

COURTYARD

BY MARRIOTT

NASSAU DOWNTOWN /
JUNKANOO BEACH

Confidential Request
for Acquisition Financing















The *opportunity*

JLL, as exclusive advisor to AWH Partners and Matterhorn Capital (collectively, the “Sponsor”), seeks loan proceeds of \$26.3 million (\$130,600 per key) to facilitate the acquisition of the 201-room Courtyard Nassau Downtown / Junkanoo Beach (the “Resort”, “Hotel” or “Property”), a newly renovated, institutional-quality hotel in the heart of Downtown Nassau, the most populated of the Bahamian Islands, and the Commonwealth’s center of tourism, industry and commerce. This request provides the unique opportunity to finance a newly renovated asset in a strong location with a leading hotel brand affiliation, strong in place cash yield with operational upside, and backed by the superior sponsorship of AWH Partners.



Summary of Existing Facilities and Amenities

	Address	West Bay Street, Nassau, Bahamas
	Open Date / Renovations	1961 (original 112-room tower; rebuilt from core structure in 2016) / 2013 - 2017, over \$33 million (\$166,200 per key) invested in comprehensive renovation, rooms addition and meeting space addition
	Configuration	West Tower - 5 stories; East Tower - 6 stories
	Site Area	2.73 acres
	Tenure	Fee simple
	Brand	Courtyard by Marriott
	Guestrooms	200 keys (West Tower - 118 keys; East Tower - 83 keys)
	Meeting Space	6,000 square feet
	Food & Beverage	The Bistro Sundry / convenience store
	Amenities & Recreational Facilities	Two outdoor swimming pools Sun deck Fitness center Business center Complimentary high-speed internet access
	Parking	48 surface parking spaces (complimentary)
	Labor	Non-union

Financing highlights

Prime Location Near Business and Leisure Demand Drivers

The Courtyard Nassau is ideally located adjacent to the famous white sands and blue waters of Junkanoo Beach, within Nassau's preeminent shopping, dining, business and entertainment district.

Recently Repositioned and Ramping Asset with Substantial Operational Upside

Following a comprehensive, \$33.4 million (\$166,200 per key) renovation, including a rooms addition and re-branding under the Courtyard flag, the property is ramping in its operations. Despite the growth in income following the repositioning, there has been substantial management and ownership disruption, inhibiting operational performance. Sponsor believes material operational upside exists given the hotels dramatic RevPAR under-penetration against immediate comps in the marketplace.

Attractive Yield and Conservative Loan Metrics

At the financing ask of \$26.3 million, the loan represents just a 65% LTV, while T-12 NOI through October 2019 represents a robust 14.6% debt yield. Through operational improvements, the debt yield is projected to exceed 18% upon stabilization.

Industry-Leading Hotel Brand

With the industry's most powerful portfolio, Marriott International is the world's largest travel company with the largest loyalty program, Marriott Bonvoy, which serves over 120 million members. As Marriott's largest brand by distribution, Courtyard continues to advance the boundaries of design, style and service in the upscale category, generating significant returns to owners and bolsters asset liquidity in the capital markets.

Superior Sponsorship

AWH Partners is a leading, privately held real estate firm that has invested in over 8,000 hotel rooms across 29 hotels, representing approximately \$1.5 billion of total real estate value. With a top-tier national hospitality platform, Spire Hospitality, and a full-service development arm, AWH Partners benefits from its complete vertical integration within the hospitality investment space.

Robust Lodging Market Fundamentals

The Bahamas welcomes over six million visitors annually, growing 3.8% annually since 2008, with 2018's 6.6 million visitors representing an 8.2% increase year-over-year. Further underscoring the strength of the market is the rapid absorption of Baha Mar, the \$4.2 billion development which has solidified the Bahamas as one of the top destinations in the Caribbean.

