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Confidential Investment Summary

Mezzanine Debt Investment Opportunity: Homewood Suites Charlotte Uptown

508 N College St, Charlotte, NC

Property Type: Newly-Built, Upscale Extended-Stay Hotel

Mezzanine Financing Amount: \$5,000,000 (LDB: \$255,924 per key)

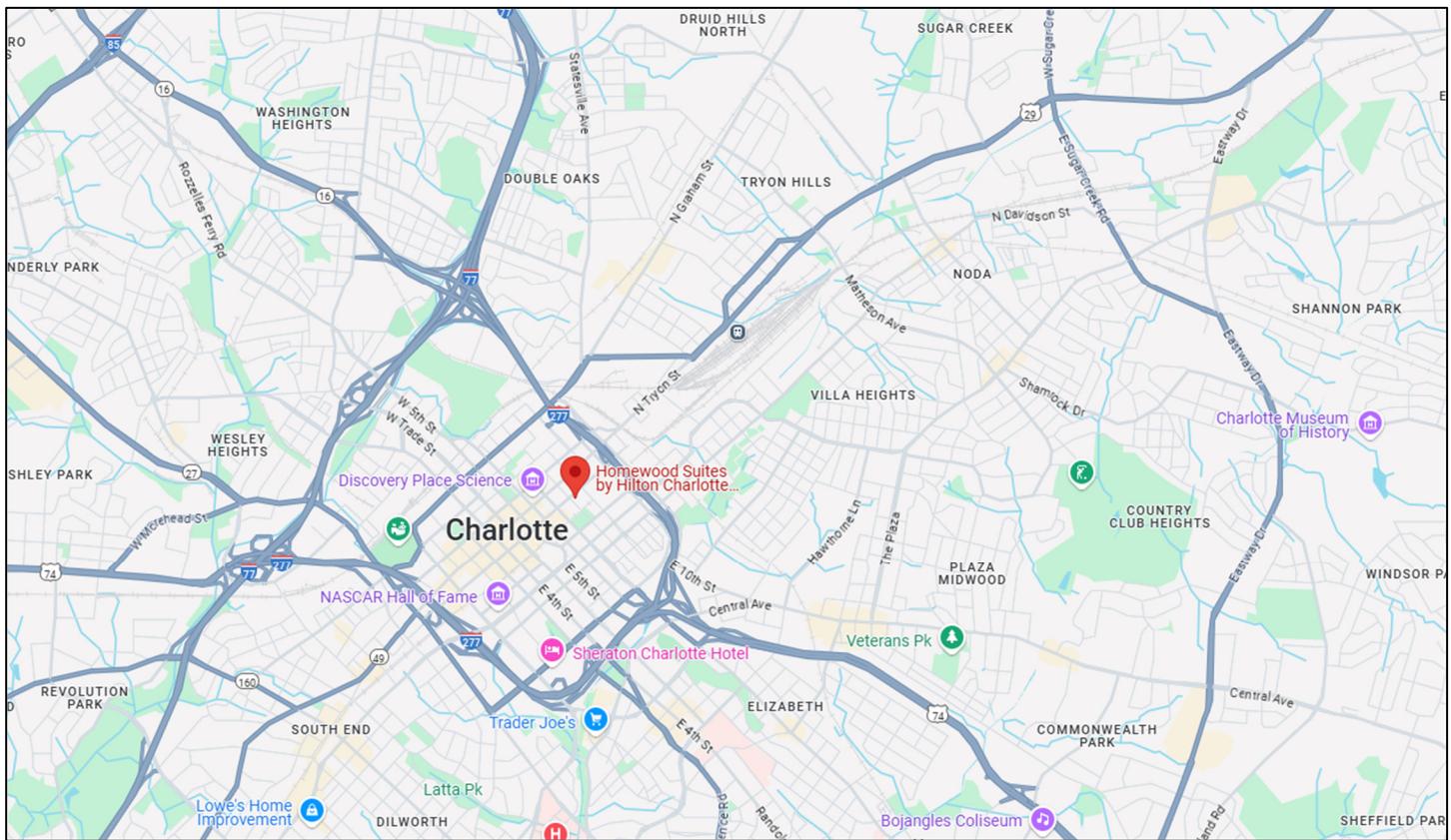
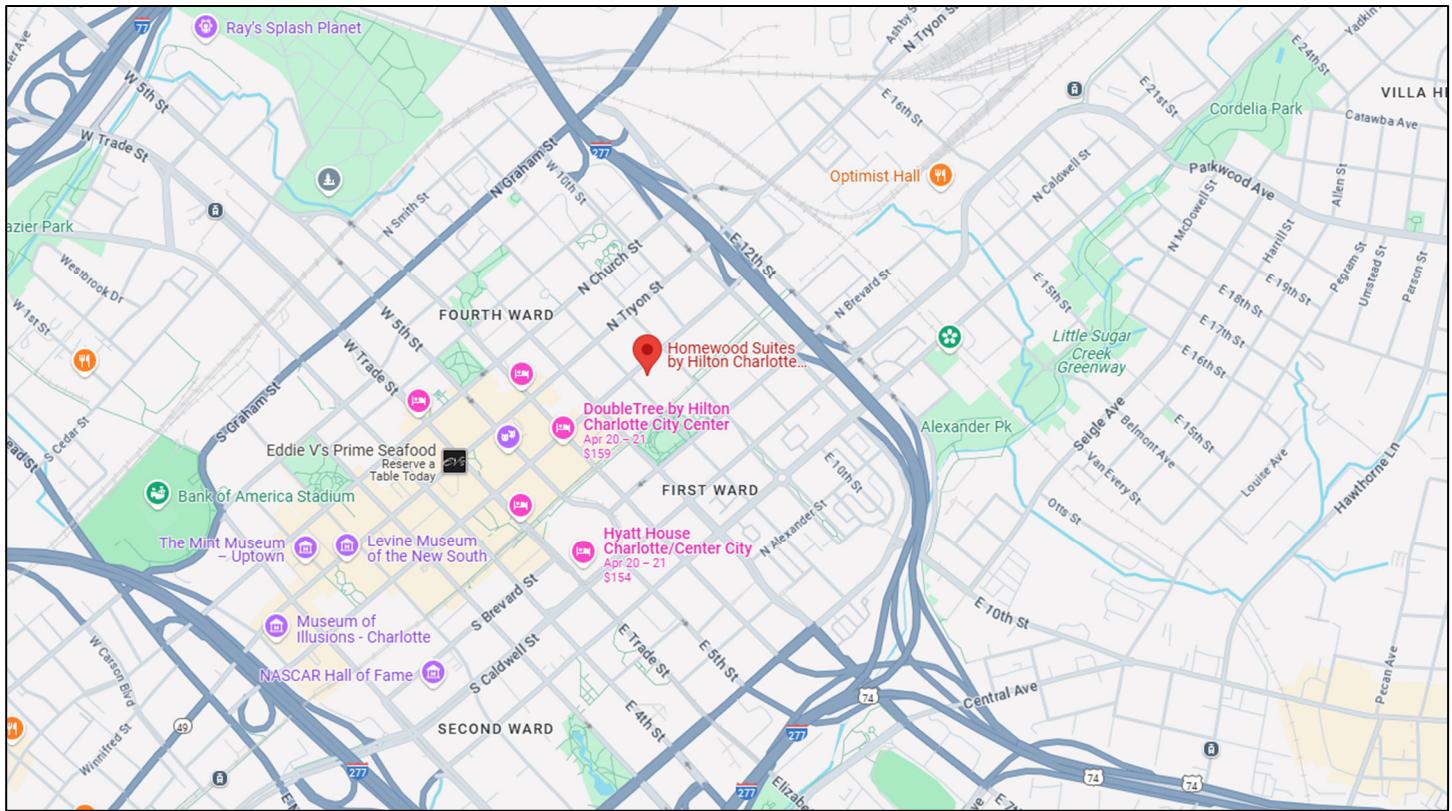


