

Clarion Inn & Suites

Craig, CO



Investment Offering Memorandum

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Opportunity Overview

Jacobs Real Estate Advisors, is pleased to offer for sale to qualified investors the opportunity to acquire the fee-simple interest in the 152-guestroom Clarion Inn & Suites (referred to herein as "Hotel" or "Property") located in Craig, Colorado. Built in 1981 as a Holiday Inn, the Clarion Inn & Suites is the only full-service hotel in Craig, CO featuring numerous amenities including the Castle Ranch Steakhouse and Cassidy's Bar & Lounge, which are popular venues amongst locals and visitors alike. Additional amenities include free Wi-Fi, a fitness center, indoor heated pool and whirlpool, business center, and approximately 5,500 square feet of flexible meeting space.

The Clarion Inn & Suites is well-located at the junction of State Highways 13 and 40 in a region known as the "Elk Hunting Capital of the World," and is the midway point between Denver, Colorado and Salt Lake City, Utah. In addition to benefit-ting from leisure and tourism, the hotel also capitalizes on diverse demand drivers including mining and power operations, the Yampa Regional Airport, and overflow demand from nearby Steamboat Springs, Colorado.



TERMS OF SALES

Interest:	Fee-simple
Price:	Please contact Jacobs REA for pricing guidance.
Terms:	All cash (Seller Financing Available)
Management:	Free and clear of management

Investment Highlights

The Clarion Inn & Suites Craig has demonstrated the strength of the local hotel market and the ability for a well-branded and properly renovated/maintained hotel to capture market share and generate income. The Hotel is now highly rated on TripAdvisor and is ranked #3 of 10 hotels in Craig, following its conversion from a Holiday Inn in 2013. This investment opportunity offers a new investor the ability to further drive RevPAR as the Colorado economy continues to improve and the State tourism statistics post new records year after year.

STRONG STATE TOURISM GROWTH

In 2014, a record 71.3 million visitors spent \$18.6 billion in Colorado, marking a high point for the State's thriving tourism industry. These statistics represent a 10.3% increase in total visitors and a 7.5% increase in spending from 2013. According to the State's Tourism Office, roughly 25% of the total spending occurred at mountain resorts. Although the 2015 numbers have not yet been released by "Visit Denver", state officials are anticipating another record breaking year and 2016 shows no signs of slowing down.

EXCELLENT LOCATION BETWEEN COLORADO AND UTAH

Located along US Hwy 40, Craig, Colorado is a major tourist thoroughway between Colorado and Utah as the city is nearly equidistant from Denver and Salt Lake City. Craig is located just 40 miles from Steamboat Springs, one the most popular ski destinations in the United States. In addition, Craig is approximately 140 miles from the Rocky Mountain National Park, which attracted more than 4.1 million visitors in 2015, setting a record.

POPULAR LEISURE DESTINATION

Craig, Colorado is a recreational destination throughout the year as both residents and tourists enjoy various outdoor recreational activities. Craig features a variety of opportunities for visitors to experience some of the best hiking, camping, and horseback riding in the Rocky Mountain Region during the summer months. Numerous winter activities include skiing, cross-country skiing, and snowmobiling. Furthermore, as home to one of North America's largest elk herds, Craig is considered the "Elk hunting capital of the world" and continues to be a prime destination for hunters from all over the world.

ONLY FULL-SERVICE HOTEL IN THE MARKET

The Clarion Inn & Suites is the only full-service hotel in Moffat County. The Hotel contains all the features of a well-positioned, full-service hotel, including, indoor swimming pool and whirlpool, fitness center, business center, and approximately 5,500 square feet of flexible meeting and event space. Furthermore, the Hotel features the Castle Ranch Steakhouse and Cassidy's Bar & Lounge, which are popular venues amongst locals and visitors alike.

REPOSITIONING OPPORTUNITY

The Hotel benefits from being the only full-service hotel in the market, which makes it attractive to other brands and allows for potential repositioning. Currently, Wyndham & Red Lion has already provided a Change of Ownership PIP for Ramada that is available in the Due Diligence materials. However, should the new owner choose to remain with Choice and capitalize on the existing improvements from the recent flag change, the current owners negotiated reduced Royalty Fees that are transferrable to the new owner. Per

the Franchise Agreement in the Due Diligence materials, the Royalty Fees will remain at their current 2% levels through 2020 before reverting to the standard 4.25% of Gross Room Revenues.

