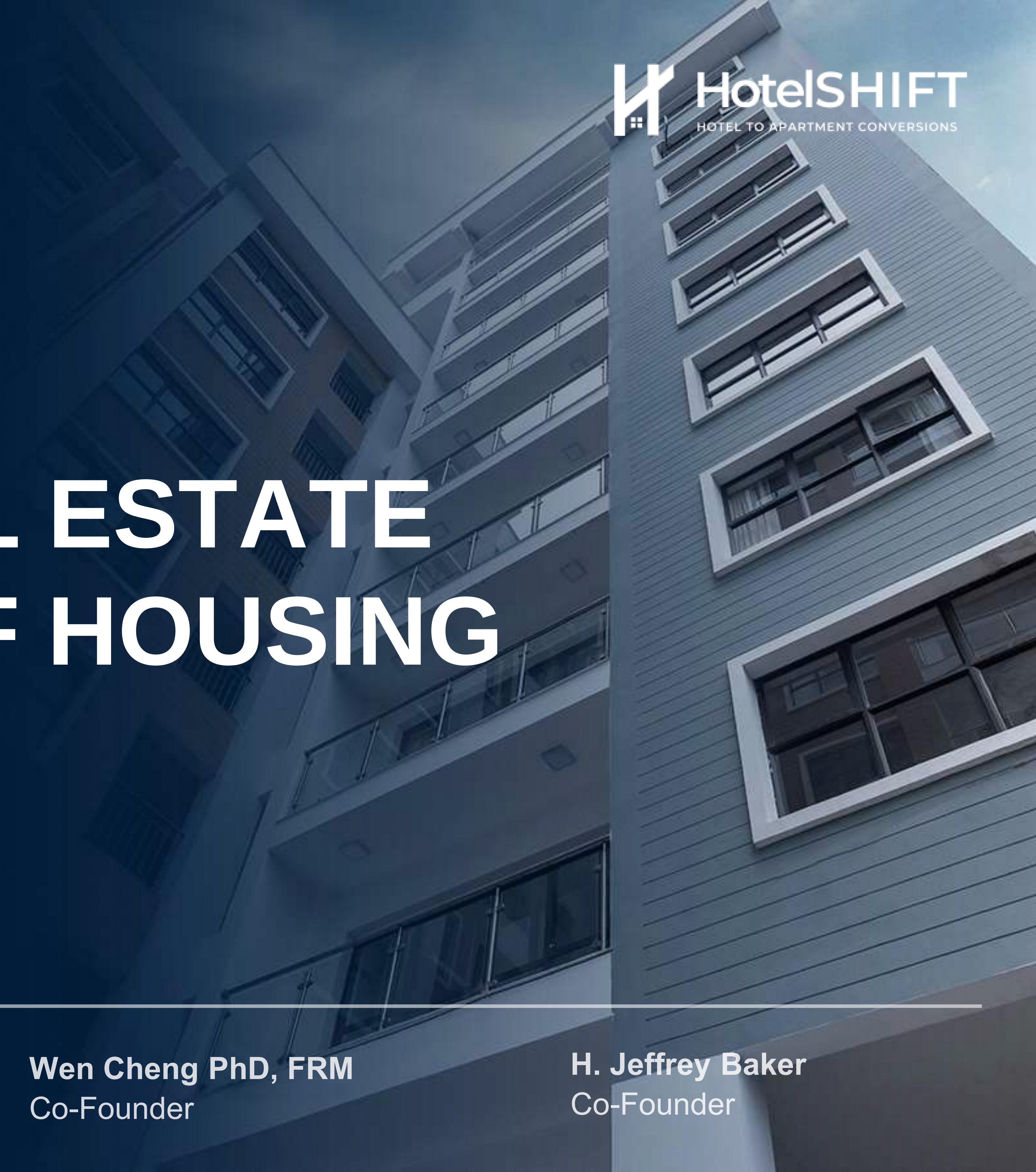
HotelSHIFT
HOTEL TO APARTMENT CONVERSIONS

REPURPOSING REAL ESTATE FOR THE FUTURE OF HOUSING

A scalable solution to America’s housing crisis



PRESENTED BY:

