



TWO PROPERTY PORTFOLIO

Cascades Mountain Resort, an Ascend Collection Hotel

Annex Extended Stay Hotel & Cascades Garden Apartments

201A & B SUGARLOAF RD, HENDERSONVILLE, NC

**OFFERING
MEMORANDUM**



 **Premiere
Restaurant**
&
Banquet Space



The Cascades



INVESTMENT OVERVIEW

The Cascades Mountain Resort is a 100-room, two-story, interior-corridor hotel located immediately off of Interstate-26 (65,000 VPD) and Route 64 (38,000 VPD) on a 3.74-acre parcel. The property, originally built in 1966, underwent a complete gut-job renovation throughout 2016 through 2018 to meet Choice Hotels' Ascend Collection standards. Formerly an exterior-corridor Quality Inn, current ownership has invested over \$4,650,000 in renovation costs to convert the property to an interior-corridor, full-service, upscale resort. Converting the exterior corridors to encased glass hallways is among one of many capital expenditures that have transformed the property into a turn-key asset. Among these renovations is a full-fledged interior renovation of the indoor pool area to create a 12,000-square-foot indoor water park complete with natural stone, indoor gardens, waterfalls, and a two-story, 110-foot water slide. A separate hot tub area was created over three enclosed, private sections of the water park. The resort includes a fitness center, cafe, game room, gift shop, and 4,600-square-foot conference room which can seat up to 300 people. Each room and suite in the resort has undergone a complete overhaul including brand new case-goods, furniture, beds, and mattresses. The resort includes a gift shop, cafe, as well as a 2,500-square-foot full-service restaurant and liquor-licensed bar known locally as the Old Orchard Tavern and Bar. The tavern offers indoor and outdoor seating, and serves guests as well as locals. The property re-opened as an independent hotel in 2016 and joined the Ascend Hotel Collection in 2018 and is offered with a Choice Hotels International franchise agreement that expires in 2028. The Cascades Mountain Resort appraised in 2018 for \$6,700,000. This presents an investor with the opportunity to enter the property at a significant discount to appraisal value and replacement cost due to the uncertainty correlated with the ongoing COVID-19 pandemic. Prior to the COVID-19 pandemic, current ownership already received bookings for upwards of \$600,000 in revenue for the 2020 fiscal year in just January and February of 2020 and were on track to have their best year since opening, however, nearly all bookings were cancelled in March, April, and May 2020 per the state and federal guidelines regarding quarantine. Ownership was projecting to hit \$2,800,000 in revenue in 2020 between room revenue, food and beverage, conference, and miscellaneous income. The asset is offered with Fee-Simple Interest and is currently unencumbered of any third-party management.

INVESTMENT HIGHLIGHTS

- Fee-Simple Interest in the Full-Service, Two-Story Resort
- 100 Interior-Corridor Guest Rooms and Suites
- Full Property Improvement Plan Recently Completed per Ascend Collection Requirements
- 12,000-Square-Foot Indoor Pool and Jacuzzi with Two-Story Waterslide
- 2,500-Square-Foot Old Orchard Tavern and Bar
- 4,600-Square-Foot, 300-Person Conference Room

INVESTMENT OVERVIEW

Vital Data

| | |
|----------------------|--|
| Price | Unpriced |
| PIP | Minimal |
| Ownership Type | Fee Simple |
| Number of Rooms | 100 |
| Number of Buildings | 2 |
| Number of Stories | 2 |
| Corridors | Interior |
| Year Built/Renovated | 1966/2018 |
| Lot Size | 3.74 Acres |
| Rentable Square Feet | 62,977 SF |
| Franchise | Choice Hotels Family of Brands |
| Management | Unencumbered by Third Party Management |

Room Type

No. of Rooms

| | |
|-----------------------|----|
| Standard King | 22 |
| Standard Double Queen | 52 |
| King Suites | 18 |
| Double Queen Suites | 8 |

PROPERTY AMENITIES

- Flatscreen TVs
- Microwaves
- Mini-Refrigerators
- Game Room
- Free WiFi
- Complimentary Breakfast
- Fitness Center
- Indoor Pool & Waterslide
- Elevators
- Indoor Waterfalls & Greenery
- Indoor Hot Tubs
- Truck Parking
- Restaurant
- Bar
- Gift Shop
- Coffee/Tea Makers

PROPERTY PHOTOS



PROPERTY AMENITIES



PROPERTY AMENITIES







OPTION ONE: ANNEX EXTENDED STAY HOTEL INVESTMENT OVERVIEW

The three-story building adjacent to the Cascades Mountain Resort presents investors with an opportunity to reopen as either a 50-room extended stay hotel (The Annex) or a 20-unit apartment complex (Cascades Garden Apartments). The separately-deeded and parcelled-off site is also approved and permitted for an additional 40-unit apartment complex complete with underground parking, pickle-ball courts, and roadway access/curb cuts. The property is currently in shell condition, having been stripped down to the concrete by current ownership. This section will detail option one: The Annex Extended Stay Hotel.