Nassau

market highlights

Nassau: the Bahamas's largest city and center of industry, commerce and leisure

Stable and Growing Economy

The Bahamas economy is one of the largest in the greater Caribbean with a total GDP of \$12.4 billion in 2018, a 1.6% annual increase from 2017. GDP has grown at a healthy CAGR of 2.5% since 2009. With an economy heavily dependent on tourism, financial services and trade, the Bahamas and its government are highly regarded as business friendly. As of year end 2018, the total population of the nation of small islands totaled ~390,000 people, 70.0% of which reside on New Providence Island, where Nassau is located.

Hotel-Friendly Environment

The Bahamian Government provides several business incentives to foster investment within the nation. The Hotel Encouragement Act (HEA), is one in particular that makes Nassau a favorable lodging investment market. The HEA, for which the Courtyard qualifies, exempts properties from paying real estate taxes for at least 20 years with the potential to receive more exemption years provided a certain amount of capital is reinvested in the hotel. The absence of real estate taxes yields larger NOI per key, and therefore value per key, than traditional markets.

Myriad Tourist Attractions

Tourism accounts for nearly half of the nation's GDP. Since 2008, tourist arrivals to the Bahamas has experienced a 3.8% CAGR. In 2018, 3.7 million out of the 6.6 million visitors to the Bahamas came to Nassau. In addition to world class beaches, destination water sports, premier golf courses and high-end casinos, major attractions in Nassau include the Bay Street Straw Market, the Pirates of Nassau Museum, Fort Charlotte and Fort Fincastle as well as the Thomas A. Robinson Stadium.

Atlantis Resort & Baha Mar Resort

The Atlantis and Baha Mar Resorts are internationally recognized destination complexes that frequently host major events and groups, generating significant overflow demand within Nassau, from which other hotels, like the Courtyard, greatly benefit. Multi-million dollar marketing campaigns coupled with state of the art resort amenities and gaming facilities draw millions of visitors year round.

Easily Accessible Destination

The Lynden Pindling International Airport (NAS) in Nassau is the largest airport in the Bahamas with 22 airlines serving 55 destinations, 19 of which are in the U.S. Since 2011, \$408 million has been spent on upgrading NAS's facilities to world-class standards. The Bahamas leads the Caribbean in cruise passenger arrivals with 4.9 million passengers in 2018, a majority of which dock at the Prince George Wharf in Nassau, which when at capacity brings 20,000 people to Nassau per cruise and is located 0.5 miles from the Courtyard.

Pointe Marina Development

China Construction is in the midst of completing a \$250 million, six-acre ocean front development that will include a 45-slip marina, water park, a full service spa, movie theater, various F&B outlets along with a 150-key Margaritaville resort, all of which is a short walk away from the Courtyard. Similar to Atlantis and Baha Mar, Pointe Marina will be a significant draw to the market and is expected to be a net positive to room demand at the Courtyard.



Local Demand Generators and Nearby Hotels & Resorts

POINTS OF INTEREST
1 Cable Beach
2 Stuart Cove
3 Junkanoo Beach
4 Western Esplanade Beach
5 Blue Lagoon Island
6 Prince George Wharf
7 Lynden Pindling International Airport
8 Albany Golf Course

TOURIST ATTRACTIONS	
1 Bay Street Straw Market	8 National Art Gallery of the Bahamas
2 Fish Fry	9 Ardastra Gardens & Convention Center
3 Clifton Heritage National Park	10 Pirates of Nassau Museum
4 Fort Charlotte	11 Thomas A. Robinson National Stadium
5 Fort Fincastle	12 Harborside Village
6 Gregory's Arch	13 Paradise Island Plaza
7 National Heritage Museum	14 Wharf Festival

NEARBY HOTELS / RESORTS
1 Baha Mar Resort
2 Holiday Inn Express & Suites Nassau
3 Hilton British Colonial
4 Atlantis Resort Bahamas
5 Comfort Suites Paradise Island
6 Margaritville Resort (Est. Delivery ~ 2020)

Caribbean tourism market overview¹

Over the past decade, the Caribbean has been one of the most stable tourism markets worldwide with tourism activities producing roughly 15.0% of the region's annual GDP. Tourism contributed approximately \$4.49 billion directly to the Bahamas's economy, approximately 48% of the nation's GDP in 2018.

