

Hotel Feasibility

Doubletree Hotel: DoubleTree by Hilton is an American hotel chain and a part of Hilton Worldwide. Most DoubleTree hotels are independently owned and operated by franchisees, but some are managed by Hilton Worldwide. DoubleTree has been the fastest growing Hilton brand by number of properties since 2007, and by number of rooms from 2007–2015, until in 2016 Hilton Garden Inn opened more rooms.

The property is located at 1800 South San Tan Village Parkway, Gilbert, AZ 85308. It is a 121 room facility with a stand along conference center.

» The Subject Property Has The Following Positive Attributes:

- ❑ The subject property located within the San Tan Mall area, less than a quarter mile west of the Loop 202 Freeway, with good traffic counts for the area, good ingress/egress from one (1) major roadway and two (2) collector streets,
- ❑ Area consists of mixed land uses, including: residential and commercial (retail),
- ❑ The property is in good condition for its age, and has a functional layout, design and appeal,
- ❑ A recent \$4 million PIP was completed,
- ❑ The subject is affiliated with Hilton Worldwide, one of the largest hotel chains in the world,
- ❑ The subject is located in a major market (Phoenix MSA, Gilbert),

»» **The Subject Property Has The Following Negative Attributes:**

- There are over 10 existing similar full service-hotels properties within the five-mile radius of the subject.

The property under study is located within the town of Gilbert. The subject is less than four (4) miles west of the Phoenix – Mesa Gateway Airport. The subject is located within the town of Gilbert. Gilbert is a town in Maricopa County, Arizona, United States, located southeast of Phoenix within the city's metropolitan area. Once known as the "Hay Shipping Capital of the World", it is the sixth-largest municipality in Arizona, and the fifth largest in the Phoenix metro area. It covers an area of nearly 69 square miles. Gilbert has made a rapid transformation from an agriculture-based community to an economically diverse suburban center located in the southeast valley of the Greater Phoenix area. It has grown at an extremely high rate over the last three decades.

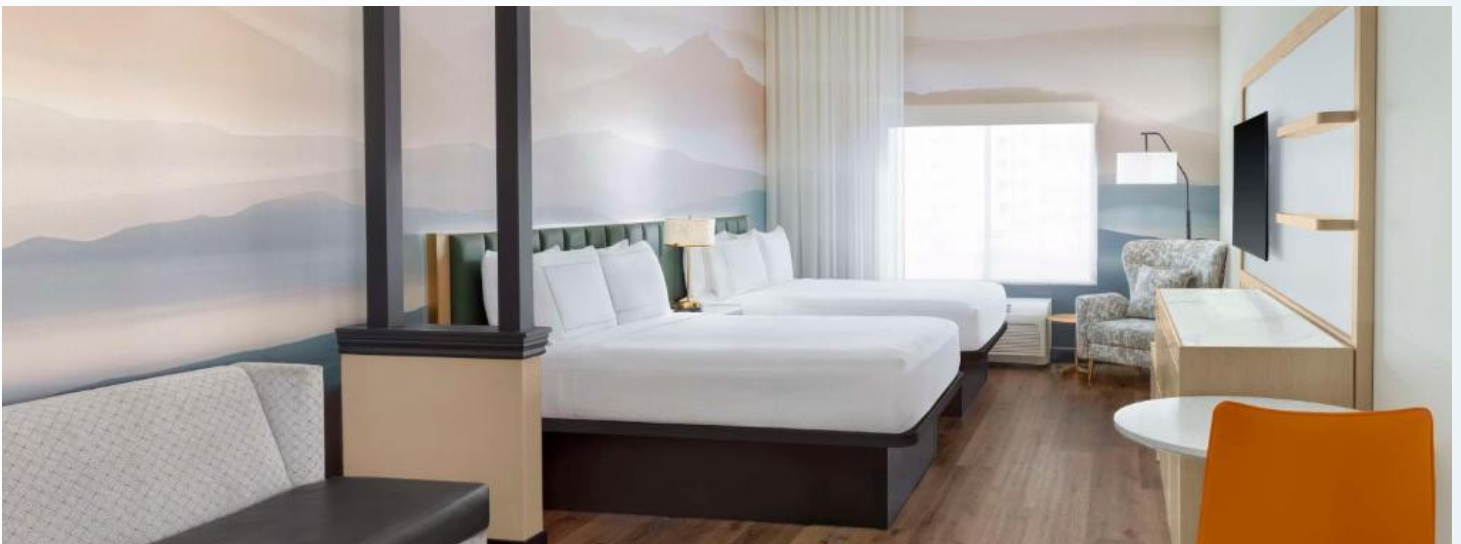
The subject is situated in a southeast valley neighborhood which has experienced significant growth in the residential and commercial sectors over the past decade. The area offers several large master planned communities with moderate to higher priced housing with common area amenities including man-made lakes, community golf courses, open space and parks. As a result of the increase in the residential population base, significant growth has also occurred in the retail and office sectors. The neighborhood's transportation linkage to other sections of the metropolitan area is good. Anticipated growth in households and commercial support facilities will likely encourage additional development in the foreseeable future. The neighborhood is expected to remain favorable for long-term growth and the subject site is considered a marketable asset.