Alexander C. Cartwright PhD
CEO & Co-Founder

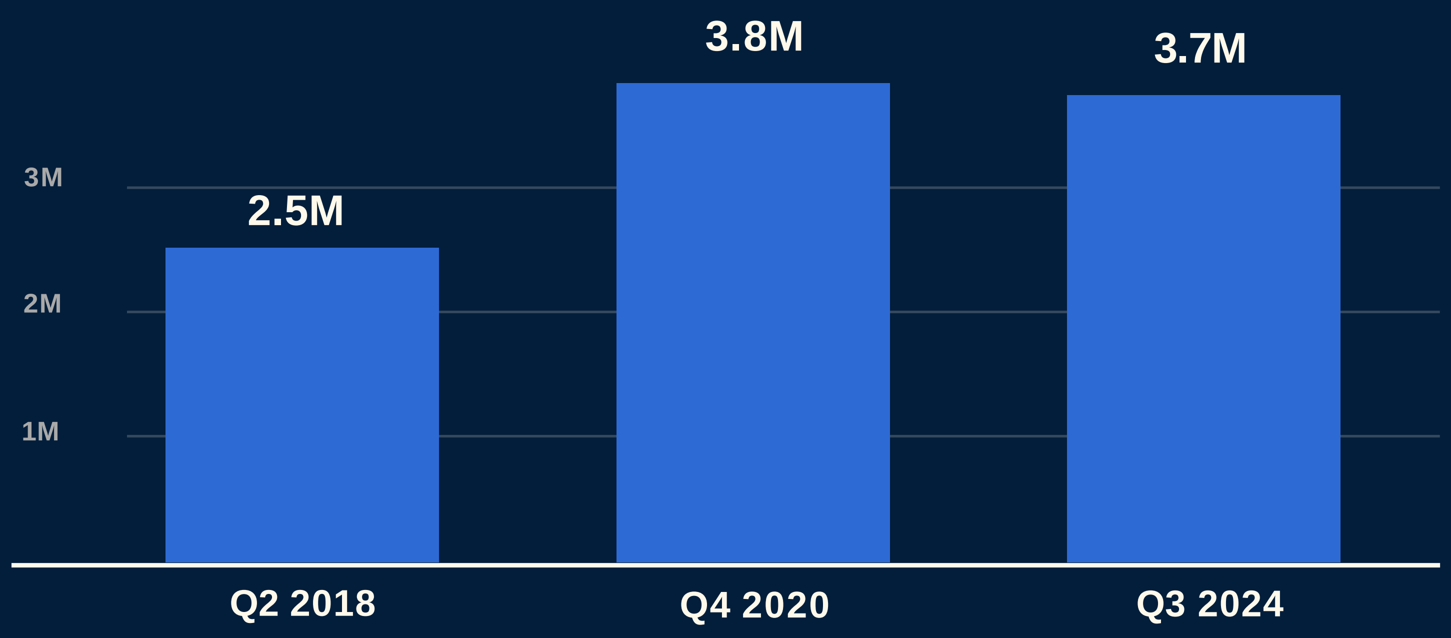
Wen Cheng PhD, FRM
Co-Founder

H. Jeffrey Baker
Co-Founder

AMERICA IS SHORT MILLIONS OF UNITS

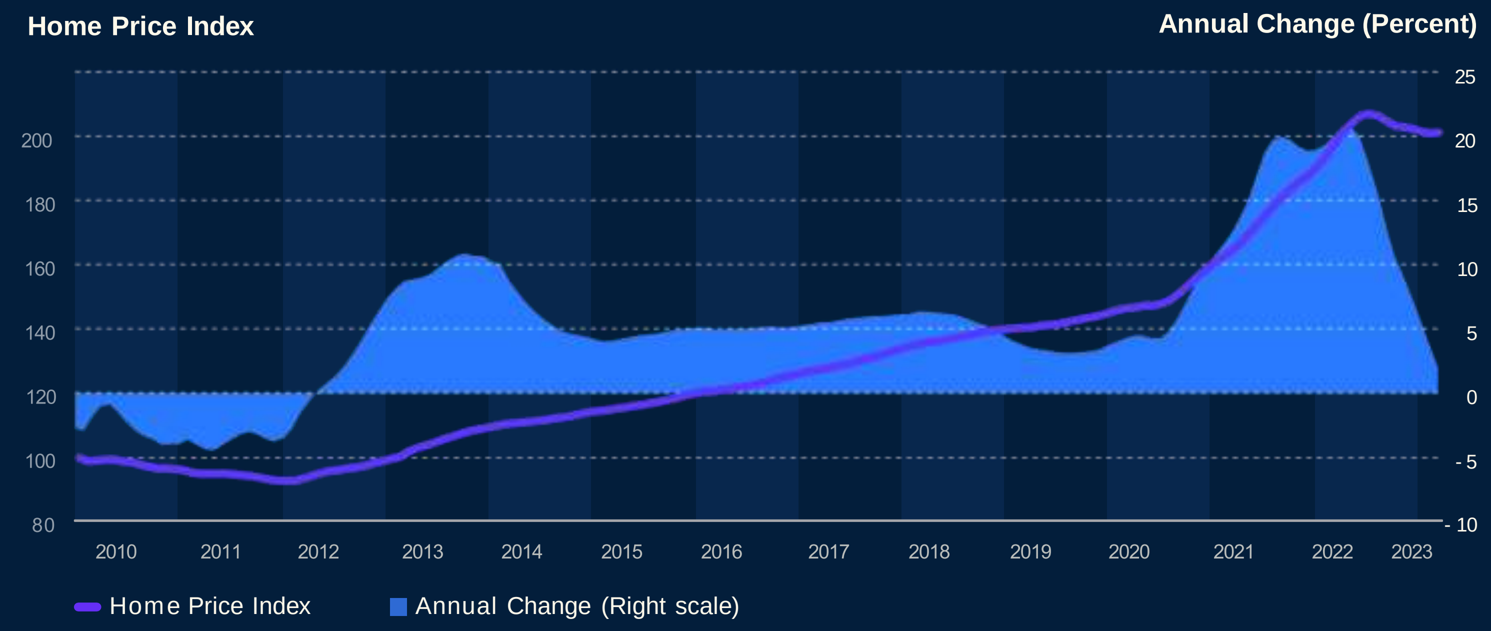
Freddie Mac:
U.S. housing shortage: 3.7 million homes

"The root cause of decreased housing affordability is the fact that housing supply has not increased enough to match demand."



- Homeownership out of reach for millions; rents rising nationwide

Despite Slowing Growth, Home Prices Remain Near Record Highs



- Construction cost **31%** up, zoning delay
- Workforce housing (targeting renters earning $35–75K) is the most underserved segment

…AND IT’S GETTING WORSE

50% of U.S. renter households are cost-burdened

In 2023, a record **22.6 million renter households** were cost-burdened—meaning they spent more than 30% of their income on rent and utilities; **12.1 million households** were **severely cost-burdened**, paying **over 50%** of their income on housing

Even middle-income renters are challenged

41% of those earning $45,000 - $75,000 moderate-income group were considered cost-burdened

Affordable rental inventory is disappearing

In Virginia, rental units priced under $1,000 per month (adjusted for inflation) have declined by **over 32%** in the last decade—a clear indicator of the vanishing low-cost rental stock

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We combine the **high demand for workforce housing** with the **high supply of older hotels.**

HOTELS HAVE A FINITE ECONOMIC LIFE

Eventually, building a new hotel is often more profitable than remodeling an old building. End of life hotels can be purchased for competitive prices.

Old hotels, extended stay hotels, and hotels in crowded markets are all candidates for conversion to multifamily.

