



AMERICAN HOSPITALITY PROPERTIES REIT, INC.

# Premium Select Service Hotels:

Buying low, selling high, and  
banking dividends along the way  
isn't just for Warren Buffet.



PHOENIX AMERICAN  
H O S P I T A L I T Y

*The properties shown within this document are not owned by PAH and are representative of the type of property expected to be acquired.*

## OUR SUMMARY

Buy Premium Business Select Hotels now, while they're at COVID-depressed prices. Make money by better managing the properties (we are experienced owner operators, we are not just real estate people) while the nation comes out of this mess.



### Keeping it simple.

- ✓ Share the profits with our investors, you get paid first, monthly, until you reach a minimum annual 8% return (notice we did say minimum, it could be more).
- ✓ Sell the hotels (estimated within 3-5 years) at higher prices when they have reached "full market value" and buyers are plentiful.
- ✓ We share those profits as well, targeting more than a 20% annualized return which is actually lower than our previous offering (we hope to beat them with this one).

**That means, if all goes according to plan, you'll receive monthly dividends, your initial investment, plus growth.**

Of course, we could be wrong, the pandemic could last forever, but we do not believe it will. We want you to be in the right position with us as it ends.

## WHY PHOENIX?

# WHY CONSIDER AMERICAN HOSPITALITY PROPERTIES REIT, INC.?

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### **Paying an 8% preferred return:\***

American Hospitality Properties REIT, Inc. is already providing a very competitive income, especially in the current low-rate environment. Investors are receiving a preferred rate of 8%, meaning they are paid 8% first out of any profits achieved before Phoenix earns any return.

### **We don't get paid until you do:**

Our fee structure provides incentives for performance. Our investors earn 100% of the first 8% of returns. When—and only when—we outperform this hurdle, we earn 20% of performance between 8-12% and 40% of performance over 12%.

### **Strong appreciation potential:**

In addition to regular distributions, investors participate in increases in property values. Based on the success of our prior offerings, we are targeting a strong IRR (or internal rate of return), including both distributions and appreciation.

### **Low minimum investments:**

Investors can participate in this offering with a minimum investment of \$500.

*\*Preferred returns are not guaranteed, and there is no assurance this objective will be met.*

*\*\*Investments are subject to risks, and there is no assurance this objective will be met.*

### **Targeting a return of capital within 3-5 years:**

American Hospitality Properties REIT, Inc. intends to liquidate hotel investments within three to five years. There is no reinvestment of capital. Investors can anticipate their initial investment, plus or minus appreciation, returned within five years.\*\*

### **The same opportunities that institutions and wealthy families have long enjoyed:**

The world's wealthiest, most sophisticated investors have always had access to top-quality, professionally managed investments in this high-potential sector of the real estate market. Now you can invest right alongside them.

### **Open to accredited and non-accredited investors:**

Our Reg A+ offering allows investors of all income levels and portfolio sizes to invest. You do not have to meet accreditation hurdles to qualify.

## ABOUT US

# MANY INVESTORS ARE SEEKING MONTHLY INCOME AND GROWTH ALONG WITH IT.

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### Commercial real estate may be that answer.

As an asset class, real estate offers a number of compelling benefits, including regular income, capital appreciation (growth of your original investment) potential, and diversification. However, not all parts of the real estate market perform alike.

- Now, as the economy emerges from COVID-19 and growth heats up, hotels—we believe that particularly **Premium Select Service hotels**—offer some of the strongest growth potential of any real estate sector.
- Up to now, all the benefits of hotel real estate investing—including capital preservation, income, and long-term capital appreciation—have only been available to institutions and very wealthy people.\* Phoenix should know—that’s how we ran our first few funds. Now, we are opening this opportunity to everyone!\*\*
- Our goal is to transform the way individual investors incorporate focused commercial real estate into their portfolios, adding the potential to earn impressive income, reducing volatility in your overall portfolio (and ownership across several investments in the sector), diversifying risk (capital preservation by investing in a “real” asset), and aiming to contribute to your mid-term growth (within five years).\*

*\*Investments are subject to risks, and there is no assurance this objective will be met.*

*\*\* There are some restrictions on the maximum amount a non accredited investor may invest. Please see the offering circular for details.*

## THE PHOENIX ADVANTAGE

- Investing in hotels requires specialized expertise and hands-on knowledge of how the hospitality industry works.
- When you invest with Phoenix, you get the benefit of decades of experience and our 100% focus on the business select hotels sector.