OFFERED UNENCUMBERED BY MANAGEMENT

The Property presents an opportunity for an investor to purchase the Hotel unencumbered by a management agreement. This will allow a new investor maximum control over the day-to-day operations of the Hotel, superior control over costs, and the potential to implement a more effective marketing and yield management strategy.

OFFERED AT A DISCOUNT TO REPLACEMENT COST

The acquisition of the Hotel represents an opportunity for investors to acquire a well-constructed, full-service hotel at pricing well below replacement cost.

LIMITED ADDITIONS TO SUPPLY

The Craig area has had very limited supply additions over the past few years. In fact, a reduction in supply occurred in 2013 when the 88-guestroom Rusted Canyon Hotel was demolished. With no new directly competitive hotel supply in the foreseeable future, the Property can continue to increase occupancy and RevPAR, without the immediate threat of market cannibalization.

OPERATIONAL UPSIDE

From January through September of 2015, a complimentary full buffet that incurred an average cost of close to \$8/person was provided. We have since changed to a Continental Breakfast in October of 2015 at an average cost of

under \$2/per person, which should substantially improve their food department profitability. Additionally, they coded 100% of a Regional GM salary to the property instead of allocating amongst their properties. Although this was the only acting GM at the property, the salary was not commensurate with what a typical GM would make in this market. Ownership has also completed several select capital improvements. The Hotel recently renovated the lobby lounge and has seen substantial growth in F&B revenues. A detailed breakdown of recent capital improvements can be seen below.



Property Overview

Property Overview	
STR Market	Market: Craig, Colorado
STR Tract	Northwest Colorado
Address	300 Colorado Highway 13 Craig, CO 81625
Land	±7.08 Acres
Configuration	One 2 -story "L" - Shape building; interior corridors
Guestrooms	152 Total Keys
Year Opened	1981
Meeting Space	5,500 total Square Feet
Parking Space	±222 Surface level parking spaces
Ownership Interest	Fee- Simple
F&B Facilities	On -site: Castle Ranch Steakhouse Restaurant with seating for 78 people Cassidys Bar & Lounge With seating for 59 people
Hotel Features & Amenities	Indoor swimming pool Indoor whirlpool hot tub Exercise room Business center Guest laundry facilities Complimentary wireless internet access Vending areas

Structural Overview	
Parcel Number	85502204002
Zoning	C-2 - Community Commercial
Stories	2
Foundation	Poured Concrete
Structural Frame	Wood Framing
Exterior Walls	Stucco
HVAC	The public area have central air condition
Interior Floors	The floors in the public areas have commercial grade stone tile and carpet. Guestroom floors have carpet and guestroom bathrooms have tile floors
Roof	Concrete and EPDM membrane covered with gravel ballast
Elevators	None

HOTEL CONFIGURATION AND LAYOUT

The Clarion Inn & Suites Craig is a two-story building located on +/- 7.08 acres along Highway 13, the primary thoroughfare in Craig. The first floor houses the Castle Ranch Steakhouse, attractive lobby, fitness facility, business center, indoor swimming pool, and meeting space.

CAPITAL IMPROVEMENTS

Current ownership invested over \$420,000 to upgrade the hotel and food & beverage outlets. These continued improvements demonstrate the owner's diligence in maintaining brand standards and market share. A list of the improvements is below.

Brief Description	Estimate
Brand New Bar	180,000
Electric Sliding Front Doors	11,545
LED Hallway Sconces	9,570
New Bedding	50,000
New Beds and Beds Frames	60,474
New WiFi System	7,500
PBX System	17,950
POS System	21,690
Security Cameras	2,000
New Signage	45,500
Landscaping	12,000
New Boiler	6,000
Total Improvements	424,229

GUESTROOMS

The 152 well-appointed guestrooms and suites at the Property feature one king bed or two queen beds, free WiFi, voice mail, coffee maker, alarm clock, mini-refrigerator, hair dryer, and iron and ironing board.

