



Hospitality Advisory Services for Hotel Lenders and Servicers

The Plasencia Group is uniquely qualified to assist lenders and servicers during this period of turmoil and operational challenges for the lodging industry.

For nearly four decades, particularly during times of market and economic uncertainty, The Plasencia Group has worked alongside some of the most active lenders and servicers to the hotel industry. Our team consists of seasoned experts in hotel operations and asset management who successfully navigated clients through four separate economic downturns in the lodging sector. We are uniquely qualified to assist you as you prepare to take ownership of a lodging asset, or more importantly, to take immediate steps to avoid having to do so.

LEVEL ONE

Loan Monitoring and Sensitivity Analysis

During a Level One analysis, the advisory team offers an independent set of expert eyes and ears to the lender or servicer. Typically little or no access to information about the hotel or resort will be available beyond what is granted through loan documents.

In the Loan Monitoring and Sensitivity Analysis phase, we will:

- ▶ Perform a detailed financial analysis of property operations utilizing readily available property financial information and market intelligence, culminating in a written opinion of current and future value.
- ▶ Using the experience our associates have gained in decades of operating or overseeing hotels, provide a true and accurate picture of what is really taking place at the property level.
- ▶ Acquire existing supply and demand lodging data and extrapolate pertinent information as it relates to the subject property.
- ▶ Utilize our existing market knowledge and, when possible, use our relationships with knowledgeable local industry contacts, to obtain intelligence on surrounding market and hotel demand issues.
- ▶ Provide a written report to the client addressing initial findings regarding the financial viability and operating efficiency of the collateral, compliance with loan covenants and the properties ability to service debt.

LEVEL TWO

Asset and Operations Management

In this phase, the advisory team typically has more open access to information and to the property resulting from borrower cooperation governed by a Pre-Negotiation Agreement.

In the Asset and Operations Management phase, we will:

- ▶ If deemed appropriate, serve as the go-between with your borrowers, ensuring that they are providing you with the **complete and accurate** information you need, in a succinct and legible manner, and in a format that you prescribe. Areas of attention include: pre-negotiation agreements, P&I deferrals, default deferrals, operating covenants, suspension of operations, use of reserves, SNDA issues, lender consents, loan modification fees and myriad other loan-related challenges.
- ▶ Develop a detailed report of findings and recommendations based on a review of historical financial data, operational and performance reports.
- ▶ If deemed worthwhile and feasible, complete a visit to the asset to discretely gain insight on the property's operations and physical plant.
- ▶ Work with the property operator to develop a realistic twelve-month statement of operating projections as well as a breakeven analysis.
- ▶ Prepare recommendations for revenue generation and cost containment practices after performing a detailed analysis of revenue sources, expenses and controls, departmental operations and staffing.
- ▶ Conduct a review of property operations, physical plant condition and management company contract compliance.
- ▶ Review secondary market research and conduct relevant interviews with local professionals to further understand market dynamics and possible impacts on hotel operations.
- ▶ We will review the owner and/or operator's plans to ramp-up operations to ensure they are designed in an effective and efficient manner.
- ▶ Monitor borrower loan compliance.

LEVEL THREE

Asset Management

As Asset Managers, the team will take a much more active role in overseeing the property, with unrestricted access, providing longer-term asset and operational oversight, usually as a result of the asset having been taken over by the lender or servicer or as governed by a forbearance agreement.

In the Asset Management phase, we will:

- ▶ Our asset managers will step into an ongoing oversight role at the property level. We can provide you and the hotel operator with tried and tested strategies to stem the bleeding while still providing guests with a positive experience during their stay.
- ▶ Evaluate, recommend and monitor specific actions relative to all aspects of hotel performance, including revenue generation, expense management, management proficiency, brand affiliation, capital budgeting and planning.
- ▶ Interview and engage a property management firm or general manager on behalf of the client, as needed, and provide oversight of the transition process, as applicable.
- ▶ Develop performance benchmarks and financial reporting methodology.
- ▶ Develop and implement financial control point responsibilities.
- ▶ Source and engage third-party accounting services provider, as needed.
- ▶ Monitor management's existing financial controls, policies and procedures.
- ▶ Provide operational oversight, including regular property visits.
- ▶ Review physical plant preventive maintenance procedures.
- ▶ Attend ownership meetings, especially as formal updates of financial and operational performance are presented.
- ▶ Facilitate meetings with franchisor and other constituents as needed.
- ▶ Provide a realistic and current hotel valuation analysis, including an estimate as to when the property is expected to return to a valuation on which the loan was originally based.
- ▶ Assist in determining the possible disposition of the loan or the asset itself.

ADDITIONAL ASSET LIFECYCLE SERVICES

Investment Advisory

Should a note sale or a disposition of the property, short sale or Section 363 sale become necessary, our Investment Advisory group will execute a well-orchestrated process aimed at generating the highest possible proceeds from the most qualified buyers in the shortest possible time. Since 1993, The Plasencia Group has been a national leader in hospitality investment transactions throughout North America and the Caribbean, working alongside dozens of lenders and institutional owners.

Investment Advisory Services overview:

- ▶ We provide personalized investment services to life insurance companies, banks and pension funds, real estate investment trusts, and other owners of hotels, resorts, and golf courses throughout North America.
- ▶ Our principals have completed billions of dollars in hotel transactions in their combined careers and have executed some of the most challenging and complicated trades in the marketplace.
- ▶ We have worked with nearly every major brand, property type, operator and ownership group in the lodging investment arena.

Renovation Management and Capital Expenditure Programs

Three decades of specialization in the lodging industry means our Development Management professionals have seen it all when it comes to lodging renovation and construction projects. Not only do they rely on their specialized experience, but they stay abreast of industry trends and maintain relationships with providers of the highest quality products and services.

Our team's extensive experience in the hospitality industry, coupled with an in-depth knowledge of hotel operations, translates into proven strategies and processes to carefully manage renovation investments from project inception to completion, working diligently to protect an asset's condition and value. The firm's team of professionals is comprised of experienced problem-solvers who can provide guidance on a range of issues, including:

Our Management and Capital Expenditure Programs include:

- ▶ Pre-development planning services
- ▶ Budget and schedule management
- ▶ Brand negotiation
- ▶ Asset preservation and maintenance
- ▶ Contractor and consultant negotiation
- ▶ Procurement management
- ▶ Total project administration
- ▶ Design process management
- ▶ Project close-out



Local knowledge. National Presence. Exclusively Hospitality.

Contact us today if our experienced advisory team can assist you in evaluating your current portfolio and strategizing for the weeks and months ahead. We look forward to the opportunity to serve you.

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