### WHO SHOULD CONSIDER AMERICAN HOSPITALITY PROPERTIES REIT, INC.?

- ✓ Investors who are seeking income and appreciation potential
- ✓ Investors looking for a hedge against inflation
- ✓ Investors who can afford to tie up capital for three to five years
- ✓ Investors with self-directed IRAs

# HERE ARE EIGHT REASONS TO CHOOSE PHOENIX WHEN YOU TAKE ADVANTAGE OF THE HOTEL OPPORTUNITY

## #1) This isn't our first rodeo.

- Phoenix has been successfully and profitably investing in the hotel sector since 2009, through good markets and bad.
- This fund offering is our firm's fourth—and all three previous funds met or exceeded investor expectations for income and capital appreciation.
- Our team boasts decades of experience in the hotel business.

## #2) We're owners *and* operators.

- Most hospitality acquisition firms focus on acquisition and outsource management, investing up and down the full-service continuum with varied fixed and variable costs.
- Phoenix focuses on strongly branded (Marriott, Hilton, Hyatt) business select hotels.
- For Phoenix, these hotels aren't just real estate investments—they're investments in *operational effectiveness*.
  - We specialize in taking well-running properties to the next level and seek to do the same with this offering. We intend to focus on revenue generation, quality, association engagement, and ownership returns.



#3) Our investment process identifies properties with our criteria aimed at achieving the highest potential for success by focusing on five key characteristics:

1. **Strong national brands:** We invest in names you know, like Hilton, Hyatt, and Marriott.
2. **Proven performance:** We seek out properties that are already making money, with strong, positive cash flow.
3. **Market leadership:** We look for hotels that are outperforming their competition.
4. **Location:** Our focus is on urban markets with a business travel focus.
5. **Price:** We purchase properties priced below what a new hotel would cost.

#4) We can put money to work immediately.

- We are continually evaluating new properties that meet our criteria.
- Because we are in the thick of hotel industry deal flow, we believe we can put new money to work quickly, often within 30 days.
- That allows our team to take advantage of fast-moving opportunities in changing markets.



