

Hilton Garden Inn Downtown Atlanta



**Hilton Garden Inn
Downtown Atlanta**

275 Baker Street Northwest &
250 Park Avenue West Northwest
Atlanta, GA 30313

The map shows downtown Atlanta with various landmarks such as the Georgia Dome, Philips Arena, CNN Center, and the Georgia State Capitol. Major highways like I-75, I-85, and I-20 are clearly marked. Public transit routes for MARTA and the Atlanta Streetcar (2014) are also indicated. An inset map provides a broader view of the Atlanta metropolitan area, including surrounding suburbs and airports.

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Mortgage Loan Information

Mortgage Loan Seller:	JPMCB
Original Principal Balance:	\$46,000,000
Cut-off Date Principal Balance:	\$45,953,275
% of Pool by IPB:	4.0%
Loan Purpose:	Refinance
Borrower:	Legacy Pavilion Hotel, LLC
Sponsor:	David D. Marvin
Interest Rate:	5.19000%
Note Date:	9/27/2013
Maturity Date:	10/1/2023
Interest-only Period:	None
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	Balloon
Call Protection:	L(25),Grtr1%orYM(92),O(3)
Lockbox:	CMA
Additional Debt:	N/A
Additional Debt Balance:	N/A
Additional Debt Type:	N/A

Property Information

Single Asset / Portfolio:	Portfolio
Title:	Fee
Property Type - Subtype:	Mixed Use - Hotel/Retail/Office
Net Rentable Area (Rooms / SF)⁽¹⁾:	242 Rooms / 30,850 SF
Location:	Atlanta, GA
Year Built / Renovated:	Various / N/A
Occupancy⁽²⁾:	74.3%
Occupancy Date:	8/31/2013
Number of Tenants⁽³⁾:	8
2010 NOI:	\$4,346,267
2011 NOI:	\$3,931,152
2012 NOI:	\$4,096,673
TTM NOI (as of 8/2013):	\$4,682,739
UW Economic Occupancy⁽²⁾:	74.3%
UW Revenues:	\$14,389,179
UW Expenses:	\$9,702,933
UW NOI:	\$4,686,246
UW NCF:	\$4,619,918
Appraised Value / Per Room⁽⁴⁾⁽⁵⁾:	\$69,990,000 / \$289,215
Appraisal Date:	August / September 2013

Escrows and Reserves⁽⁶⁾

	Initial	Monthly	Initial Cap
Taxes:	\$0	\$50,418	N/A
Insurance:	\$0	Springing	N/A
FF&E Reserves:	\$43,800	4% of Gross Revenue	\$1,620,000
TI/LC:	\$0	\$0	N/A
Other:	\$75,400	\$400	N/A

Financial Information

Cut-off Date Loan / Room⁽⁵⁾:	\$189,890
Maturity Date Loan / Room⁽⁵⁾:	\$157,227
Cut-off Date LTV:	65.7%
Maturity Date LTV:	54.4%
UW NCF DSCR:	1.53x
UW NOI Debt Yield:	10.2%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$46,000,000	100.0%	Payoff Existing Debt	\$44,575,947	96.9%
			Closing Costs	1,118,138	2.4
			Return of Equity	186,715	0.4
			Upfront Reserves	119,200	0.3
Total Sources	\$46,000,000	100.0%	Total Uses	\$46,000,000	100.0%

(1) The Net Rentable area includes 242 hotel rooms and 30,850 square feet of commercial space.

(2) Occupancy and UW Economic Occupancy reflect the hotel component of the collateral only.

(3) Number of Tenants reflects commercial tenants only.

(4) The Appraised Value consists of \$61,000,000 (approximately \$252,066 per room) for the hotel component of the collateral and \$8,990,000 (\$291 per square foot) for the commercial component.

(5) The Appraised Value / Per Room, Cut-off Date Loan / Room and Maturity Date Loan / Room are each calculated using 242 hotel rooms; however, an additional 10.9% of the Underwritten Total Revenue and 12.8% of the total Appraised Value is attributable to the commercial component of the property.

(6) For a full description of Escrows and Reserves, please refer to "Escrows and Reserves" below.