Contacts

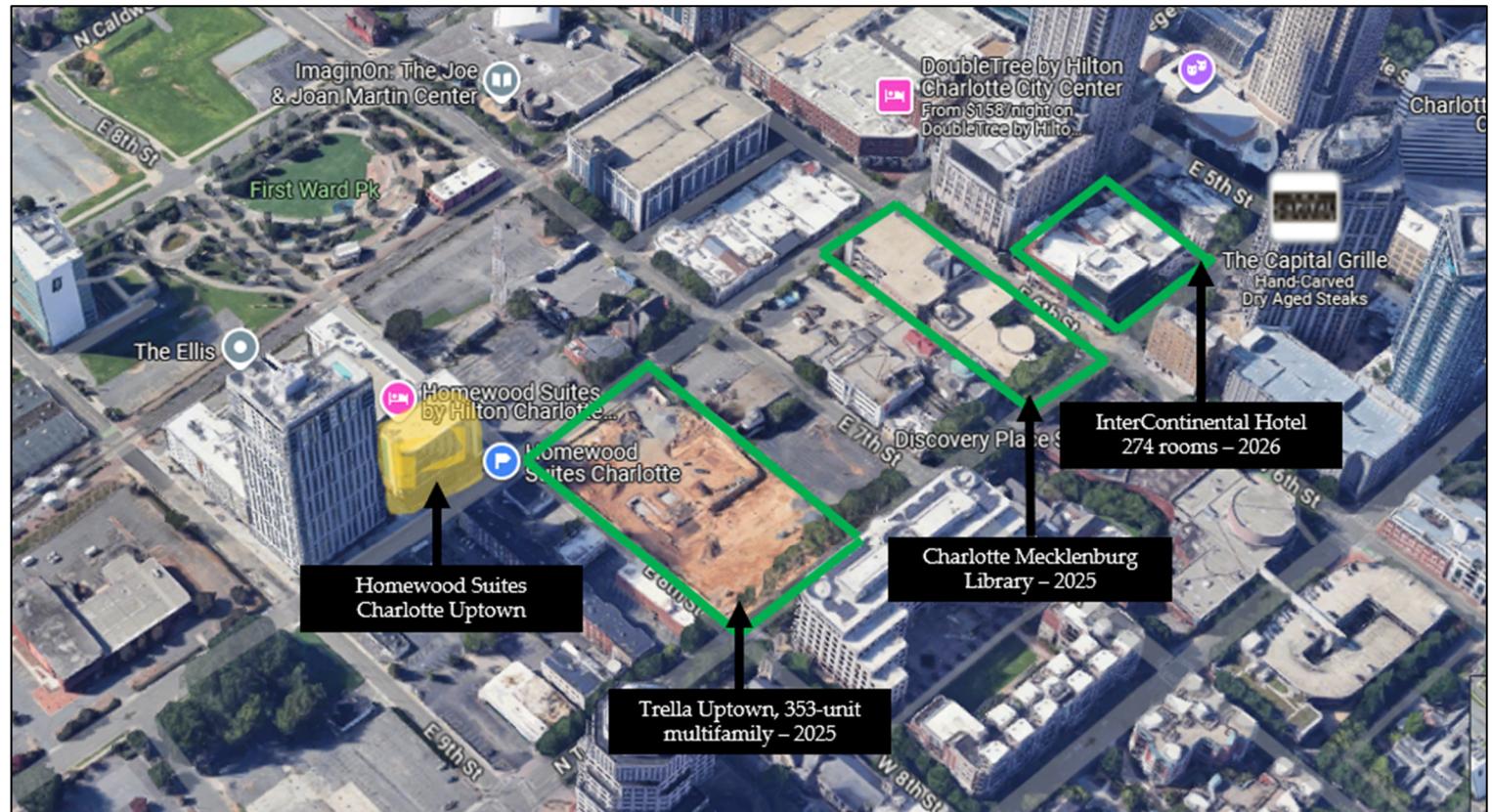
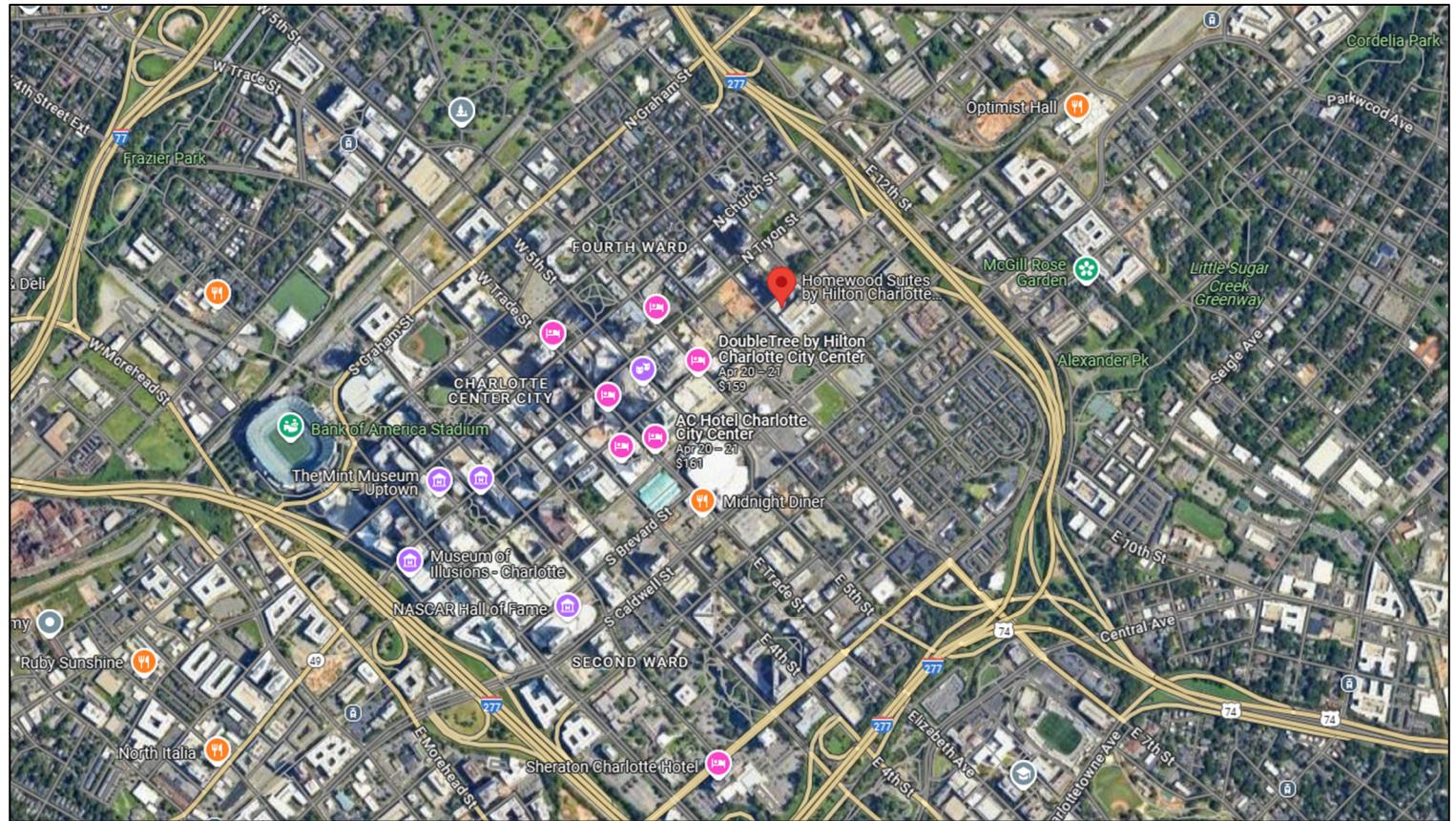
Kevin Down
Chief Investment Officer
kdown@arborlodging.com
312.681.1166