The Annex Extended Stay Hotel is a 21,000-square-foot, 50-suite, interior-corridor, extended-stay hotel located immediately adjacent to the Cascades Mountain Resort off of Interstate-26 (65,000 VPD) and Route 64 (38,000 VPD). The asset is separately deeded and sits on a 2.98-acre parcel to be offered in conjunction with the Cascades Mountain Resort for a total of approximately 6.75 acres. Purchased by current ownership in 2016, the property has undergone extensive renovation over the last four years to return to close-to-operational condition, with renovation being approximately 80% complete as of November 2020 and can be open in 2021 after appropriate renovations. Renovations completed by current ownership include: planning, permitting, enclosing the interior corridors in glass, tubs sets, carpeting, tiles, rough plumbing, rough electrical, paint, drywall, framing, and concrete. Given the asset's position as a three-story, interior-corridor property, multiple franchises are available for a conversion opportunity. Upon the completion of a property improvement plan to convert to a national extended stay hotel franchise, an investor has the opportunity to generate supplemental income by renting the rooms on a nightly or weekly basis, or longer. Expected in a new Property Improvement Plan will be the following capital expenditures left to a new investor: soft goods/cased goods, linens, kitchen outfitting, lamps, refrigerators, closet shelves, microwaves, vanities, vending, sprinkler systems, and laundry storage among other items required per each franchise's guidelines. There is currently not an extended stay hotel in Hendersonville and therefore investors can capitalize on greater economies of scale for both properties by finishing renovations on the Annex with an anticipated opening date of 2021.

INVESTMENT HIGHLIGHTS

- Fee-Simple Interest in the Vacant, Three-Story, Extended-Stay Hotel
- 50 Interior-Corridor Guest Suites Currently Under Renovation
- Unencumbered by Brand Affiliation & Opportunity to Convert to National Franchise
- Extended Stay & Economy Brands Most Resilient to Lingering Effects of COVID-19

Vital Data

| | |
|----------------------|------------|
| Price | Unpriced |
| PIP | \$750,000 |
| Ownership Type | Fee Simple |
| Number of Rooms | 50 |
| Number of Buildings | 1 |
| Number of Stories | 3 |
| Year Built/Renovated | 1966 |
| Lot Size | 2.98 Acres |
| Rentable Square Feet | 16,129 SF |



The Cascades

OPTION TWO: CASCADES GARDEN APARTMENTS INVESTMENT OVERVIEW

The three-story building adjacent to the Cascades Mountain Resort presents investors with an opportunity to reopen as either a 50-room extended stay hotel (The Annex) or a 20-unit apartment complex (Cascades Garden Apartments). The separately-deeded and parcelled-off site is also approved and permitted for an additional 40-unit apartment complex complete with underground parking, pickle-ball courts, and roadway access/curb cuts. The property is currently in shell condition, having been stripped down to the concrete by current ownership. This section will detail option two: the Cascades Garden Apartment Conversion.

The Cascades Garden Apartment opportunity is a 21,000-square-foot, 20-units, interior-corridor, garden-style apartment or condominium conversion opportunity located immediately adjacent to the Cascades Mountain Resort off of Interstate-26 (65,000 VPD) and Route 64 (38,000 VPD). The asset is separately deeded and sits on a 2.98-acre parcel to be offered in conjunction with the Cascades Mountain Resort for a total of approximately 6.75 acres. Purchased by current ownership in 2016, the property has undergone extensive renovation over the last four years to return to close-to-operational condition, with renovation being approximately 80% complete as of November 2020 and can be opened in 2021 after appropriate renovations. Renovations completed by current ownership include: planning, permitting, enclosing the interior corridors in glass, tubs sets, carpeting, tiles, rough plumbing, rough electrical, paint, drywall, framing, and concrete. Capital expenditures left to a new owner to re-open as apartments or condominiums would include: soft goods/cased goods, linens, kitchen outfitting, lamps, refrigerators, closet shelves, microwaves, vanities, vending, sprinkler systems, washers & dryers, and laundry storage. The property is currently comprised of 50 rooms that have been converted to 20 units, with a mix of 10 one-bed, one-bath and 10 two-bed, two-bath units. Square footage for the one-bed units is approximately 650-square-feet and square footage for the two-bed units is approximately 950-square feet. For the purposes of a pro-forma analysis, a conservative rental rate of \$1.00 per square foot was used. This rate is in-line or below comparable properties in the Hendersonville market. The additional 40 unit development site was not factored into pro-forma analysis.