Caribbean Tourism Historical Snapshot

	2013	2014	2015	2016	2017	2018	2019	CAGR 13'-19'
Tourist Arrivals (mm)	25.00	26.60	28.50	29.90	30.60	29.90	31.80	4.1%
Annual Growth	--	6.40%	7.14%	4.91%	2.34%	(2.29%)	6.35%	--
Average Length of Stay	9.15	9.05	8.95	9.17	9.18	9.25	9.3	0.3%
Annual Growth	--	(1.09%)	(1.10%)	2.46%	0.11%	0.76%	0.54%	--
Expenditures per Person	\$31,500	\$33,000	\$35,000	\$37,000	\$38,000	\$37,800	\$38,500	3.4%
Annual Growth	--	4.76%	6.06%	5.71%	2.70%	(0.53)%	1.85%	--

Positive Long Term Lodging Trends

With steady long term demand, the Caribbean market ADR and RevPAR have experienced robust 3.3% and 3.4% compounded annual growth rates over the past 6 years, respectively, while total rooms supply has grown at a CAGR of just 1.1% over the same period.

(1) Source: Horwath HTL, 2019 Q3 Caribbean Market Report.

3.3%
6 Year ADR CAGR

1.1%
6 Year Supply CAGR

3.4%
6 Year RevPAR CAGR

4.1%
6 Year Tourist Arrivals CAGR



Significant upside potential

With a phased expansion and renovation that was recently completed, the Hotel has yet to reach its full potential and presents considerable upside opportunity. Post-acquisition, the Sponsor intends to invest additional capital to further enhance the Property and maximize operating performance.

Planned sponsor investment

The Sponsor intends to invest \$3.5 million (\$17,400 per key) in high-impact upgrades to the Hotel lobby and public areas, building exterior and landscaping, as well as items outlined in the property improvement plan. With a fully-renovated product offering, the Hotel will be able to drive material growth in occupancy and ADR, ultimately bringing RevPAR levels in line with the competitive set.

Meeting and event business

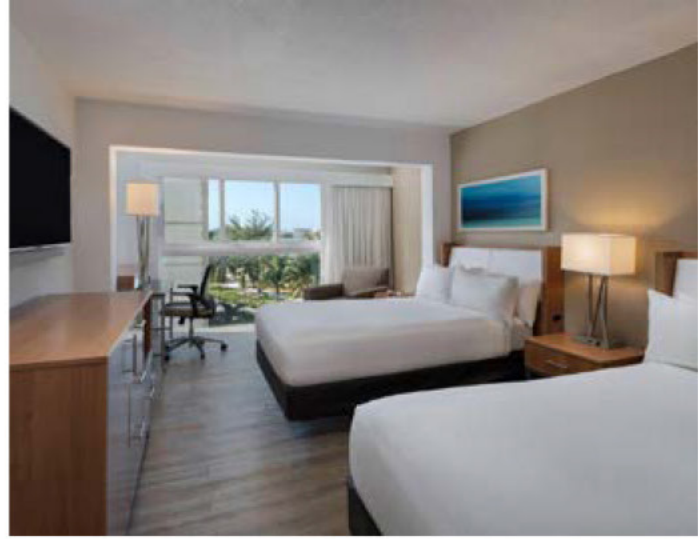
Recently expanded by 5,500 square feet, the Hotel's meeting and event space provides a considerable advantage within the market and will generate significant high-margin revenue growth over the near term. Moreover, the meeting space design allows the Hotel to accommodate multiple group events simultaneously, further driving compression and higher-rated transient demand.

Favorable market dynamics

The Bahamian government recently announced a major revitalization initiative for downtown Nassau with projects including new government offices, expansion of the Nassau cruise port and development of The Pointe, a \$250 million mixed-use destination. This increased activity throughout downtown will drive demand over the short- and long-term.

Nassau is the capital of the Bahamas and, as such, downtown Nassau is bustling with government offices and is home to all of the country's leading law offices. With ample meeting space and the most convenient location, the Hotel is ideally positioned to cater to civic meetings and business travelers in town for government matters.