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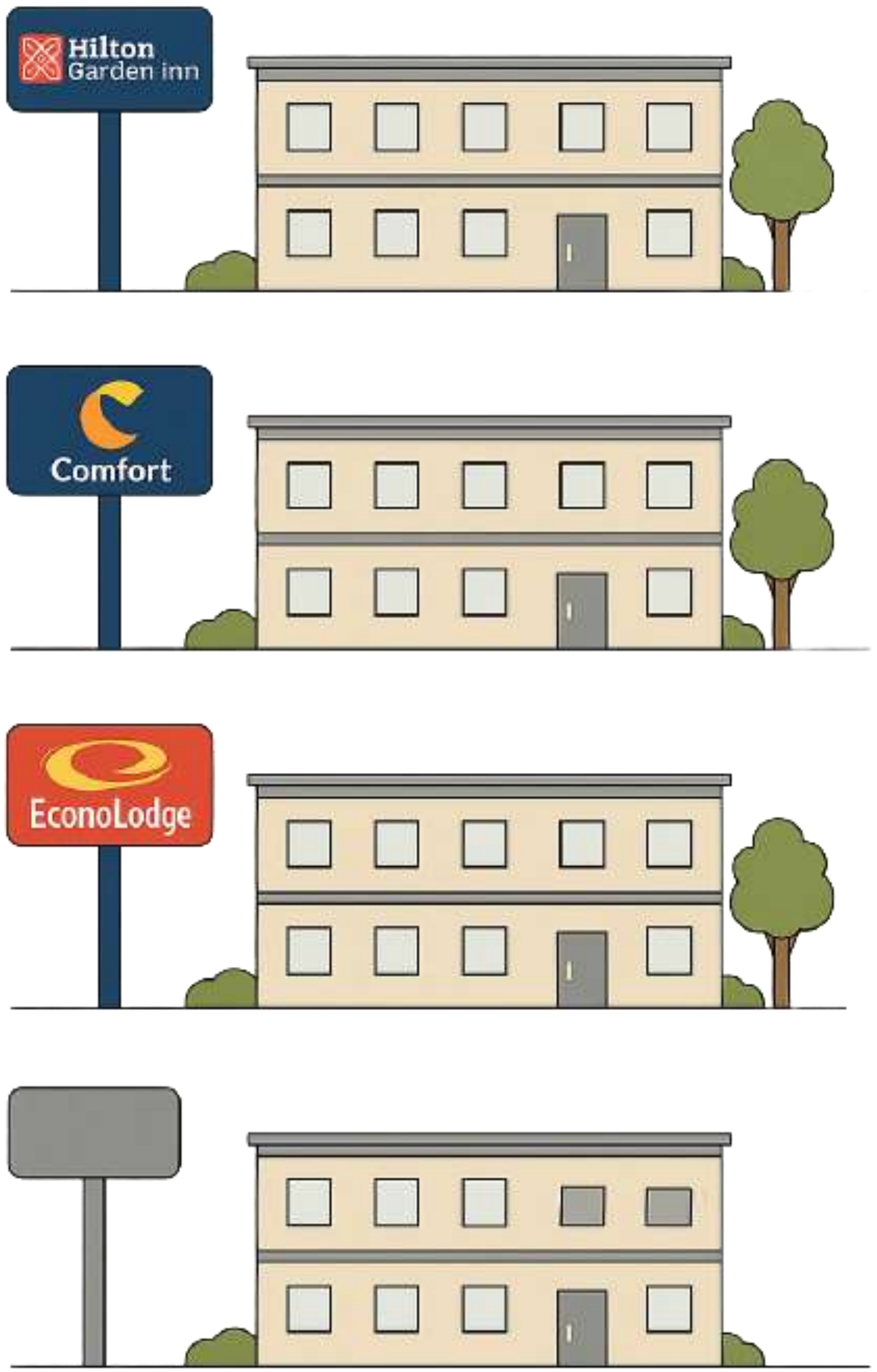


THE HOTELSHIFT STRATEGY:
Convert Hotels to Apartments

WHY MULTIFAMILY?

Limited Supply

Class C buildings are the least economical to build

Occupied

Class C buildings have historically experienced low vacancy

Durable Demand

Class C buildings are in demand during all economic environments

High Interest Rates

High mortgage rates will increase demand for workforce rentals

WHY CONVERT HOTELS?

Straightforward Conversion

Hospitality properties can be refurbished to become apartments & extended stay hotels have rooms that contain kitchens leaving the building in need of few changes

