



A Hotel Investor Guide To A Healthy New Year *Resolutions for Financial Enrichment*

Here we are again, about to embark on yet another year...counting our blessings for successes achieved as an industry in 2006, with aspirations of reaching new milestones, improving overall performance and continuing to enhance returns in 2007. With that in mind, we have five resolutions for 2007 to ring in the New Year on the path to continued success.

Get In Shape. We're not just talking about a couple of push-ups...this year hotel investors need to be in prime shape – slim down and cut out the fat. From an operational standpoint, take a close look at the budget...Are you targeted to maximize rate potential? How profitable is your food and beverage operation? Does the budget reflect an acceptable flow of incremental revenues to the bottom line? Now is the time to take advantage of favorable market conditions and tighten up operations to maximize profits. On a higher level, now is also a good time to revisit your portfolio. How is it performing? Is it balanced? Have you peaked on returns? It may be time to “exercise” your options...consider selling select assets, looking for new acquisition opportunities or reinvesting/reinventing existing properties.

Spend Less. Save More. This old adage rings true for many areas of hotel operation, but one that stands out is capital spending. While the jury may still be out on the accounting surrounding property improvements (i.e. capitalization vs. expensing through R&M) one thing that all owners can agree upon is the importance of balancing the CapEx plan and reserves to protect your asset and minimize (and in most cases eliminate) owner infused capital. Does your plan go out 5- and 10-years? Do the projects serve to enhance and maintain market share and extend the useful life of the asset as opposed to simply complying with brand standards? How do projected expenditures compare with projected reserve levels? Are you reserving enough? Whether you intend to hold or sell your property, achieving a balanced CapEx program will serve to enhance the overall value of your asset.

Expand Your Horizons. Lodging fundamentals are projected to remain strong for at least the next three to five years, representing not only a great time to own hotels, but more importantly a time to focus on opportunities to maximize value of the assets you own. Be strategic. How is your hotel positioned today? Where is the market and in what direction is it heading? Do opportunities exist to capitalize on market trends or tapping into other market segments? If so, perhaps a market repositioning is in order and/or alternative brands should be considered. Do you own excess land representing additional development rights? Or, are there adjacent sites for sale? Perhaps there is a re/development or adaptive reuse opportunity just lying dormant ready to add value. The point is, literally, think outside of the box (hotel) and get creative in your use of real estate as the opportunities are out there to truly optimize investment value and returns.

Lend a Helping Hand. Many lenders are doing just that! Increasing asset values has created opportunities for investors to refinance and recapture their well-earned equity. Revisit your investment strategy to uncover opportunities to realize returns through refinancing, paving the way for further improving asset value by using those funds to reinvest in a renovation or repositioning.

Reduce Stress. The most effective method of stress reduction is achieving desired results. You can't control the market, but you can control your investment. Representing hotel investors with over \$5.0 billion in assets, CHM employs proven stress reduction techniques through our hotel investment advisory and asset management services. Call us today at 978.522.7000 to see how CHM can alleviate stress by resolving to optimize your hotel investments.

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Look for CHM at the ALIS Conference!

Trump This!

CHM's very own Ken Wilson was invited to join Donald Trump, along with 99 of his other closest friends and leading real estate experts, to share insight and strategy for success in the newly released book, "The Best Real Estate Advice I Ever Received" by Donald Trump, published by Rutledge Hill Press, Nashville, Tennessee. The following excerpt is taken from Ken's chapter, appropriately entitled...

Deal When You Need To Deal—By Ken Wilson, CEO of CHM

After twenty-five years in hotel real estate investment, I have learned many lessons about what it takes to be successful. My recipe for success requires the following:

Vision. Don't let the deal define you; instead define each deal by what you can do with it. Any good real estate deal requires vision as well as the capital and experienced and committed professional staff to convert that vision into reality.

Timing. Timing is everything. Know when to get in and when to get out. It is better to be 80 percent right than 100 percent wrong.

Risk. Never risk too much at any one time or on any one deal. In real estate deals, particularly hotels, so much lies out of your control. One event can change a good deal to a bad one overnight. Remember, risk and reward are directly related.

Close. Don't let a good deal die on the table—you never know how good the deal really was until you close it. And you can usually tell a good deal when both the buyer and the seller leave the room equally satisfied.

All so true...CHM has actively guided investors on the path of success on more than 200 hotel deals. To learn more about the practice, people and services that CHM's hotel investor clients have come to rely on, please call us today at 978.522.7000 or visit our website at www.chmhotel.com.

