

SEEKING AN ADVANTAGE IN PURSUING A LODGING INVESTMENT?

During periods of favorable investment conditions and heightened transaction volume across the industry, we often field questions from clients and partners on what they can do to put themselves in a more favorable position as they compete for auctioned properties. While there's no universal approach, a number of thoughtful actions or deliberate adjustments may help an interested purchaser stand apart from the rest. While some of these suggestions may seem obvious, they can serve as reminders to share with your acquisitions team. There are also some less obvious nuances that we are attune to in different phases of the process. As you approach the competitive acquisition environment, you may wish to consider the following:

- **Shorten the diligence period and closing periods.** As the adage goes, time is money.
- **Place earnest money at risk early in the process.** A portion of your deposit, say 20%, could be forfeited after an initial ten-day due diligence period, with the balance of the deposit fully earned by the seller after a more thorough underwriting has been completed.
- **Explore a preemptive offer.** Making contact between principals as early as possible is often advantageous for both the seller and potential buyer. Offer a premium that makes it worth the seller's while to take the risk of not formally going to market.
- **Execute the confidentiality agreement in a timely manner, and without many edits.** Not only does this help to establish trust between parties early on, but it helps the buyer to become the "wire-to-wire" leading interest party. We are pleased to say that we have never seen a confidentiality agreement litigated.
- **Tour early. Stay in touch.** Experiencing the property and its surrounding market early in any process will help expedite the process as you'll be able to front-load your underwriting, questions or concerns. It also signals your serious interest to the seller. It is also important to communicate frequently with the advisor or principal, indicating your continued interest.
- **Obtain internal committee approval for the transaction as early as possible.** Call a special meeting if necessary, and convey that approval to the seller.
- **Share estimates of your planned capital investment.** Providing the seller with an idea of your renovation or repositioning budget signifies your level of diligence and your seriousness.
- **Download items from the data room as files are added.** Your activity in a property data room demonstrates active and continued interest and your internal prioritization of resources.
- **Remove any financing contingencies, and identify a lender in advance.** Share the lender's contact information when the financing relationship is secured. If you plan to use existing lines of credit to close the transaction, let the seller know.
- **Make your best and final offer up front.** Let the seller and advisor know that you've done so, so as to show your earnestness. Put your best foot forward early in the process and stick to your number. Become known in the marketplace for doing so.
- **Identify and involve an operating partner as early as possible.** Ask the investment advisor for recommendations on management companies. Active engagement by the operator during the diligence process signifies your earnest desire.
- **Volunteer a list of your most recent closings.** This will convey your confidence and security. Include seller contact information.

A multitude of factors go into matching the best purchaser with the asset being sold and its owner. Price isn't always the deciding factor. Certainty in consummating the transaction without friction carries a great deal of weight. The terms of almost every transaction are as unique as the innumerable investment

entities in the market today. While there's no "secret sauce" to closing a deal more swiftly than the last one, selecting the right advisor to guide you through the process is typically an advantage unto its own. We would be thrilled to have the pleasure of assisting you with your lodging investment and consulting needs, whether acquiring a property, preparing for a disposition, refinancing or even managing an asset you plan to hang onto for a while. For more information on our full suite of services, please visit us at tpghotels.com or give us a call at (813) 932-1234.