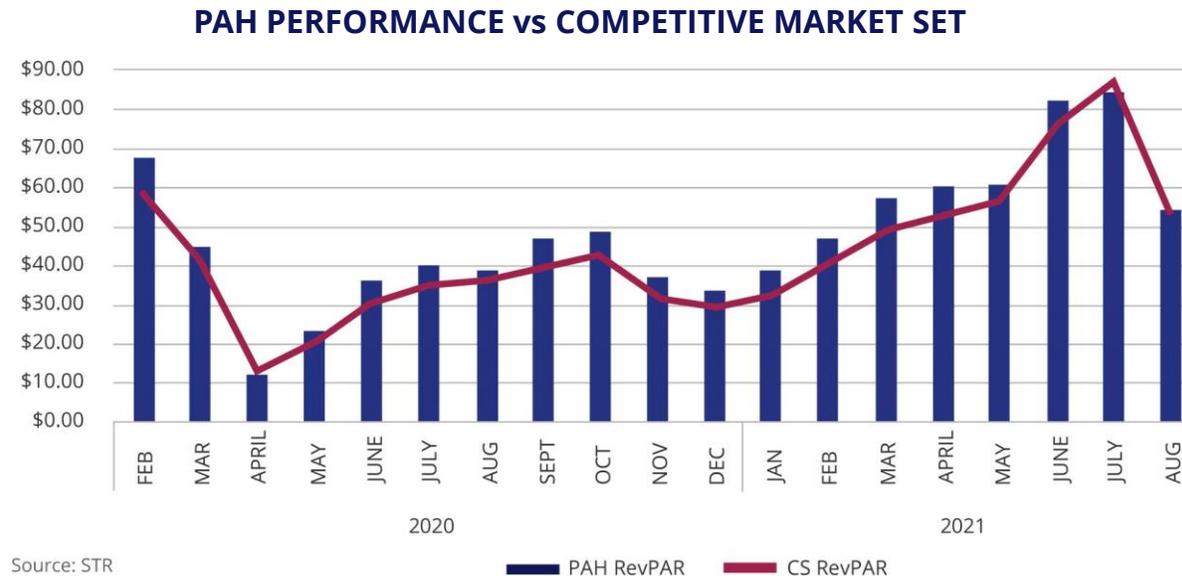


## #5) We focus on what we believe to be the most resilient segment of the hotel market.

- Even within the hotel sector, some properties are better positioned than others. The three main hotel types are luxury, business select, and budget.
- Business select hotels provide more amenities than budget hotels.
  - Business select hotels will typically offer small meeting spaces and a limited-service restaurant. They offer fewer amenities than luxury properties. You typically won't find a concierge, a bellhop, a spa, or room service at a business select property.
- Business select hotels appeal to a broad array of customers, including road warrior & regional business travelers, small business owners, and middle-class leisure travelers, who are primarily making domestic trips.
- These properties have historically been attractive in nearly all market climates, offering the highest operating and profit margins in the industry, but they are especially resilient during downturns.
- This middle category experienced less of a drop-off in demand during the pandemic crisis, and we think it will rebound more rapidly than budget hotels.

## #6 We believe we see the opportunity to boost performance.

- We buy good properties and aim to make them great, increasing profitability through cost-cutting (not just labor), aggressive pricing, property upgrades, and targeted sales campaigns.
- The proof is in our results: since the global pandemic began, the Phoenix portfolio continued paying its preferred returns through the end of 2020 without interruption.
- In arguably the worst period in American hotel history, we outperformed our peers in each and every month during the COVID-19 crisis (2020-2021).



*Past performance is not a guarantee of future performance.*

## #7) We continue to pay distributions—even in the most challenging markets.\*

- As the COVID-19 pandemic swept through the travel business, several hotel-focused investment funds immediately suspended distributions.
  - › Phoenix has been able to pay distributions in 13 periods to date, including April 2020 through May 2021 because of our commitment to shareholders and our focus on reducing risk.

We manage risk through a variety of mechanisms:

- Purchasing already performing hotels at prices below replacement value.
- Investing in the relatively resilient business select sector rather than luxury or budget.
- Maintaining reserves for adverse circumstances.
- Avoiding hotels investment in America's largest cities, which we believe suffered the biggest losses during the same COVID-19 period.

## #8) Institutional investors provide an additional layer of due diligence.

- Institutional investors have conducted due diligence on our prior offerings and chose to invest with us.
- Attracting seasoned institutional investors and delivering on our goals (historically) has provided steady growth of our firm.

*\*Distributions are not guaranteed.*

# WHY INVEST IN HOTELS AFTER COVID?

- Hotels took a beating during COVID-19, as travel shut down and people all over the world stayed home. However, as the global economy begins to recover, hotels are already one of the first real estate sectors to gain strength, because of the unique characteristics of these properties.
- Unlike apartments or commercial real estate or retail or warehouses, hotel properties have no long-term leases. Rooms rent out by the day, meaning the hotel sector can quickly and easily adjust pricing up or down based on demand.
- Although no two crises are the same, hotels have recovered quickly from past crises.