Jake Heldt
VP of Investments
jheldt@arborlodging.com
312.854.0540

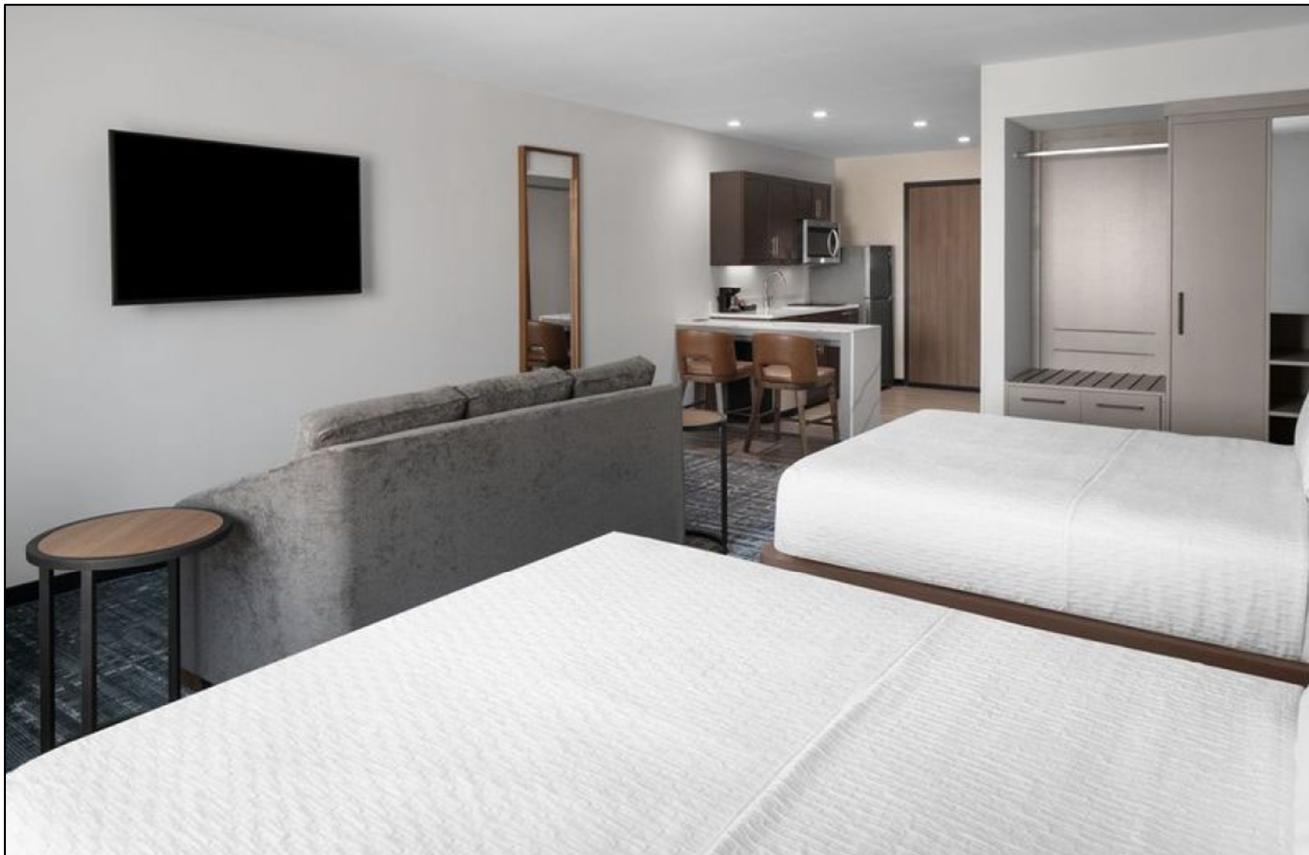
Homewood Suites Charlotte Uptown



Homewood Suites Charlotte Uptown







OPPORTUNITY

Arbor Lodging Partners LLC ("Arbor") is seeking investors to participate in a \$5,000,000 mezzanine loan (the "Mezz Loan") in connection with Värde Partners ("Varde") \$54,000,000 first mortgage loan for the cash-in refinancing of Borrower's fee-simple interest in the hotel known as Homewood Suites by Hilton Charlotte Uptown (The "Property") located at 508 N College St, Charlotte, NC.

