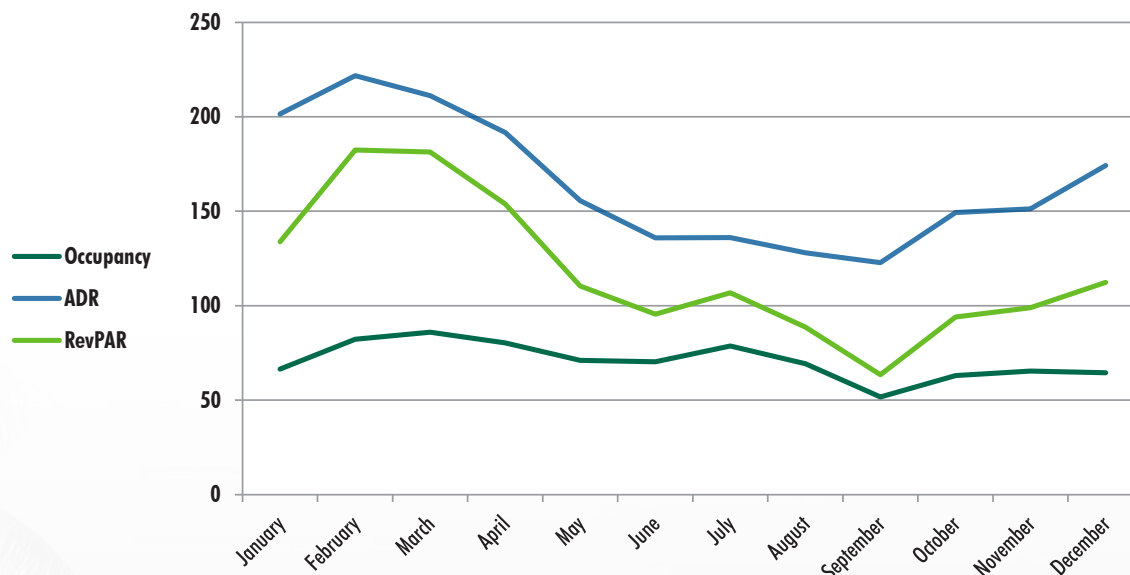
Group room night demand in the immediate market is generated by incentive groups from other parts of the country, corporations within Miami-Dade and Broward Counties, state associations, family functions, weddings, sports teams, production companies, and the Miami Beach Convention Center. The 640,000 square feet convention center is home to a number of major meetings, conventions and trade shows throughout the year, including the annual Art Basel in December, the South Beach Food and Wine Festival in February, the Miami International Boat Show in February, and the Winter Music Conference in March. Each of these weeklong event individually attracts between 60,000 and 100,000 annual attendees and underscores Miami's reputation as a worldwide destination, particularly for the affluent. Some large, notable annual events are:

- Miami Beach Boat Show – February
- South Beach Food and Wine Festival – February
- International Film Festival – March
- Winter Music Conference – March
- Ultra Music Festival – March
- Ericsson Tennis Tournament – March
- Gay & Lesbian Film Festival – April
- Orange Bowl Classic – December
- Art Basel – December



### COMPETITIVE MARKET ANALYSIS

With 3% compounded annual RevPAR growth since 2010, the competitive set has demonstrated a considerable rebound from its trough, during the 2008-2009 economic downturn. Despite this growth, trailing-twelve-month RevPAR for September 2012 is still well below peak 2008 numbers, highlighting the market's considerable upside potential.



The Fort Lauderdale hotel market experiences peak business during the first quarter of the year, with demand slowly declining in the middle of the year, until it begins to ramp positively in the fourth quarter. Most transient business occurs Thursday through Saturday, with RevPAR increasing as much as 40% during weekend nights.

	HISTORICAL OPERATING STATISTICS				
	2008	2009	2010	2011	TTM Sept 2012
Occupancy	72.3%	68.2%	72.8%	69.4%	72.6%
ADR	\$179.14	\$161.56	\$162.74	\$163.24	\$163.90
RevPAR	\$129.45	\$110.14	\$118.41	\$113.28	\$121.20