CRISES	TIME TO RECOVERY
9/11 in New York City	Four months
2003 SARS outbreak in Toronto	Twelve months
2000 Tech Bust in Silicon Valley	Four months
2008 Great Financial Crisis in New York City	Seven months

# DEMAND FOR TRAVEL IS ALREADY SURGING.

- As COVID restrictions lift, we are already seeing a resurgence in pent-up demand for travel. A Morning Consult poll showed that 63% of U.S. adults are excited about the opportunity to travel once the pandemic is under control and the economy has fully reopened.<sup>6</sup>
- Analysis from CBRE, one of the nation's leading real estate companies, indicates that hotel occupancy rates and pricing should fully recover by 2023.

“ I’m a proud Phoenix investor. When COVID hit, I was worried about how long it would take for the hotel industry to recover. Phoenix is a leader: it targets the best brand-name select service hotels that will most likely deliver income and strong long-term returns. I’m a risk-averse investor, so knowing Phoenix has a thoughtful investment process and operational history makes me feel excited about investing. ”

<https://www.cbre.us/research-and-reports/2021-US-Real-Estate-Market-Outlook-Hotels>  
[6 Charts Illustrate Where Pent-Up Demand Is Strongest \(and Weakest\) in a Post-Pandemic Economy](#) 03.24/21

# WORRIED ABOUT INFLATION? HOTELS MAY PROVIDE PROTECTION.

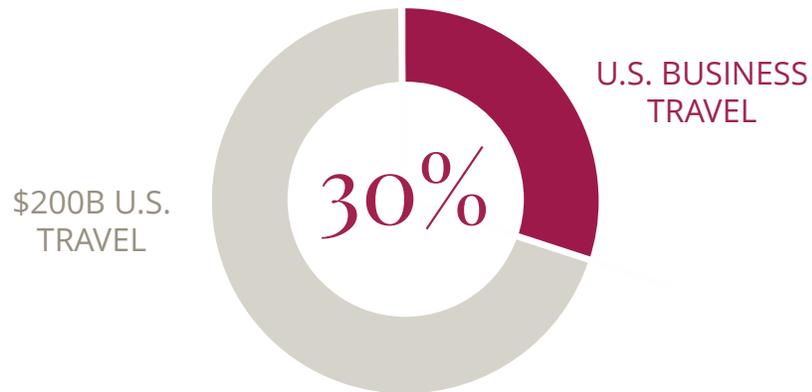
- ✓ Because hotels can quickly adjust pricing to reflect current conditions, these properties may also provide an inflation hedge..
- ✓ As federal stimulus floods the economy with money, and as competition for workers drives wages upward, hotel properties are likely to produce an income stream that keeps up with and may even exceeds that general inflation rate.
- ✓ The chart shows how prices for hotels and restaurants have increased since COVID-19 vaccinations began to gain steam in March. Currently, prices for hotels and restaurants are rising at a rate of 4.20%.



## WHY BUSINESS SELECT?

# PREMIUM SELECT SERVICE HOTELS MAY BE POISED FOR QUICK RECOVERY.

Business travel hotels historically boasted the highest operating and profit margins in the industry and are less affected by the cyclical nature of commercial real estate and overall economic downturns.



The U.S. hotel industry generates over \$200 billion in revenue.<sup>7</sup> Business travel accounts for 30% of all travel expenditures.<sup>8</sup>

<sup>7</sup> Statista.com <sup>8</sup> U.S. Travel Association



Higher profit margins in  
**Business Select Hotels**  
vs. Full-Service Hotels

# IT'S NOT JUST WHAT YOU INVEST IN— IT'S ALSO HOW YOU INVEST.

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- American Hospitality Properties REIT, Inc. is structured as a Regulation A+ offering, an alternative to a traditional IPO or private placement.
- This enables us to offer shares directly to individual investors, regardless of income level or asset size, and without going through an intermediary like a broker or financial advisor.
- We chose the Reg A+ structure to provide everyday investors access to the hotel industry's historically exceptional income and growth potential.

*Please read our offering circular before investing.*



## MEET OUR TEAM

# EXPERIENCE & SPECIALIZED KNOWLEDGE

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Our team has decades of hands-on experience profitably buying, owning, and managing hotel properties. Our senior management leaders boast more than 60 years of collective experience.