This offering presents a rare opportunity to participate at an attractive position in the capital stack of an institutional quality, purpose-built asset in one of the country's most desirable markets. The last dollar basis of approximately \$256,000 per key is a material discount to replacement cost and offers strong downside protection while providing an attractive risk-adjusted return. The Property's newer vintage, strong brand, and in-fill Sunbelt location will attract strong institutional investor interest and liquidity in both the debt and equity capital markets. The interest rate for the Mezz Loan will be **SOFR + 1150 basis points**, which will offer equity-like returns for a debt position with \$17.5 million of sponsor equity subordinate to the Mezz Loan.

TRANSACTION SUMMARY

Mezzanine Loan Amount	\$5,000,000	Property Name	Homewood Suites by Hilton Charlotte Uptown
Whole Loan Amount	\$54,000,000	Brand Family	Hilton
Whole Loan / Mezz Last Dollar Per Key	\$255,924	Address	508 N College St
Loan Purpose	Construction Loan Refinancing	City, State	Charlotte, NC
Loan Term (months)	36	Arbor As-Is Value / LTV	\$63.4MM / 85.1%
Amortization (months)	Interest Only	Arbor As-Stabilized Value / LTV	\$82.7MM / 65.3%
Extension Options	Two, 12-month extension options	Year Built	2023
Amortization During Extension Periods	25-yr AM in both ext. options	Keys	211
Whole Loan Blended SOFR Spread	4.80%	Borrower	Affiliate SPE of Concord Hospitality
Mezz Loan SOFR Spread	11.50%	Franchise Expiration	2038
SOFR Floor	3.50%	Carveout Guarantors	Mark Laport & Richard Branca
Origination / Exit / Extension Fees	1.00% / 0.25% / 0.25%	Recourse Type	Non-Recourse
Minimum Interest	18 Months	Fee/Leasehold	Fee
<hr/>			
<u>Projected Returns (Mezz Loan) - Net of Arbor Fees</u>			
IRR Initial Term	14.6%	MOIC Initial Term	1.43x

FINANCING HIGHLIGHTS

Charlotte MSA Market Strength

In addition to being one of the fastest-growing cities in the U.S., Charlotte benefits from a steady and diversified economy with consistent growth across its finance, technology, and healthcare sectors. The city's favorable tax environment and business-friendly policies contribute to its economic stability. As a result, hotel performance in the Charlotte CBD continues to record robust growth, benefitting from this strong economy, RevPAR growth for the market was 7.6% over the past year.

New Construction

The Property was constructed in 2023 and features 211 oversized suites, meeting space, a fitness center, and operates under a 15-year franchise agreement with Hilton. The overbuilt, urban-style Property is one of the few true extended-stay products available in Downtown Charlotte. New assets are more liquid in the investment market and typically trade for a premium. The asset contains features not typical for a Homewood, including a full-service restaurant and bar, outdoor terrace, and 4,100 square feet of meeting space.

Brand

The asset will benefit from the Hilton Honors loyalty program, one of the largest loyalty programs in the world with more than 200 million members. The Homewood Suites brand is popular with both leisure and corporate guests, which will allow the hotel to capitalize on the diverse demand generators of the market. The oversized rooms are appealing to both extended-stay and transient guests.

Sponsor

The sponsor will have \$17.5 million (\$83k/key) of equity in the deal, including \$3.3 million of new equity being contributed as part of this transaction. Concord is a leading national owner and operator and is considered a strong, institutional-quality sponsor. Concord is North Carolina-based with a strong presence in the state and throughout the United States and Canada. They are experienced hotel developers and operate over 145 hotels including several Homewood Suites locations. The principles of Concord own a significant piece of the borrower and also have Berkshire Hathaway as a 46% partner in the deal.