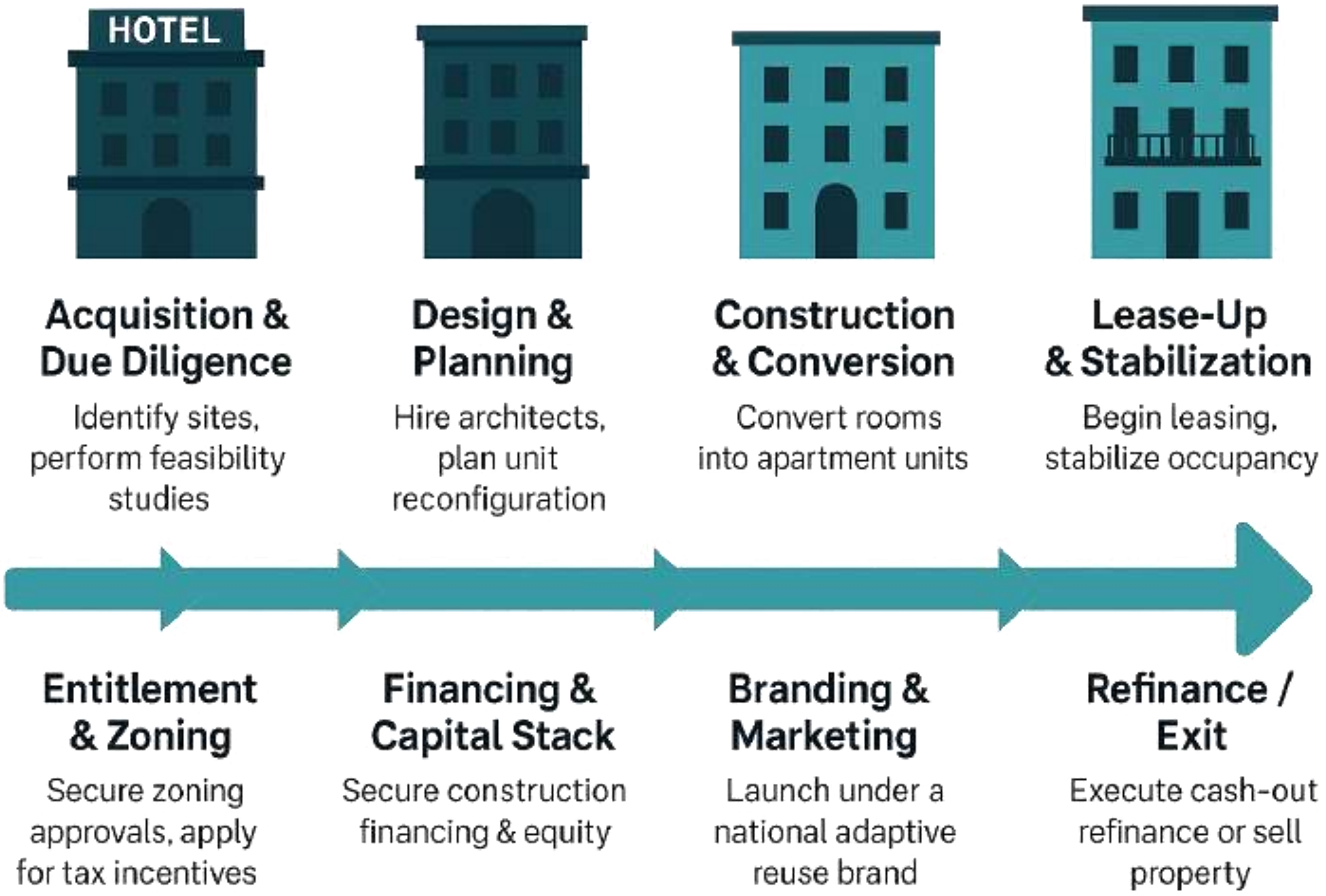
Great Locations

Hospitality properties are regularly in excellent, central, locations

Competitively Priced

Hotels trade at significantly lower valuations than multifamily properties, allowing us to purchase them at attractive prices

HOW EXACTLY IS THIS DONE?



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THE HOTELSHIFT STRATEGY : Physical Conversion & Financial Conversion