The Hotel's proximity to Nassau's most famous sporting venues, including the Thomas Robinson National Stadium, lends itself to becoming the market leader in hosting athletes, coaches and judges for various track & field, soccer, swimming and basketball competitions.



Immediately Obtainable Top Line Upside

The Hotel is currently drastically underperforming the competition, due to a lack of proper operational oversight and sophisticated revenue management practices. This is further illustrated by the Property operating at a T-12 RevPAR level that is \$36 lower than its most proximate competitor, the adjacent Holiday Inn Express. Given the Hotel's recently renovated physical product and the superior brand recognition of Courtyard by Marriott, the Sponsor sees immediately achievable operational upside from a top line perspective.



Financing request

On behalf of the Sponsor, JLL seeks loan proposals of \$26,260,000 to finance the Courtyard Nassau Downtown/Junkanoo Beach.

Financing Request	
Sponsor	AWH Partners and Matterhorn Capital
Borrower	A single-purpose entity controlled by Sponsor
Collateral	The fee simple interest in the Courtyard Nassau Downtown / Junkanoo Beach
Address	West Bay Street, Nassau, Bahamas
Loan Amount	\$26,260,000
Structure	Fixed- or floating-rate with maximum interest only
Term	Minimum of five years
Recourse	Non-recourse, except for standard carve-outs
Prepayment	Maximum prepayment flexibility
Timing	JLL requests term sheets no later than Tuesday, December 17 th . All indications of interest should be communicated directly with JLL.
Other	Certainty of execution is of paramount importance. Proposals that demonstrate an ability to mitigate execution risk will be viewed favorably.



Estimated Sources of Funds			
Uses	Amount	Per Key	% of Total
Equity	\$14,140,000	\$70,300	35.0%
Debt	\$26,260,000	\$130,600	65.0%
Total	\$40,400,000	\$201,000	100.0%

Estimated Uses of Funds			
Sources	Amount	Per Key	% of Total
Purchase Price	\$30,500,000	\$151,700	75.5%
Capital Expenditures	\$3,500,000	\$17,400	8.7%
Closing Costs	\$3,300,000	\$16,400	8.2%
Bahamian Stamp Duty	\$3,100,000	\$15,400	7.7%
Total	\$40,400,000	\$201,000	100.0%

Historical and Projected Debt Yield						
Year	T-12 Oct 2019	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Income ('000s)	\$3,836	\$3,847	\$4,237	\$4,722	\$4,828	\$4,947
Debt Yield*	14.6%	14.6%	16.1%	18.0%	18.4%	18.8%

*Debt Yield Calculated based on financing request of \$26,260,000.

Sponsorship & brand overview



AWH Partners – Sponsor

AWH was formed by alumni from Blackstone and Related to invest in, develop, and manage various hospitality-related ventures. Since partnering in 2010, AWH and its principals have invested in over 8,000 hotel rooms across 29 hotels, representing approximately \$1.5 billion in total real estate value, and have managed hotel redevelopment projects in excess of \$200 million. In early 2012, AWH acquired Spire Hospitality, a top-tier national hospitality platform, to expand AWH's capabilities in the hospitality sector by aligning its institutional investment expertise with Spire's operating platform and industry-leading executive team. Combined with its full-service development arm, AWH Partners benefits from its complete vertical integration within the hospitality investment space.

Matterhorn Capital - Sponsor

Founded in 2007 by Anthony Lyons and Simon Conway, Matterhorn Capital has been actively involved in the ownership, development and management of various types of real estate located throughout the United Kingdom, France, the Caribbean and the United States. Over the course of their partnership, Mr. Lyons and Mr. Conway have undertaken over \$2.5 billion of real estate transactions.



Courtyard by Marriott – Brand

Operating under the Marriott International brand umbrella, the Resort will continue to benefit from the most sophisticated reservation system and customer loyalty program in the lodging industry. The Courtyard brand, Marriott's largest by distribution, is commonly considered to be the strongest mid-rate product in the lodging industry. As the 8th-largest lodging brand in the world, with over 1,200 hotels and 180,000 rooms in 53 countries, Courtyard's successful global growth has made it the ideal brand for expansion into urban locations, downtown markets and high visibility destinations. Courtyard has long led the industry when it comes to meeting the needs of the modern business and leisure traveler. Since breaking into the market 30 years ago as a brand built for business, Courtyard has continuously evolved, pushing the boundaries of design, style and service in the upscale category.