Supply & Demand

Despite being one of the fastest growing MSAs in the country, there are only two hotels under construction in the Charlotte CBD. One hotel, the Intercontinental, will not compete directly with the Homewood Suites due to their different market positioning. However, the nearby location in the First Ward is evidence of the growth in this part of the CBD and should help further establish the immediate area as a destination for travelers. The other hotel, a Moxy, has very small rooms and will compete for different guests.

UNDERWRITING SUMMARY

<u>Uses</u>		<u>Projected Performance</u>	Year 1	Year 3
Repayment of Existing Debt	\$55,380,000	Occupancy	75.2%	77.3%
Closing Costs	\$1,000,000	ADR	\$182	\$204
Interest Reserve	\$900,000	RevPar	\$137	\$157
Partnership Costs	\$75,000	Rooms Revenue	\$10.6MM	\$12.1MM
Total Uses	\$57,355,000	Other Revenue	\$1.3MM	\$1.6MM
		Total Revenue	\$11.9MM	\$13.7MM
<u>Sources</u>		NOI / Key / (%)	\$5.23MM / \$24,765 / 44%	\$6.20MM / \$29,396 / 45%
Varde Mortgage Loan	\$49,000,000	Implied Debt Yield	9.7%	11.5%
Arbor Mezzanine Loan	\$5,000,000	Implied DSCR	1.09x	1.29x
Additional Sponsor Equity	\$3,280,000			
Partnership Funds	\$75,000			
Total Sources	\$57,355,000			
Arbor Fee Structure				
Fees: 1% Sourcing Fee, 1% Exit Fee		Promote: 20% Over 10% Quarterly Cashflow Hurdle		

MARKET SUMMARY

Charlotte is a major center of finance, technology, healthcare, and is the second-largest banking center in the U.S. after New York City. Charlotte is also home to eight Fortune 500 companies including Bank of America, Lowe's, Nucor, Truist, Duke Energy, and Honeywell. In addition to financial services, Charlotte's enjoys one of the most balanced economies in the southeast thanks to sectors such as life sciences, advanced manufacturing, logistics, and information technology. Charlotte is also a premier destination for sports tourism and one of the premier motorsports cities in the world thanks to Charlotte Motor Speedway and NASCAR's Hall of Fame. The Carolina Panthers, Charlotte Hornets, Charlotte FC (MLS), and Charlotte Knights all consider Downtown Charlotte home and draw sports fans from across the country.

The Subject is located in the portion of the CBD known as the First Ward. The corridor is experiencing significant growth in both residential and leisure demand within the Charlotte CBD. The area is rapidly evolving into a vibrant entertainment and dining hub, further enhancing the appeal of the hotel.

Demand for the hotel will be bolstered by several nearby developments, including Trella Uptown (one block away), a 353-unit multifamily project set to open in June 2025; the Charlotte Mecklenburg Library (1.5 blocks away), an architecturally distinctive, state-of-the-art, technologically advanced knowledge center opening 2025 that will serve both residents and visitors; and the InterContinental Hotel (two blocks away), a 274-room property opening in 2026. While the InterContinental, located in the First Ward, will not compete directly with the subject property, it will contribute to increased activity in the area, benefiting the subject hotel and the entire CBD.

Additionally, the hotel benefits from its proximity to First Ward Park, a 4.6-acre urban park known for its fountains and annual events, including the recently announced Lovin' Life Music Fest 2025, which is expected to feature over 40 artists across three stages.

Homewood Suites Charlotte also enjoys a prime location directly across from the 9th Street Station on the LYNX Blue Line Rail System. This 18.9-mile transit line connects the University of North Carolina at Charlotte in the northeast to the I-485/South Boulevard station in the southwest. With 26 stations, including 10 park-and-ride locations, the LYNX Blue Line provides seamless connectivity to key neighborhoods and business districts throughout the city, further enhancing accessibility for hotel guests.