Following is a report from Matthews Real Estate Investment Services regarding the Phoenix Metropolitan area hospitality market place. The Gilbert submarket would be comparable to its neighboring city of Chandler.

Q1 2025 Arizona Hospitality Market Report

» Key Findings

- The 2025 forecast indicates flat growth in ADR and RevPAR at -1.7% and -0.2%, with occupancy increasing by 0.2%.
- The Scottsdale & Santan submarket continues to outperform, recording the highest ADR and RevPAR in the region, commanding \$30 over the Phoenix Central (Downtown) Submarket.
- Phoenix has one of the highest under construction room counts in the county at 4,475 rooms.



» Arizona Travel

- **Total AZ Passengers (January 2025): 4,523,829**

In January of 2025, a total of 4,523,829 passengers (enplanements/deplanements) were recorded in Arizona. Overall spending stemming from tourism in AZ is roughly \$30 billion, equating 6.4% of the states GDP. An estimated 185,000 jobs exist in Arizona as a result of tourism and travel.

Phoenix Market Performance

Phoenix's hotel market is dynamic as different types of travelers shape demand. The market welcome vacationers, business groups, and corporate groups. After a strong comeback in recent years, hotel performance is starting to level out, with monthly numbers showing small shifts across all hotel categories. The market continues to benefit from a robust event calendar based by professional sports and outdoor leisure. Major events earlier in the year, such as the Waste Management Open and 2025 Spring Training supplied major demand. Looking ahead, secured events including the 2026 NCAA Women's Final Four and the 2027 NBA All-Star Game are expected to generate longterm demand among sports fans.

While current occupancy remains at 68.6%, somewhat below 2019 levels of 70%, this performance is notable given the market's 13% room inventory expansion since 2019, which included an expansion of 85 hotels with 10,000 rooms.

Occupancy growth will remain stable seeing as market supply is anticipated to rise by 3.4%.



By The Numbers

- **Occupancy:** 68.6%
- **ADR:** \$174.48
- **RevPAR:** \$119.68
- **Sales Volume:** \$65.9M
- **Under Construction:** 4,475 rooms
- **Sales Price/Room:** \$306,853 | Source: CoStar Group | As of March 2025

Performance By Class

Q1 2025	Rooms	Occupancy	ADR	RevPAR
Luxury & Upper Upscale	21,935	65.2%	\$275.33	\$179.48
Upscale & Upper Midscale	32,123	70.9%	\$153.67	\$108.95
Midscale & Economy	18,373	66.2%	\$88.27	\$58.40

Under Construction

Hotel rooms under construction continue to climb in Q1 2025. The pipeline is reaching a fresh 10-year high of around 4,500 rooms across 29 properties under construction. Phoenix has one of the greatest under construction room counts in the U.S., as well as the largest share of under construction inventory among the top 40 U.S. markets (6.2%).

Sales

The sale of the Waldorf Astoria Resort in May of 2024 accounted for \$705M of the year's sales volume. This sale pushed Phoenix's 12-month sales volume to \$1.2 billion, making it one of the most active markets in the United States. While middle-tier hotels dominate hotel trade activity, Phoenix nevertheless has one of the greatest hotel investment sales volumes among the top 25 cities. The market currently displays 42 properties with CMBS loans maturing in two years, including 22 properties on the watchlist for distress, however only one is in special servicing.

Submarket Highlights

Submarket	Inventory by Rooms	ADR Per Room	RevPAR Per Room	Under Construction	Occupancy
Mesa/Gilbert	5,341	\$121.34	\$81.45	444	84.0%
Chandler	10,454	\$140.42	\$98.54	637	83.5%
Tempe	7,357	\$146.48	\$96.25	-	79.2%
Tucson	16,767	\$151.55	\$92.64	122	77.4%
Scottsdale	17,861	\$256.83	\$168.69	554	79.8%

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