ENTRY – Purchase at hotel valuation

12% CAP

1 / .12 = 8.33x Multiple

Every $1 of additional net income adds $8.33 to the property value

EXIT – refinance & sell at multifamily valuation

7% CAP

1 / .07 = 14.28x Multiple

Every $1 of additional net income adds $14.28 to the property value

PROPERTY OVERVIEW

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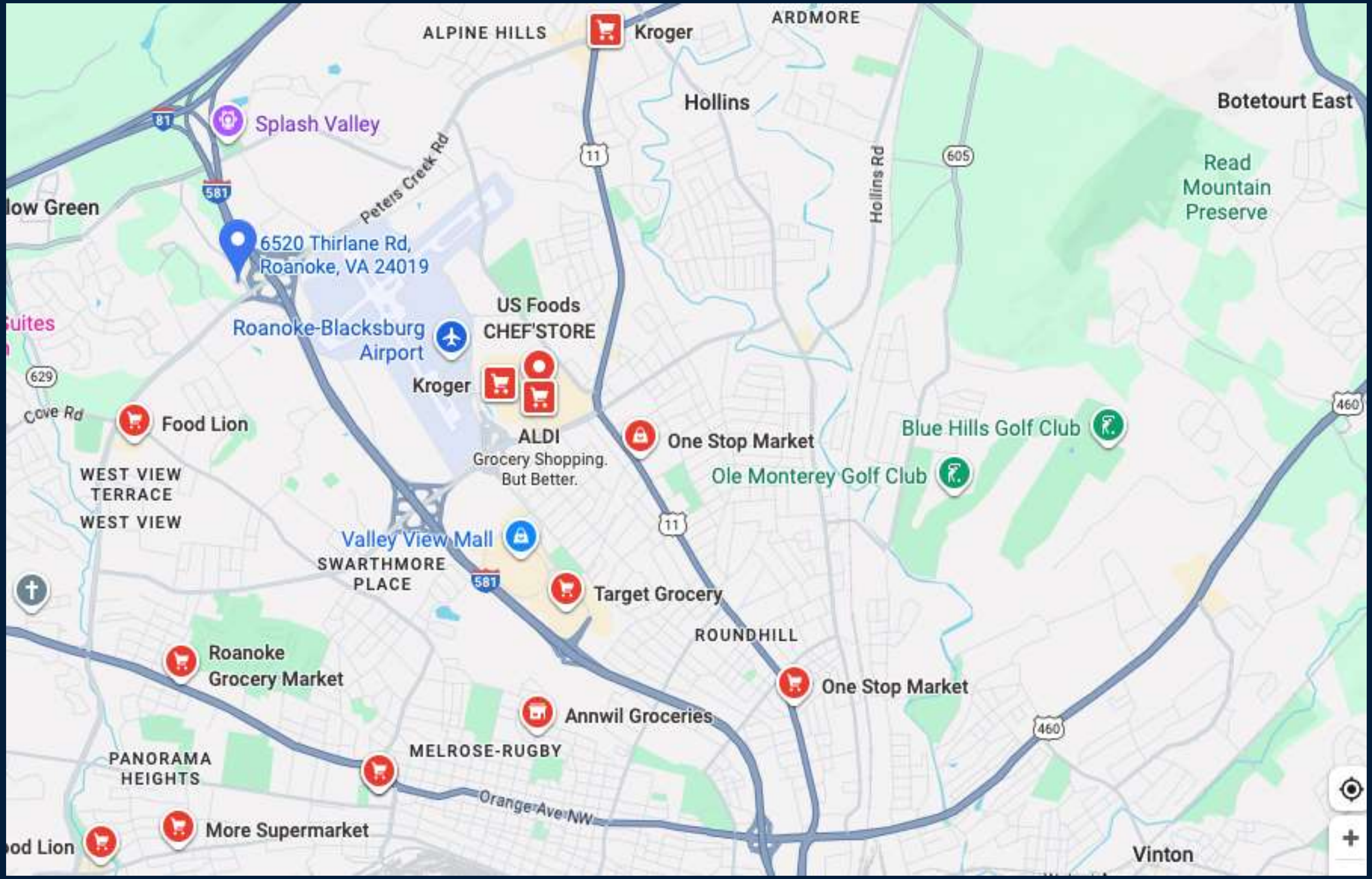
Knight Inn Hotel



6520 Thirlane Road, Roanoke, Virginia

Roanoke, VA

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Tight Market, Strong Fundamentals

3.6% unemployment, diverse & stable job base

4.7% Class C apartment vacancy, Well below national average

4.8% rent growth since 2015

$1 B+ hospital expansion and Wells Fargo operation center

0 incoming apartment supply post 2025 due to high cost

OFFERING SUMMARY

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Property Overview

Property	Knight Inn Hotel 6520 Thirlane Road, Roanoke, Virginia 24019
Total # of Units	120 rooms
Current Use	Hotel
Proposed Use	Convert to 105-Unit Workforce/Affordable Apartment
Purchase Price	$2,200,000
Hold Period	60-72 months
Year Built/Last Renovated	1976 / 2011
Total Equity Required	$1,200,000

5 Part Business Plan

1. **Demolition of existing room layouts and furnishings**
2. **Combine rooms & Install kitchens**
3. **Install Fire suppression**
4. **Common area renovation**
5. **Lease to 90% occupancy**
6. **Refinance & return capital to investors**
7. **Hold property as passive investment and distribute quarterly returns to investors.**

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INVESTMENT DETAILS

Purchase Price	$2,200,000
Price Per Unit	$18,333.33
Entry CAP Rate	10.5%
Units	120 keys (to be converted to 105 units)

POST CONVERSION

Projected value at 90% occupancy	$8,409,458
Projected value at sale	$9,946,155
Projected annual IRR	**20%+**
Projected equity multiple	**2.5X+**
Projected hold time	**10 years**
Projected disposition CAP rate	**7.5%**