### **W.L. "PERCH" NELSON,** President & CEO



W.L. "Perch" Nelson, President and CEO of Phoenix American Hospitality, has demonstrated his strengths in real estate development, acquisition, and capital management for more than 25 years. He served as capital asset manager for Wyndham Hotels & Resorts, where he was responsible for managing capital improvement budgets and developing and executing the strategic re-positioning plans for the Wyndham Garden's Hotel and Resorts divisions. After Wyndham Hotels & Resorts and Patriot American Hospitality merged, Nelson assumed the departmental responsibility of capital management and product development for all of Wyndham International's brands. Following the merger, Nelson increased the development budget from \$214 million to more than \$300 million in just one year.

After leaving Wyndham Hotels & Resorts, Nelson sought more diverse roles with Eaton Development and his own personal accounts.

## MEET OUR TEAM

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### **JAY ANDERSON**, Executive Vice President & Controller



Jay Anderson started as a controller with Wyndham International, working in both the downtown hotel and resort markets. He was soon promoted to area controller, overseeing a diverse portfolio of fifteen hotels and resorts in the Northwest and Midwest, including The Buttes Resort, The Peaks, Carmel Valley Ranch, The Golden Door Spa, and the Boulders Resort. Soon after, Anderson moved to the corporate office in Dallas, where he maintained their SAP and Hyperion Essbase systems. He eventually moved to Aimbridge Hospitality as a director of finance, building their reporting and budgeting tools. As Aimbridge grew, Anderson was promoted to vice president of finance and assistant treasurer, taking ownership of the daily cash management of more than 80 hotels, as well as all corporate reporting to ownership. He then became the vice president of information systems and successfully migrated the Ambridge reporting system to Allosso Technologies.

### **JAN KUEHNEMANN**, Hotel Acquisition & Asset Management



Jan Kuehnemann is a seasoned professional with more than 15 years of experience in hotel investment, strategic planning, asset management, and operations.

Prior to joining PAH, Kuehnemann served as vice president of the capital transactions group at FelCor Lodging Trust, where he was responsible for all acquisition and disposition efforts. During his tenure at FelCor, he closed on over \$2 billion in hotel transactions, facilitated the development of the company's annual strategic plan for goal assessment, and negotiated management agreements for both newly acquired and existing hotels, including a master agreement with Hilton Worldwide, which resulted in significant cost savings and enhanced alignment of interests between manager and owner.

Prior to FelCor, Kuehnemann worked in hotel operations in Germany. He is a graduate of Cornell University, where he received a degree from the School of Hotel Administration.

## MEET OUR TEAM

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### **AUDREY KAMIN**, Senior Vice President, Distribution & National Accounts Manager



Audrey Kamin is a seasoned securities professional with more than 20 years of experience. Her prior industry experience involves financial planning, wholesaling, national accounts, and business development. She joined Phoenix American Hospitality after working at The Parking REIT Advisors.

At Phoenix American Hospitality, Kamin is responsible for the sales team and distribution within the broker dealer community. Her responsibilities include servicing and growing national accounts, as well as marketing and positioning current and future financial offerings.

She is a registered representative with JCC Advisors, LLC.

Member: FINRA | SIPC | BrokerCheck by FINRA

### **JEMEL JONES**, Vice President of Operations & Asset Management



Jemel Jones boasts more than 25 years of experience in the hospitality industry, including 10 years of brand management and client support, and 15 years of hotel operations and sales experience.

He spent many years with Hilton Hotels Corporation, working in revenue management, operations, and brand management. While in these roles, he increased market share for several properties and improved operational efficiency and profit margins.

## Risk Disclosure

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Investments are onboarded through Rialto Markets LLC, member of FINRA/SIPC.



THANK YOU FOR TAKING THE TIME  
TO LEARN MORE ABOUT THIS  
INVESTMENT OPPORTUNITY IN  
PREMIUM SELECT SERVICE HOTELS.



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