

Homewood Suites - Houston Galleria

Investment Opportunity

Partners Hospitality Fund I is pleased to present the opportunity to invest in the acquisition of the **Homewood Suites by Hilton Houston Near the Galleria** located in Houston, Texas. This is an opportunity to purchase in an irreplaceable asset in The Galleria Submarket with high barriers to entry, and at a steep discount with potential for revenue upside.

Asset Summary

Total Rooms	162
Total Floors	14
Meeting Space	1,460 SF
Year Built	2006
Total Acreage	0.74 AC

Investment Summary

Total Project Cost	\$29,682,975
Partners Equity	\$2,077,808
Joint Venture Equity	\$8,311,233
3-Year IRR & Equity Multiple	31.08% / 2.17x
5-Year IRR & Equity Multiple	23.94% / 2.67x
7-Year IRR & Equity Multiple	20.94% / 3.22x

Returns are net acquisition, disposition, and asset management fees before general partner carried interest.

Investment Terms

Minimum Investment	\$100,000
Preferred LP Return	8.0%
Asset Management Fee	0.75% of Asset Cost
General Partner Carried Interest	70% LP / 30% GP after preferred LP Return

Key Investment Highlights

- Irreplaceable Uptown Houston asset, less than one block from The Galleria.
- Highly motivated seller seeking to exit at a substantial write-down to 2017 purchase price and facing an 18-year PIP renovation.
- Significant in-place cash flow: 2024 EBITDA of \$2.4MM, more than 1.5x debt service.
- Occupancy over 80%, with an average RevPAR index since 2020 of 115%.
- Typically runs between 2nd and 4th in the comp set, indicating additional revenue upside.
- TTM gross operating profit margin of 42%, well below typical levels and those of the competitors.
- Purchase price of \$129,630 per room is 40% below the median replacement cost for upscale, extended-stay hotels (\$216,761/rm) and 50% below the average cost (\$260,431/rm).
- Contract pricing (\$21 million) is 36% below seller's 2016 purchase price of \$33 million.

Sponsor Overview

- Partners is an equity partnership firm made up of 64 partners and 300+ real estate professionals located across Texas and the Southeastern United States.
- Partners funds employ a strong mix of income and upside potential, while limiting downside risk by investing in desirable markets with strong fundamentals.

⁽¹⁾ Returns are net acquisition, disposition, and asset management fees before general partner carried interest.

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