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CASH FLOW	Year 1	Year 2 (Refinance)	Year 3	Year 4	Year 5	Year 6 (Sale!)
Cash Flow From Operations	-$587,989	$54,192	$190,431	$209,523	$229,197	$249,469
Withdraw from Reserve	$647,989	$68,594	$0	$0	$0	$0
Refund of Reserved	$0	$0	$0	$0	$0	$99,423
Refinancing Proceeds	$0	$501,384	$0	$0	$0	$0
Sale Proceeds	$0	$0	$0	$0	$0	$2,964,134
Refinance Fee	$0	$0	$0	$0	$0	$0
Disposition Fee	$0	$0	$0	$0	$0	$0
Asset Management Fee	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000
Total Cash Flow Available for Distribution	$0	$564,169	$130,431	$149,523	$169,197	$3,253,026

Water Fall Structure	CLASS A	CLASS B
Minimum Investment	$500,000	$100,000
Profit Split (LP/GP)	80/20 after preferred return	70/30 after preferred return
Preferred Return*	9%	8%

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LP Projected Return

		REFI!								SALE!
INVESTOR CASH FLOW	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Annual Cash Flow Per $100,000 Invested	$0	$49,675	$10,052	$11,104	$12,155	$13,203	$10,939	$8,790	$9,988	$309,553
Equity Multiple	0x	0.5x	0.6x	0.71x	0.83x	0.96x	1.07x	1.16x	1.26x	4.35x
IRR										23.4%

		REFI!								SALE!
INVESTOR CASH FLOW	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Annual Cash Flow Per $500,000 Invested	$0	$281,247	$53,994	$60,211	$66,463	$72,741	$60,115	$48,026	$55,071	$1,767,799
Equity Multiple	0x	0.56x	0.67x	0.79x	0.92x	1.07x	1.19x	1.29x	1.4x	4.93x
IRR										26.3%

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PROPERTY OVERVIEW

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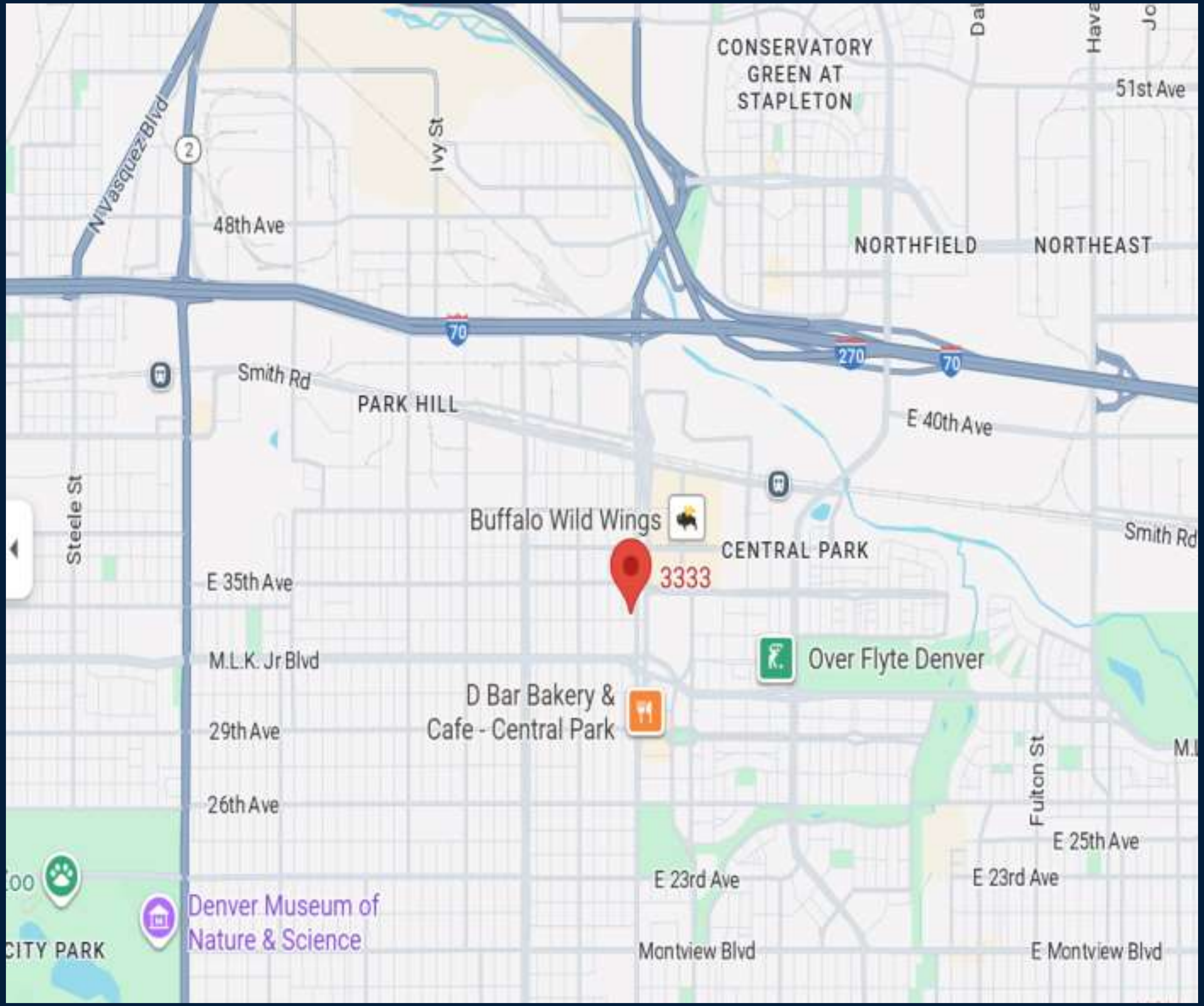
Holiday Inn by IHG– Denver, CO