# LAUDERDALE BEACHSIDE HOTEL



## FINANCIAL ANALYSIS

Discounted Cash Flow  
Comparable Properties

#### i. DISCOUNTED CASH FLOW ANALYSIS :: FIRST PROJECTION YEAR: 2013-2017

Calendar Year Ending December 31:	Estimated 2012	First Projection Year: 2013	2014	2015	2016	2017	Terminal Year 2018
Occupancy		60.0%	70.0%	76.0%	76.0%	76.0%	76.0%
ADR		\$130.00	\$147.20	\$160.00	\$164.80	\$169.74	\$174.84
% Growth			13.2%	8.7%	3.0%	3.0%	3.0%
RevPAR		\$78.00	\$103.04	\$121.60	\$125.25	\$129.01	\$132.88
% Growth			32.1%	18.0%	3.0%	3.0%	3.0%
Total RevPAR		\$86.67	\$114.49	\$135.11	\$139.16	\$143.34	\$147.64
% Growth			32.1%	18.0%	3.0%	3.0%	3.0%
Room Revenue		4,128,150	5,453,392	6,435,680	6,628,750	6,827,613	7,032,441
Total Revenue		4,586,833	6,059,324	7,150,756	7,365,278	7,586,237	7,813,824
NOI	600,000	688,025	1,514,831	2,502,764	2,577,847	2,655,183	2,734,838
% of Total Revenue		15.0%	25.0%	35.0%	35.0%	35.0%	35.0%

Discount Factor at a 13.50 percent Discount Rate	0.8811	0.7763	0.6839	0.6026	0.5309	0.4678
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#### Present Value of

<b>Operating Cash Flows</b>	Total: \$6,456,842	\$606,189	\$1,175,906	\$1,711,719	\$1,553,366	\$1,409,662	\$1,279,253
Composition of Yield	Total: 48.2%	4.5%	8.8%	12.8%	11.6%	10.5%	9.5%
Annual Cash on Cash Return	Average: 14.8%	5.1%	11.3%	18.7%	19.2%	19.8%	20.4%

#### Residual Proceeds

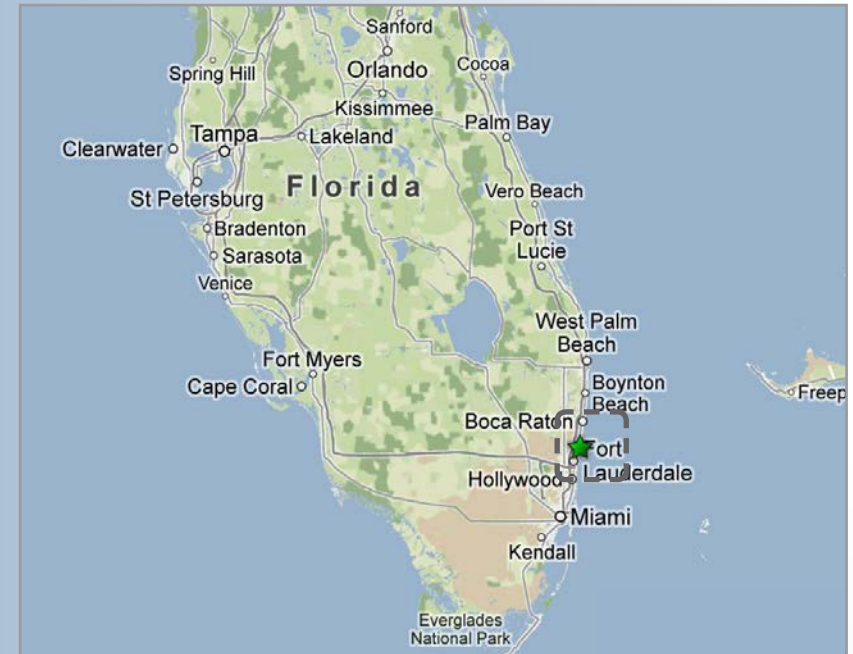
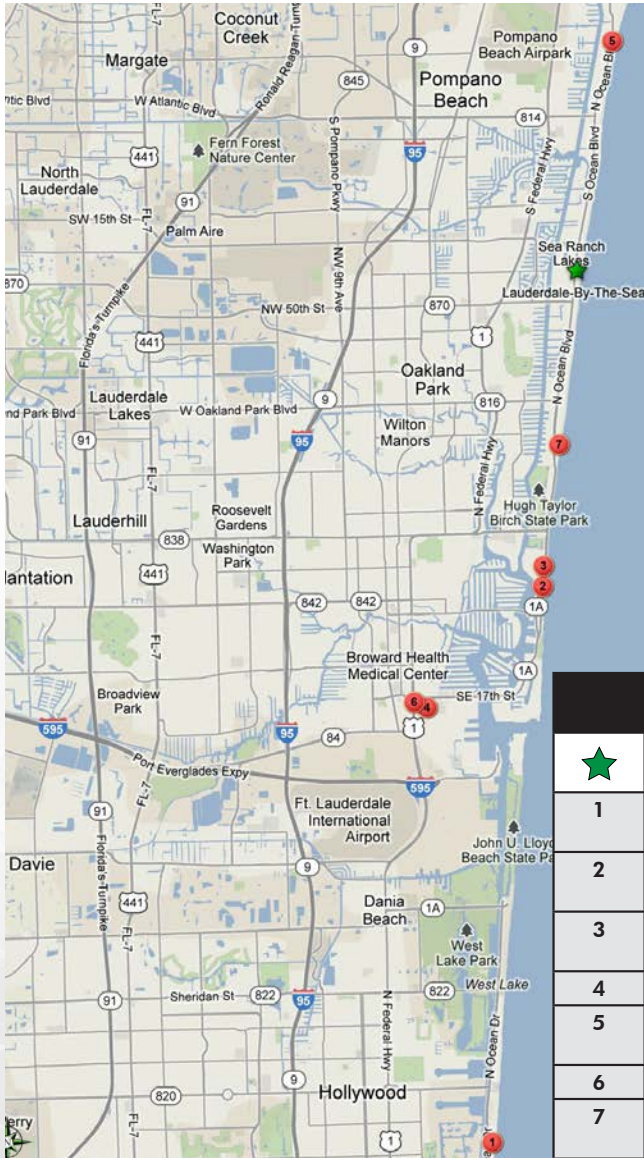
Residual Sales Proceeds at  
9.50 percent residual cap

