

Element Hotels

Build better.

With a rapidly expanding portfolio, Element Hotels is transforming the extended stay segment. Bright modern design, eco-conscious practices and an innovative guest experience that resonates with today's traveler is driving soaring satisfaction scores and increasing developer demand. With updated room types, flowing multipurpose areas and a reduced cost to build, the time to build is now.

Key Competitors:

Homewood Suites, Hyatt House

Unprecedented Growth Momentum

Since its launch, Element Hotels has created a buzz in the development community, resulting in a strong pipeline that continues to grow in key markets globally. With growing guest demand, Element is slated to nearly quadruple its footprint by 2019.

Flexible Building Options

Element has pioneered sustainable design while enhancing the guest experience. Its flexible design approach allows for customization of each product based on market and building type—including prototypical and non-prototypical new builds, conversions and adaptive reuse projects.

Distribution (YE 2018)

Asia Pacific: 5 Hotels / 1,085 Rooms
 Europe: 2 Hotels / 293 Rooms
 Middle East & Africa: 1/168 Rooms
 North America: 31 Hotels /4,388 Rooms

Pipeline (YE 2018)

Asia Pacific: 11 Hotels / 2,703 Rooms
 Europe: 2 Hotel / 244 Rooms
 Middle East & Africa: 6 Hotels / 1,207 Rooms
 North America: 81 Hotels / 10,655 Rooms



Franchise Hotel Performance*

Average Occupancy Rate: 78.4%

RevPAR: \$123.92

Average Daily Rate: \$158.09

RevPAR Index: 109.0

Loyal Customer Base:

Average Percentage of Loyalty Program Contribution to Occupancy at Element is 44.5%

Lower Cost Bookings:

Marriott's channels generate 67.4% of Element reservations

Competitive Fee Structure*

Application Fee: \$75,000 plus \$500 per guestroom in excess of 150 guestrooms

Royalty Fee: 5.5% of Gross Rooms Sales

Program Services Contribution: 3.15% of gross room sales (which includes a contribution to the Marketing Fund of 1% of gross room sales); plus \$10,000 per year; plus \$220 per guestroom per year.

Optimized Cost Plan (for select costs)* **

Estimated Cost/Key:

80 - 110 keys: \$124,000 - \$204,000

120 - 150 keys: \$119,000 - \$188,000

*Element Franchise Disclosure Document: As of December 31, 2018, there were 31 Element hotels open and operating in North America (U.S. and Canada); of these, 30 were franchised. The data above reflects the performance of the 17 franchised Element hotels open and operating in North America for 24 months as of December 31, 2018, for which Smith Travel Research, Inc. has data and which did not undergo material renovations or expansions during the 24 months preceding December 31, 2018. Of the 17 Element hotels, 6 (35.3%) achieved an average occupancy rate equal to or greater than 78.4%; 5 (29.4%) achieved an average daily room rate equal to or greater than \$158.09; 4 (23.5%) achieved or exceeded the average RevPAR of \$123.92; 8 (47.1%) achieved an average RevPAR Index equal to or greater than 109.0; 8 (47.1%) had 67.4% or more of their total gross room nights booked at their hotel come from all Reservation Channels and 4 (23.5%) achieved or exceeded the average percentage of loyalty program contribution to occupancy of 44.5%. There is no assurance that you will do as well. OFFER AND SALE BY PROSPECTUS ONLY. See Item 19 of our Franchise Disclosure Document dated March 31, 2019, for additional details.

**The "Estimated Cost Per Key" includes select building construction, kitchen and laundry equipment, FF&E, start-up costs, and certain additional funds. You will incur additional costs. Please refer to our 2019 Element Franchise Disclosure Document for complete details.



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DRIVING INNOVATION.

Spacious guestrooms with fully equipped kitchens, spa-inspired bathrooms, the signature Heavenly Bed, and signature programming, Element is geared at today's longer-stay travelers. Element continues to evolve, offering additional room types and innovative activation of the public space to accommodate those that want to fuel a life in balance on the road.



Rise Breakfast:

Wake up to our signature breakfast featuring a fresh made-to-order item that rotates daily. Wholesome granola, fresh cut and whole fruit, a parfait bar plus gourmet coffee and more help guests start their day energized.



Relax:

Rediscover the Relax evening reception. Guests can settle in and mingle over complimentary sustainable wine and local beer options from a fully recyclable keg or enjoy light bites focusing on fresh ingredients. With options for a custom bar cart and full service bars, there is a way for guests at every hotel to unwind four nights a week.



Restore:

Restore pantry has been reimagined so that guests can stock up on healthy snacks, local specialties and more at check-in. Savory, fresh ready-to-cook meals plus wine and beer on tap allow guests access to everything they need anytime.



Guestroom/Studio Commons:

The guestrooms are an open, energizing environment with extra space, clean designs and an abundance of natural light. To continue to innovate in the extended stay space, Element's new "Studio Commons" communal room concept consists of multiple rooms centered around a common living room space that allows guests in the surrounding rooms to congregate, interact, work or dine – even more space to live their lives.