3333 Quebec Street Denver, Colorado 80207 United States

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INVESTMENT DETAILS

Purchase Price	$9,000,000
Price Per Unit	$29,126.21
Entry CAP Rate	10.7%
Units	309

POST CONVERSION

Projected value at 94% occupancy	**$32,764,623**
Projected value at sale	**$36,779,301**
Projected annual IRR	**20%+**
Projected equity multiple	**2.5X**
Projected hold time	**10 years**
Projected disposition CAP rate	**6.5%**

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CASH FLOW	Year 1	Year 2	Year 3 (Refi!)	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10 (Sale!)
Cash Flow From Operations	-$1,412,978	-$230,405	$696,562	$502,662	$560,932	$620,974	$682,843	$558,251	$435,598	$503,285
Withdraw from Reserve	$1,472,978	$435,194	$0	$0	$0	$0	$0	$0	$0	$0
Refund of Reserved	$0	$0	$0	$0	$0	$0	$0	$0	$0	$329,771
Refinancing Proceeds	$0	$0	$7,639,250	$0	$0	$0	$0	$0	$0	$0
Sale Proceeds	$0	$0	$0	$0	$0	$0	$0	$0	$0	$14,794,231
Refinance Fee	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Disposition Fee	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Asset Management Fee	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000
Total Cash Flow Available for Distribution	$0	$144,788	$8,275,812	$442,662	$500,932	$560,974	$622,843	$498,251	$375,598	$15,567,288

Water Fall Structure	CLASS A	CLASS B
Minimum Investment	$1,000,000	$100,000
Profit Split (LP/GP)	80/20 after preferred return	70/30 after preferred return
Preferred Return*	9%	8%

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LP Projected Return

			REFI!							SALE!
INVESTOR CASH FLOW	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Annual Cash Flow Per $100,000 Invested	$0	$2,268	$93,205	$5,518	$6,070	$6,621	$7,169	$5,640	$4,186	$172,103
Equity Multiple	0x	0.02x	0.95x	1.01x	1.07x	1.14x	1.21x	1.26x	1.31x	3.03x
IRR										20.3%

			REFI!							SALE!
INVESTOR CASH FLOW	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Annual Cash Flow Per $1,000,000 Invested	$0	$22,867	$1,057,834	$58,754	$65,225	$71,714	$78,712	$62,953	$47,456	$1,966,890
Equity Multiple	0x	0.02x	1.08x	1.14x	1.2x	1.28x	1.36x	1.42x	1.47x	3.43x
IRR										23.4%

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TEAM & STRATEGIC BACKING

The Team Behind HotelSHIFT - Led by Builders, Backed by Institutions

Alexander C. Cartwright PhD
CEO & Co-Founder

Economist, entrepreneur, ex-academic (deep adaptive reuse expertise)

H. Jeffrey Baker
Co-Founder

Former Senior Banking Executive, deep real estate expertise, licensed GC, deep adaptive reuse expertise

Wen Cheng PhD, FRM
Co-Founder

Statistician, entrepreneur, ex-Wall Street (deep adaptive reuse expertise)

ADVISORS

GC network

Zoning consultants

REIT executives

Finance experts

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JOIN US IN REPURPOSING REAL ESTATE — AND REBUILDING HOUSING IN AMERICA

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