#### Pricing Matrix

	Discount Rate	Terminal Capitalization Rate				
		9.00%	9.25%	9.50%	9.75%	10.00%
\$28,787,771	13.00%	14,700,000	14,300,000	13,900,000	13,500,000	13,100,000
Less: 2.00 percent selling Costs	Per Room	101,379	98,621	95,862	93,103	90,345
Equity Residual	Going In Cap (on Estimated 2012)	4.1%	4.2%	4.3%	4.4%	4.6%
	13.25%	14,500,000	14,100,000	13,600,000	13,300,000	12,900,000
Discount Factor	Per Room	100,000	97,241	93,793	91,724	88,966
Total Present Value of Reversion	Going In Cap (on Estimated 2012)	4.1%	4.3%	4.4%	4.5%	4.7%
Composition of Yield	111.8%					
	13.50%	14,300,000	13,800,000	13,400,000	13,100,000	12,700,000
Less: PV Anticipated PIP & DM Cost	Per Room	98,621	95,172	92,414	90,345	87,586
	Going In Cap (on Estimated 2012)	4.2%	4.3%	4.5%	4.6%	4.7%
	13.75%	14,000,000	13,600,000	13,200,000	12,800,000	12,500,000
<b>Estimated Value (rounded)</b>	Per Room	96,552	93,793	91,034	88,276	86,207
Estimated Value per Room	Going In Cap (on Estimated 2012)	4.3%	4.4%	4.5%	4.7%	4.8%
	14.00%	13,800,000	13,400,000	13,000,000	12,600,000	12,300,000
	Per Room	95,172	92,414	89,655	86,897	84,828
	Going In Cap (on Estimated 2012)	4.3%	4.5%	4.6%	4.8%	4.9%



## ii. RECENT SALES COMPARABLES DATA



	Date	Property Name	Address	Units	Year Built	Price in \$	\$/Units	Comments
★		<b>Lauderdale Beachside Hotel</b>	<b>4660 Ocean Drive</b>					
1	7/12	Driftwood on the Ocean	2101 S Surf Rd	52	1959	7,575,000	145,673	Limited Service property; Redevelopment planned
2	3/12	Ocean Holiday Motel	205 Fort Lauderdale Beach Blvd	18	1951	2,055,000	114,167	Limited Service property; excess development potential
3	1/12	Tropical Cay Resort	521 N Fort Lauderdale Beach Blvd	47	1959	10,000,000	212,766	Limited Service property
4	9/11	Hyatt Place	1851 SE 10th Ave	128	1996	12,000,000	93,750	Full-Service; extended stay
5	1/11	Pompano Lucaya Motel	1208 N Ocean Blvd	93	1972	8,550,000	91,935	Limited Service property; Renovation planned; bought for renovation
6	12/10	Comfort Suites	1800 S Federal Hwy	110	1991	8,500,000	77,273	Limited Service/suite property
7	4/10	fmr Ireland's inn Beach Resort	2220 N Atlantic Blvd	200	1944	28,550,000	142,750	Full-Service; Redevelopment planned



# LAUDERDALE BEACHSIDE HOTEL

:: CONFIDENTIAL OFFERING MEMORANDUM



## OFFERED BY:

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