Courtyard Nassau - Sponsor's 5-Year Pro Forma

All Values In (USD'000)	2019 Oct T-12		Year 1		Year 2		Year 3		Year 4		Year 5	
Rooms	201		201		201		201		201		201	
Total Available Room Nights	73,365		73,365		73,365		73,365		73,566		73,365	
Total Occupied Room Nights	42,970		44,901		45,671		48,663		48,680		48,779	
Occupancy	58.6%		61.2%		62.3%		66.3%		66.2%		66.5%	
Average Daily Rate	\$150		\$167		\$179		\$185		\$189		\$194	
RevPAR	\$88		\$102		\$111		\$123		\$125		\$129	
REVENUE	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Rooms	6,455,647	70.0%	7,487,875	73.3%	8,165,224	73.9%	8,991,767	73.2%	9,219,890	73.4%	9,469,446	73.5%
Food & Beverage	1,033,607	11.2%	1,037,397	10.2%	1,115,134	10.1%	1,366,226	11.1%	1,400,803	11.1%	1,438,892	11.2%
Other Operating Depts ⁽¹⁾	1,730,482	18.8%	1,691,766	16.6%	1,776,042	16.1%	1,921,147	15.6%	1,944,764	15.5%	1,972,156	15.3%
Total Revenue	\$9,219,736	100.0%	\$10,217,038	100.0%	\$11,056,399	100.0%	\$12,279,140	100.0%	\$12,565,457	100.0%	\$12,880,494	100.0%
DEPARTMENTAL EXPENSES												
Rooms	1,077,523	16.7%	1,412,553	18.9%	1,467,092	18.0%	1,591,984	17.7%	1,632,399	17.7%	1,676,530	17.7%
Food & Beverage	728,027	70.4%	779,004	75.1%	832,711	74.7%	971,399	71.1%	996,106	71.1%	1,022,939	71.1%
Other Operating Depts ⁽¹⁾	263,597	15.2%	385,631	22.8%	401,479	22.6%	430,805	22.4%	434,585	22.3%	439,020	22.3%
Total Costs	\$2,069,146	22.4%	\$2,577,188	25.2%	\$2,701,282	24.4%	\$2,994,188	24.4%	\$3,063,090	24.4%	\$3,138,489	24.4%
Total Departmental Income	\$7,150,589	77.6%	\$7,639,850	74.8%	\$8,355,117	75.6%	\$9,284,952	75.6%	\$9,502,367	75.6%	\$9,742,005	75.6%
UNDISTRIBUTED EXPENSES												
Administrative Expenses	709,291	7.7%	589,934	5.8%	672,392	6.1%	804,444	6.6%	823,346	6.6%	843,699	6.6%
Information & Telecom	72,601	0.8%	87,749	0.9%	111,539	1.0%	122,989	1.0%	125,882	1.0%	128,988	1.0%
Sales & Marketing	210,803	2.3%	496,677	4.9%	553,943	5.0%	614,186	5.0%	628,532	5.0%	644,240	5.0%
Repairs & Maintenance	366,004	4.0%	480,580	4.7%	498,953	4.5%	528,663	4.3%	542,099	4.3%	556,724	4.3%
Utilities	575,004	6.2%	609,791	6.0%	636,259	5.8%	689,052	5.6%	706,590	5.6%	725,599	5.6%
Franchise Fee ⁽²⁾	368,007	4.0%	470,020	4.6%	512,216	4.6%	566,831	4.6%	581,209	4.6%	596,945	4.6%
Total	2,301,711	25.0%	2,734,752	26.8%	2,985,301	27.0%	3,326,164	27.1%	3,407,658	27.1%	3,496,195	27.1%
Gross Operating Profit	\$4,848,879	52.6%	\$4,905,099	48.0%	\$5,369,816	48.6%	\$5,958,788	48.5%	\$6,094,709	48.5%	\$6,245,810	48.5%
Base Management Fee	276,592	3.0%	306,511	3.0%	331,692	3.0%	368,374	3.0%	376,964	3.0%	386,415	3.0%
Income before Fixed Charges	\$4,572,287	49.6%	\$4,598,587	45.0%	\$5,038,124	45.6%	\$5,590,413	45.5%	\$5,717,745	45.5%	\$5,859,395	45.5%
FIXED CHARGES												
Business License Tax ⁽³⁾	138,296	1.5%	112,346	1.1%	122,518	1.1%	134,886	1.1%	138,309	1.1%	142,051	1.1%
Property Taxes ⁽⁴⁾	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	229,002	2.5%	230,932	2.3%	236,706	2.1%	242,623	2.0%	248,689	2.0%	254,906	2.0%
Total	367,298	4.0%	343,278	3.4%	359,224	3.2%	377,509	3.1%	386,998	3.1%	396,957	3.1%
EBITDA	\$4,204,989	45.6%	\$4,255,309	41.6%	\$4,678,900	42.3%	\$5,212,904	42.5%	\$5,330,747	42.4%	\$5,462,438	42.4%
FF&E Reserve	368,789	4.0%	408,682	4.0%	442,256	4.0%	491,166	4.0%	502,618	4.0%	515,220	4.0%
Net Operating Income	\$3,836,199	41.6%	\$3,846,628	37.6%	\$4,236,644	38.3%	\$4,721,738	38.5%	\$4,828,129	38.4%	\$4,947,218	38.4%