The Loan. The Hilton Garden Inn Downtown Atlanta has an outstanding principal balance of approximately \$46.0 million and is secured by a first mortgage lien on the interests in two separate condominiums in a mixed-use project comprised of a 242-room full service Hilton Garden Inn and 30,850 square feet of commercial space located in downtown Atlanta, Georgia. The loan has a 10-year term and amortizes on a 30-year schedule. The previously existing debt was held by affiliates of BB&T Corporation.

The Borrower. The borrowing entity for the loan is Legacy Pavilion Hotel, LLC, a Georgia limited liability company and special purpose entity.

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The Sponsor. The loan's sponsor and nonrecourse carve-out guarantor is David D. Marvin. Mr. Marvin is the founder and president of the Legacy Property Group. Established in 1994, the Legacy Property Group is an Atlanta based real estate development and management firm with a focus on hotel, retail, residential and senior housing. The Legacy Property Group currently manages approximately 1.0 million square feet of real estate in the Atlanta market and owns an additional 1.5 million square feet that includes hotels, retail, restaurants and parking.

The Properties. The Hilton Garden Inn Downtown Atlanta loan is secured by a 242-room, full service Hilton Garden Inn and 30,850 square feet of retail and office space located in downtown Atlanta, Georgia. The properties are part of the Park Pavilion mixed-use development which also includes a 670-space public parking garage and an additional 21,400 square feet of retail space that are not part of the collateral for the loan. The properties were developed by the sponsor in 2008 at an initial development cost of approximately \$67.2 million and the sponsor reports a current cost basis of \$76.6 million.

The properties are located within the Luckie-Marietta District of downtown Atlanta and are adjacent to multiple local demand generators and area attractions including Centennial Olympic Park, the World of Coca-Cola and the Coca-Cola Global Headquarters, the Georgia Aquarium, CNN Center, Phillips Arena, Georgia Dome, the American Cancer Society National Home Office and the Georgia World Congress Center. In addition, the area is expected to benefit from the completion of the College Football Hall of Fame and the National Center for Civil and Human Rights, which are both under construction and are expected to open in 2014.

Hotel Component. The Hilton Garden Inn Downtown Atlanta is a 242-room, 15-story, full service hotel that opened for business in March 2008. Amenities at the hotel include a fitness center, indoor and outdoor swimming pools, business center, guest laundry, approximately 22,000 square feet of meeting space and four restaurant and lounge options. The property also features downtown Atlanta's first public helipad. Each of the guestrooms feature a 32" LCD television, desk, lounge chair, Garden Sleep System bed, microwave and mini-fridge as well as complementary Wi-Fi.

Historical Occupancy, ADR, RevPAR									
Year	Competitive Set ⁽¹⁾			Hilton Garden Inn Downtown Atlanta ⁽²⁾			Penetration Factor ⁽³⁾		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2010	65.3%	\$131.35	\$85.81	72.3%	\$149.03	\$107.71	110.7%	113.5%	125.5%
2011	64.4%	\$128.13	\$82.46	72.2%	\$144.91	\$104.66	112.1%	113.1%	126.9%
2012	68.3%	\$133.16	\$90.97	73.0%	\$148.65	\$108.57	106.9%	111.6%	119.3%
TTM ⁽⁴⁾	66.1%	\$135.46	\$89.60	74.3%	\$153.96	\$114.44	112.4%	113.7%	127.7%

(1) Data provided by industry research specialists. The competitive set contains the following properties: Hyatt Place Atlanta Downtown, Holiday Inn Atlanta Downtown Centennial Park, Hampton Inn Atlanta Georgia Tech Downtown, Hampton Inn Suites Atlanta Downtown, DoubleTree Atlanta Downtown, Autograph Collection Glenn Hotel and Twelve Centennial Park.

(2) Based on operating statements provided by the borrower.

(3) Penetration Factor is calculated based on data provided by industry research specialists for the competitive set and borrower provided operating statements for the property.

(4) TTM represents the trailing twelve-month period ending August 31, 2013.

The Hilton Garden Inn Downtown Atlanta's competitive set, as defined in the appraisal, consists of nine hotels totaling 1,705 rooms. The table below provides a summary of the Hilton Garden Inn Downtown Atlanta and the properties in the competitive set's estimated performance. Additionally, according to the appraisal, there is a 250-room Aloft Hotel that is currently under construction and is expected to be completed in January 2014. The Aloft Hotel is a conversion of a former 263-room Days Inn and is approximately half a mile from the property. The sponsor also has plans to develop a 129-room Homewood Suites on a parcel of land adjacent to the property that would target extended-stay customers. Construction of the Homewood Suites has not begun and there is not currently a targeted opening date.