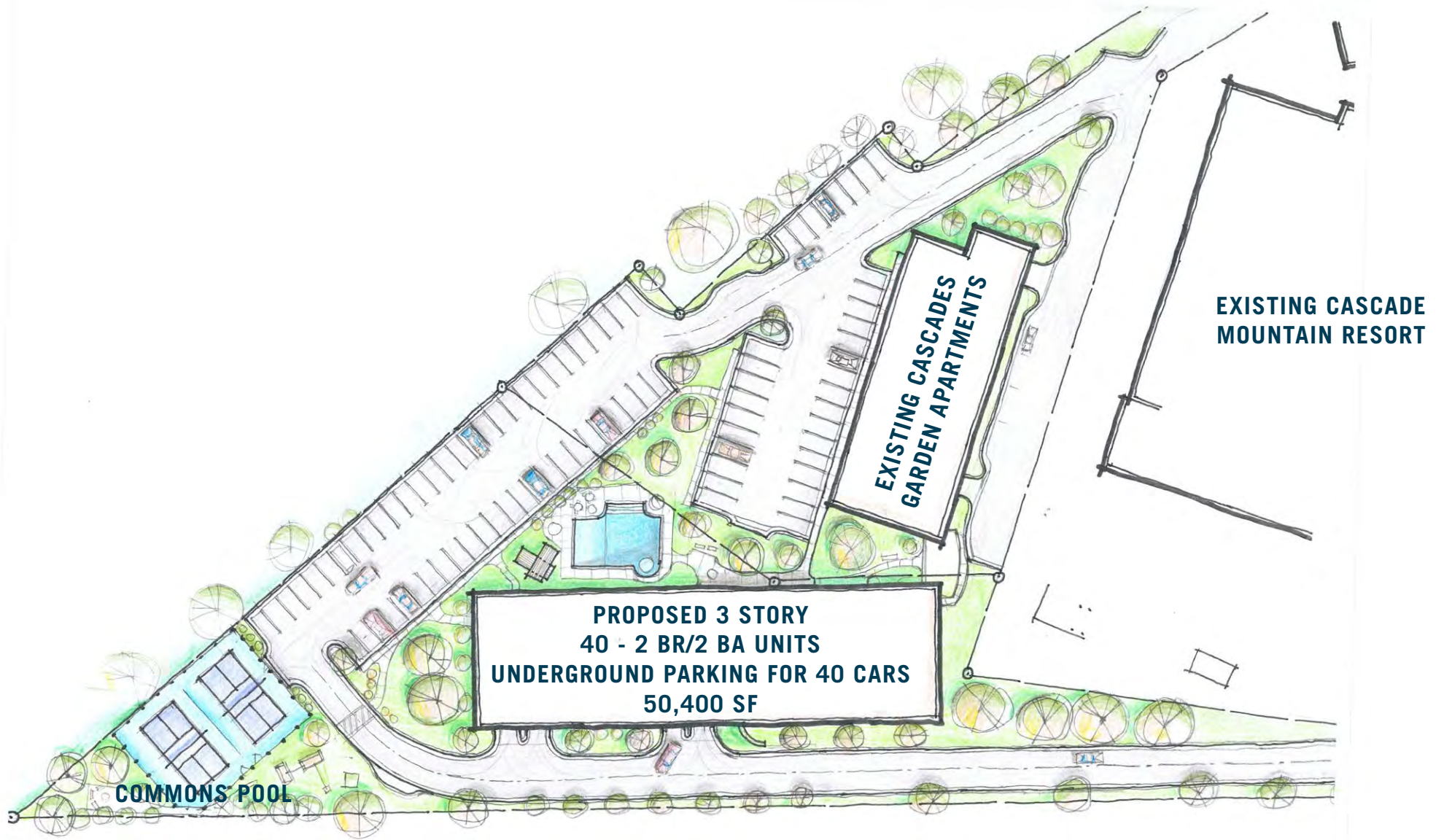
INVESTMENT HIGHLIGHTS

- Fee-Simple Interest in the Vacant, Three-Story, Garden Style Apartment Complex
- 20 Interior-Corridor Apartment Units Comprised of 10 one-bed and 10 two-bed Mix
- Currently in Shell Condition with Opportunity to Re-open in 2021 as Apartments or Condominiums
- Planning & Permitting Already Done with Opportunity to Build an Additional 40 Units (60 Total)