Charlotte's metro area continues to grow, with the city attracting newcomers drawn to Charlotte's high quality of life, job market, business friendly environment, low cost of living, urban amenities, and warm climate. Additionally, Charlotte's corporate and entertainment demand base is also rapidly growing. According to a recent US Census report, Charlotte is one the fastest growing cities in the US trailing only San Antonio and Fort Worth, Texas.

COMPARABLE PROPERTIES & DATA

The last dollar basis of approximately \$256,000 per key is well-below both replacement cost and the most relevant premium trades and refinancings in and near the CBD. The following chart demonstrates the favorable basis of the Mezz Loan:

Charlotte CBD - Recent Premium Sales

Property	Sale Date	Sale Price	Price/Key*	Year Built / Renovation	Keys	% Premium to Subject
Homewood Suites by Hilton Charlotte Uptown		\$256,000	2023	211		
AC Hotel Charlotte Ballantyne**	Mar-24	\$110,100,000	\$591,935	2021	186	131.2%
Hampton Inn & Suites Charlotte South Park	Mar-23	\$42,000,000	\$338,710	1998	124	32.3%
Marriott Charlotte City Center	Oct-22	\$218,100,000	\$489,013	1984	446	91.0%
Hampton Inn Charlotte Uptown	Aug-21	\$49,250,000	\$330,537	2000	149	29.1%
Hyatt Centric SouthPark Charlotte	Jun-21	\$56,000,000	\$320,000	2021	175	25.0%
UNC Charlotte Marriott Hotel & Conference Center	Mar-21	\$87,000,000	\$384,956	2021	226	50.4%
Grand Bohemian Hotel Charlotte**	Aug-20	\$110,000,000	\$433,071	2020	254	69.2%

* Mezz last dollar for Subject

** Refinancing valuation

KEY RISKS AND MITIGANTS

Ramp-Up Risk: The subject property is currently progressing through its ramp-up phase, and has yet to fully stabilize.

Mitigants:

- **Limited Supply:** Room openings in the Charlotte market have slowed sharply recently despite continued population and job growth. There are only two hotels under construction in Charlotte's CBD (InterContinental and Moxy), which will not directly compete with the subject hotel but will further enhance activity in the market.
- **Market Growth Supplementing Demand:** Charlotte's status as one of the fastest-growing cities in the U.S has led to increased demand for extended-stay hotels from relocating professionals and families, as well as increased transient and group demand from various sources. To support the increased demand both the Charlotte Douglas International Airport and the Charlotte Convention Center have undergone expansions.
- **Experienced Sponsor:** Concord is an experienced Hilton operator that is headquartered in North Carolina, with several assets in the brand family across their portfolio.
- **Brand Strength:** Homewood Suites being under the Hilton umbrella gives it credibility and recognition while also providing access to the Hilton Honors loyalty program, one of the largest loyalty programs in the world with more than 200 million members.

Micro Location Risk: The subject property is located in a growing area of the greater Charlotte CBD.

Mitigants:

- **High Quality Product:** The property, built in 2023, offers 211 guest suites, meeting space, and a fitness center, and operates under a 15-year franchise agreement with Hilton. As an urban-style accommodation, it stands out as one of the few true extended-stay options in Downtown Charlotte for long-term guests.
- **New Developments in the area:** New developments in the area include Trella Uptown, a 353-unit multifamily project set to open in June 2025; the Charlotte Mecklenburg Library, a striking, state-of-the-art knowledge center opening in March 2025 that will serve both residents and visitors; and the InterContinental Hotel, a 274-room property opening in 2026.
- **Proximity to other demand drivers:** The hotel is ideally located near First Ward Park, a 4.6-acre urban space with fountains, university surroundings, and host of annual events like the Lovin' Life Music Fest 2025, featuring over 40 artists. Homewood Suites Charlotte is also across from the 9th Street Station on the LYNX Blue Line, an 18.9-mile transit line connecting UNC Charlotte to I-485/South Boulevard with 26 stations, providing easy access to neighborhoods and business districts. The location is still very close to the core CBD and is walkable to all of the major corporate demand generators in the market.

Investments in real estate are inherently risky, and there are no assurances that the Mezz Loan will generate positive returns.