# Moody National REIT I, Inc.

Moody National REIT I was declared effective by the SEC in 2009 and invests primarily in hotel properties. As of the end of the fourth quarter 2011, the REIT had $21.9 million in assets in one equity joint venture and one mortgage note joint venture. The REIT registered a follow-on offering in April 2012 for $1 billion in shares. The REIT is in the Growth LifeStage of effective REITs, which is usually characterized by accelerated growth in capital raise and acquisitions. The investment style of this REIT is considered to be "Core," which is typically defined as a REIT that generates a high percentage of its total return from income and a modest percentage from asset appreciation. REITs in this category are also expected to exhibit low to medium volatility in asset values.

**Key Highlights**

- $5.1 million has been raised since inception, with $2.0 million raised in 2011 and $1.0 million raised in the fourth quarter.
- The REIT has filed a follow-on offering but will continue to sell shares in its primary offering until October 12, 2012.

**Capital Stack Review**

- Capital Raise – $2.0 million was raised in 2011 and $1.0 million was raised in the fourth quarter.
- Debt – Current debt ratio is at 75.3% in the fourth quarter, up from 56.5% as of 4Q 2010. 69% of the REIT's debt is in variable instruments.
- Debt Maturity – 58.3% of the REIT's debt matures in 2017 or later.
- Loan Activity – Total indebtedness consists of an assumed note of $5,000,000 outstanding from the acquisition of the Residence Inn property plus $200,000 outstanding on a loan from Moody JV and an additional acquisition note of $11.3 million of a first mortgage note.
- Cash on Hand – 4.9%.

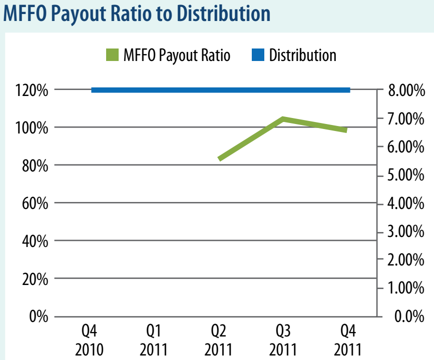
**Metrics**

- Distribution – The distribution yield remained steady at 8.0% over the past seven quarters.
- Distribution Source – As of December 31, 2011, a portion of the distributions has been paid from offering proceeds.
- MFFO Payout Ratio – The Company reported Modified Funds from Operations (MFFO) for YTD 2011 of $284,804 and an MFFO payout ratio of 115%, which included $74,346 of stock/unit-based compensation and $33,013 of amortized loan costs. In accordance with the IPA Guidelines for calculating MFFO, Blue Vault Partners has excluded those items to report YTD 2011 MFFO of $185,740, or an MFFO ratio of 176%.
- Fee Waivers: Fees for the acquisition and debt financing of the Residence Inn property and Hyatt Place note were waived by the Sponsor.
- Interest Coverage Ratio – 1.8x EBITDA is equivalent to the median for REITs in the Growth LifeStage.
- Impairments – None reported.

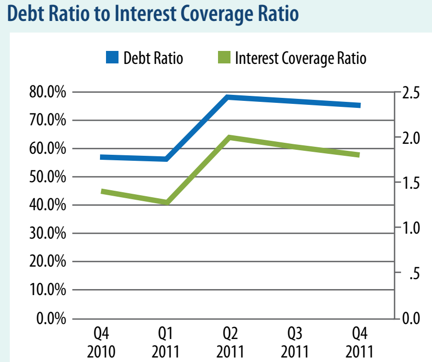
**Real Estate**

- Acquisitions – The acquisition of a 74.5% interest in the Hyatt Place note was completed in the second quarter. The hotel is located in Grapevine, Texas.
- Lease Expirations – N/A
- Occupancy – The Company reported 80.6% at year-end compared with an industry average of 60.1%.*
- ADR (Average Daily Rate) – The Company reported $88 at year-end compared with an industry average of $101.64.*
- RevPAR (Revenue Per Available Room) – The Company reported $71 at year-end compared with an industry average of $61.06.*
- Dispositions – None reported.
- Diversification – Two investments are owned by the REIT.

MFFO Payout Ratio to Distribution




Debt Ratio to Interest Coverage Ratio




*As reported by Smith Travel Research.