Vital Data

| | |
|-------------------------|------------|
| Price | Unpriced |
| Renovation Cost to Open | \$750,000 |
| Ownership Type | Fee Simple |
| Number of Rooms | 20 |
| Number of Buildings | 1/2 |
| Number of Stories | 3 |
| Year Built | 1966 |
| Lot Size | 2.98 Acres |
| Rentable Square Feet | 16,129 SF |

PROPOSED SITE PLAN



PROPOSED FLOOR PLAN



Proposed
**CASCADES GARDEN
APARTMENTS**
at the Cascades Mountain Resort
Hendersonville NC



FLOOR PLAN A



FLOOR PLAN B



FLOOR PLAN C



UPPER LEVEL



MID LEVEL



LOWER LEVEL

MARKET OVERVIEW



HENDERSONVILLE, NORTH CAROLINA

Hendersonville is located in Western North Carolina, 22 miles south of Asheville, NC, in the heart of the Blue Ridge Mountains on a plateau with an altitude of 2200 feet above level. Downtown Hendersonville has the second largest downtown in western North Carolina (Asheville is the biggest) with many area attractions that draws in tourists annually. Main Street boasts more than 100 shops and 25 restaurants. The Cheers! Trail showcases 16 craft beverage producers, including Sierra Nevada, plus wineries and cideries in the Crest of the Blue Ridge American Viticultural Area.

The county's population growth and employment growth remain strong and consistent, outpacing the nation and the state in both categories. The county has seen at least 49 years of uninterrupted population growth and continues to steadily increase. The average annual employment growth rate in Henderson County is 2.9 percent, he said, outpacing the national rate of 1.7 percent and the statewide rate of 1.8 percent.

SURROUNDING ATTRACTIONS

| | Proximity to Property |
|----------------------------------|-----------------------|
| Blue Ridge Mall | 1.4 Miles |
| St. Pauls Vineyards | 2 Miles |
| BurntShirt Vineyards | 2 Miles |
| Park Ridge Hospital | 2 Miles |
| Blue Ridge Community College | 2 Miles |
| Henderson County Park Recreation | 4 Miles |
| Pardee Hosptial | 3.3 Miles |
| Kyocera International | 5 Miles |
| Biltmore Estate | 10 Miles |

ASHEVILLE, NORTH CAROLINA

Asheville is a city in western North Carolina's Blue Ridge Mountains. It's known for a vibrant arts scene and historic architecture, including the dome-topped Basilica of Saint Lawrence. The vast 19th-century Biltmore estate displays artwork by masters like Renoir. The Downtown Art District is filled with galleries and museums, and in the nearby River Arts District, former factory buildings house artists' studios.

Asheville is home to a number of satellite campuses of regional universities like the University of North Carolina at Asheville as well as Asheville-Buncombe Technical Community College. UNC Asheville has a student body of just over 3,700 students and is the only designated liberal arts institution in the University of North Carolina system. UNC Asheville is member of the NCAA's Division I and compete in the Big South Conference.

Live music is a significant element in the tourism-based economy of Asheville and the surrounding area. Seasonal festivals and numerous nightclubs and performance venues offer opportunities for visitors and locals to attend a wide variety of live entertainment events. Asheville is a major hub of whitewater recreation, particularly whitewater kayaking, in the eastern US. Many kayak manufacturers are based in the Asheville area.



DEMAND DRIVERS

PRESENCE OF UNIVERSITIES

Hendersonville, North Carolina is located just 22 miles outside of Asheville which is home to several high education institutions such as Asheville-Buncombe Technical Community College, Black Mountain College, Shaw University, Brevard College, Lenoir-Rhyne University, Mars Hill University, Montreat College, University of North Carolina at Asheville, Warren Wilson College, Western Carolina University, Blue Ridge Community College, and South College - Asheville.

CHEERS! TRAIL

The Hendersonville, NC area is home to a plethora of wineries and vineyards and breweries that produce both beer and ciders. Henderson County's wine region has achieved the prestigious federal designation known as the American Viticultural Area. In 2019 the area was designated the Crest of the Blue Ridge Henderson County AVA. Henderson County is North Carolina's largest apple-producing county and seventh largest nationally which adds to the experience of the cider tours. Sierra Nevada Brewing Co. is also located in the region.

BLUE RIDGE AND GREAT SMOKY MOUNTAINS

The Great Smoky Mountains, Pigeon Forge and Gatlinburg are just around the corner from the Blue Ridge Parkway on the western end of North Carolina. Many visitors to this region enjoy both the Great Smoky Mountains Parkway and the Blue Ridge Parkway. The Great Smoky Mountains National Park – located just beyond the southernmost end of the Blue Ridge Parkway in the states of North Carolina and Tennessee – encompasses 800 square miles of which 95 percent are forested.