(1) Includes property resort fee / destination fee, guest laundry, parking, vending and commissions

(2) Assumes 6.0% of Gross Rooms Revenue and 2.0% of F&B Revenue

(3) Projected to equal 1.5% of Gross Rooms Revenue

(4) Subject property qualifies for the Bahamas Hotel Encouragement Act and is exempt from paying property taxes

Disclaimer

This Offering was prepared by Jones Lang LaSalle's Hotels & Hospitality Group ("JLL") based on information supplied by Owner. It contains select information about the Property and the real estate market but does not contain all the information necessary to evaluate the acquisition of the Property. The financial projections contained herein (or in any other Evaluation Material, including any computer diskettes or electronic files) are for general reference only. They are based on assumptions relating to the overall economy and local competition, among other factors. Accordingly, actual results may vary materially from such projections.

While the information contained in this Offering and any other Evaluation Material is believed to be reliable, neither JLL nor Owner guarantees, represents or warrants its accuracy or completeness. Because of the foregoing and since the Property is being offered on an "As Is, Where Is" basis, a prospective investor or other party authorized by the prospective investor to use such material solely to facilitate the prospective investor's investigation, must make its independent investigations, projections and conclusions regarding the acquisition of the Property without reliance on this Offering or any other Evaluation Material. Although additional Evaluation Material, which may include engineering, environmental or other reports, may be provided to qualified parties as the marketing period proceeds, this Evaluation Material is also being provided without guarantee, representation, or warranty, and prospective investors should seek advice from their own attorneys, accountants, engineer's environmental experts, and any other party or parties deemed appropriate by prospective investors in evaluating the Property.

Owner expressly reserves the right, in its sole discretion, to reject any offer to purchase the Property or to terminate any negotiations with any party at any time with or without written notice. Owner shall have no legal commitment or obligations to any prospective investor unless and until a purchase and sale agreement has been fully executed, delivered and approved by Owner and any conditions to Owner's obligations thereunder have been satisfied or waived.

Owner has retained JLL as its broker and will be responsible for any commission due to JLL in connection with a transaction of the Property pursuant to a separate agreement. Neither JLL or any other person or party is authorized to make any representation or agreement on behalf of Owner. Each prospective investor will be responsible for any claims for commissions by any other broker in connection with a sale of the Property if such claims arise from acts of such prospective investor or its broker.

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COURTYARD
Marriott