Guestroom Breakdown	
King	74
Double/Double	61
Suite	17
Total	152

FOOD AND BEVERAGE

The Clarion Inn & Suites Craig features the Castle Ranch Steakhouse, which is a popular dining destination in Craig that offers seating for up to 78 guests. The restaurant serves breakfast, lunch, and dinner seven days a week. Castle Ranch Steakhouse was recently renovated with new signage, chairs, and table settings.

Ownership recently renovated Cassidy's Bar & Lounge with approximately \$180,000 in capital improvements to upgrade the facility. Just like the restaurant, Cassidy's Bar & Lounge is a popular destination in Craig with seating for approximately 59 guests. New ownership should continue to see revenue growth from focused, diligent F&B management.

FITNESS CENTER AND POOL

The Hotel features a recently updated fitness center featuring two treadmills, two stationary bicycles, and an elliptical machine. The Hotel also offers an indoor pool and whirlpool spa.

MEETING SPACE

The Hotel features four meeting spaces for a total combined space of 5,550 sq. ft. A portion of the Hotel atrium can be used as event space and adds roughly 2,500 sq. ft. to the total amount of meeting space.

Event Space Chart								
Room Name	Dimensions	SQ. FT.	Ceiling Height	Theater	Classroom	Banquet	Reception	
Craig Ballroom	40 ft x 25 ft	1000	10	100	40	60	60	
Moffat Ballroom	40 ft x 25 ft	1000	10	100	40	60	60	
Ballrooms & Lobby	60 ft x 75 ft	4500	22	350	n/a	300	300	
Colorado Room	30 ft x 25 ft	624	8	40	30	50	50	
Board Room	11 ft x 27 ft	297	7	15	n/a	n/a	n/a	



Top Demand Generators

MOFFAT COUNTY HUNTING

The region has attracted elk, deer, antelope, bear, mountain lion, and small game hunters alike. Moffat County is commonly referred as “The Elk Hunting Capital of the World” by www.ausa.org and www.californiahuntingtoday.com, as well as hunters from around the world. The region is home to some of the most exclusive

Elk Hunting grounds and licenses in North America. Thousands of hunters apply for limited licenses to hunt inside hunting areas in the Craig and Moffat county area during prime hunting season which is typically from late August to mid-November. According to Colorado Fishing and Wildlife, 2012 brought 13,858 elk hunters to the Northwest Colorado region in search of some 280,000 statewide elk of which around 43,000 are harvested each year. On the other hand, Colorado is home to

466,000 deer where, according to Colorado Parks and Wildlife, the hunter success rate is around 50%. The Colorado Division of Wildlife reports hunting and fishing traffic generates approximately \$26 million per year for the local economy.

MUSEUM OF NORTHWEST COLORADO

One of the world’s outstanding collections of Western Americana is housed in the

Museum of Northwest Colorado. This museum is located just off Highway 40 and features a Norman Rockwell Exhibit and showcases pioneer and

Native American history from the region. The Ute Indians were the last Native American tribe inhabiting the Yampa Valley before settlers moved into the area in the 1800’s and have a comprehensive display. The Museum is a part of the National Register of

Historic Places and is a major attraction in Craig, located just 2.0 miles from the Clarion Inn & Suites.

DINOSAUR NATIONAL MONUMENT

Dinosaur National Monument contains the most productive Late Jurassic Period dinosaur quarry in the world where a native rock wall exposes more than 2,000 dinosaur fossils. River canyons and ancient petro glyphs can be explored. Among the dinosaur remnants are also impressive canyons featuring rivers great for raft-ing as well as scenic camp grounds. The Monument is accessible along when heading east on Highway 40, about an hour and a half away from the Hotel.

COLORADO STATE TAXIDERMY CHAMPIONSHIPS

Local and regional taxidermy artistry is on display at the Moffat County Fairgrounds Pavilion (Main floor: 3400 sq. ft.) which as an approximately 250-person capacity. Craig hosts the largest taxidermy display in North America.

WITTLE THE WOOD RENDEZVOUS

Held annually in mid-June, the Wittle the Wood features a 5K, all-day arts and crafts, downtown car show, musical guests, and famous wood carving competition all enjoyed by 1,500 to 2,000 people every June.

GRAND OLDE WEST DAYS

This event takes place each year over Memorial Day Weekend and attracts visitors all throughout Moffat County. The event is comprised of bronco riding competitions, a parade, rodeo, barn dance, carnival, 5K, concert, and various food and beverage vendors.

ELKHEAD RESERVOIR

The 900-acre Elkhead Reservoir, a man-made lake, is just nine miles outside of Craig and is a magnet for water-skiers, jet skiers, hikers, campers, fishermen and hunters. Located 12.3 miles from the hotel, Elkhead is home to a newly built campground and is the only water recreation area in Moffat County. Types of fish that can typically be found in the reservoir include smallmouth and largemouth bass, channel catfish, northern pike, and rainbow trout.

BROWNS PARK NATIONAL WILDLIFE REFUGE

Expansive vistas and canyon walls are on display at Browns Park. The 12,150-acre park features some 300 native and migratory species: pronghorn, bighorn sheep, mule deer, elk, mountain lion, black bear, moose and wild turkey. About an hour drive from the National Refuge, the Hotel is one of the few properties servicing the region.

SAND WASH BASIN

Less than one hour from Craig is Sand Wash Basin, nearly 155,000 acres of rugged desert. Over 300 wild horses roam this area. This herd of wild horses is one of the few remaining herds of free-roaming wild mustangs in the United States, making the region a popular tourist destination.

RECREATION ACTIVITIES

Craig features a variety of opportunities for visitors and locals to experience some of the best hiking, camping, and other outdoor activities in the country. A miniature golf course, a movie theatre, a skateboard park, a bowling alley, an Olympic sized ice-skating rink, and baseball games at the Loudy Simpson recreation complex can all be found in Craig. Developed parks totaling 120 acres are within walking distance from Craig. Swimming and wave pools, basketball, tennis, and volleyball courts are located in the centralized city park. Racquetball courts and a climbing wall are housed in community-used, college-owned Trapper Health Club. Youth and adults play baseball, soccer, volleyball, football, and basketball organized by the local parks and recreation department. There is also an abundance of rafting, fly-fishing, and fishing for pike, trout, and catfish.

WINTER ACTIVITIES

Snow activities in Moffat County include sledding, snowmobiling, cross-country skiing, and snow shoeing. World class downhill skiing is available at Steamboat Springs, 37 miles east of Craig. Steamboat Springs is one of North America's largest ski-resort destinations, with 164 trails, 3,600 vertical feet, and nearly 3,000 skiable acres. Craig serves as a "bedroom community" for the popular ski town, and hosts a number of the resort's employees.

Financial Overview

	2014	2015	TT
Rooms Occupied	20,162	29,976	27,974
Rooms Available	55,480	55,480	55,266
Occupancy %	36%	54%	51%
ADR	75.4	68.65	70.2
RevPAR	27.4	37.09	35.5331452
Departmental Revenue			
Rooms	1,520,213	2,057,731	2,019,866
Food & Beverage	565,973	804,501	809,106
Telephone	0	0	0
Miscellaneous	77,490	17,649	10,548
Total Departmental Revenue	2,163,677	2,879,881	2,839,520
Departmental Expenses			
Rooms	622,638	816,532	810,715
Food & Beverage	851,312	1,167,098	911,130
Telephone	0	273	0
Miscellaneous	3,220	2,966	953
Total Departmental Expenses	1,477,170	1,986,868	1,722,798
Total Departmental Income	686,507	893,013	1,116,722
Undistributed Operating Expenses			
Administrative & General	267,685	261,323	159,443
Sales & Marketing	182,126	235,318	234,582
Property Operation & Maintenance	166,652	166,683	141,567
Utilities	203,798	180,384	160,090
Total Undistributed Expenses	820,262	843,709	695,682
Gross Operating Profit	-133,756	49,304	421,040
Management Fees	64,910	86,396	85,186
Income before Fixed Charges	-198,666	-37,092	335,854
Fixed Charges			
Real Estate Taxes	60,000	78,116	75,670
Property Taxes	10	7,958	7,958
Building Insurance	41,652	41,652	41,652
Total Fixed Charges	101,662	127,726	125,280
Net Operating Income	-300,328	-164,818	210,574