Competitive Hotels Profile ⁽¹⁾								
Property	Rooms	Year Built	Meeting Space (SF)	2012 Estimated Market Mix		2012 Estimated Operating Statistics		
				Transient	Meeting & Group	Occupancy	ADR	RevPAR
Hilton Garden Inn Downtown Atlanta	242	2008	22,000	67%	33%	73%	\$148.65	\$108.57
Hyatt Place Atlanta Downtown	94	1977	400	85%	15%	71%	\$128.00	\$90.24
Holiday Inn Centennial Park	260	1985	2,500	70%	30%	62%	\$107.00	\$66.55
W Downtown	237	1997	9,000	75%	25%	67%	\$194.00	\$130.56
Hampton Inn & Suites	119	1999	1,300	85%	15%	72%	\$137.00	\$98.64
DoubleTree Atlanta Downtown	312	1962	14,200	75%	25%	57%	\$144.00	\$82.51
Autograph Collection Glenn Hotel	110	2006	1,700	85%	15%	77%	\$148.00	\$114.25
Courtyard by Marriott	150	2011	2,200	75%	25%	70%	\$128.00	\$89.34
Embassy Suites	321	1999	9,500	60%	40%	71%	\$169.00	\$119.99
Twelve Centennial Park	102	2007	4,500	85%	15%	84%	\$145.00	\$121.80
Total⁽²⁾	1,705							

(1) Based on the appraisal.

(2) Excludes the subject property.

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Commercial Component. The commercial component of the property includes 30,850 square feet of retail and office space that was 96.5% occupied by eight tenants as of August 2013. Approximately 20,918 square feet of the space is located on the lower levels of the Hilton Garden Inn and the remaining 9,932 square feet is located on the ground floor of an adjacent eight-story condominium building. The commercial components were built in 2008 and 2002, respectively.

Tenant Summary ⁽¹⁾							
Tenant	Ratings Moody's/S&P/Fitch	Net Rentable Area (SF)	% of Total NRA	Base Rent PSF	Sales PSF ⁽²⁾	Occupancy Costs	Lease Expiration Date
Game-X ⁽³⁾	NA / NA / NA	10,310	33.4%	\$30.00	N/A	N/A	3/31/2018
Legal Sea Foods	NA / NA / NA	8,429	27.3%	\$54.99	\$569	N/A	8/31/2018
Baja Fresh	NA / NA / NA	2,763	9.0%	\$22.31	\$204	N/A	11/30/2014
Johnny Rockets	NA / NA / NA	2,179	7.1%	\$42.44	\$495	N/A	8/31/2018
City Segway Tours	NA / NA / NA	1,701	5.5%	\$25.00	N/A	N/A	10/25/2014
Legacy Restaurant Partners	NA / NA / NA	1,667	5.4%	\$12.00	N/A	N/A	2/28/2015
Hello Atlanta	NA / NA / NA	1,530	5.0%	\$36.77	\$277	N/A	2/29/2016
Subway	NA / NA / NA	1,200	3.9%	\$37.89	\$351	N/A	3/31/2014

(1) Based on the underwritten rent roll.

(2) Sales PSF represents sales for the twelve-month period ending July 31, 2013 for all tenants.

(3) Game-X is affiliated with the sponsor.

Lease Rollover Schedule ⁽¹⁾									
Year	Number of Leases Expiring	Net Rentable Area Expiring	% of NRA Expiring	Base Rent Expiring	% of Base Rent Expiring	Cumulative Net Rentable Area Expiring	Cumulative % of NRA Expiring	Cumulative Base Rent Expiring	Cumulative % of Base Rent Expiring
Vacant	NAP	1,071	3.5%	NAP	NAP	1,071	3.5%	NAP	NAP
2013	0	0	0.0	\$0	0.0%	1,071	3.5%	\$0	0.0%
2014	3	5,664	18.4	149,627	13.7	6,735	21.8%	\$149,627	13.7%
2015	1	1,667	5.4	20,004	1.8	8,402	27.2%	\$169,631	15.5%
2016	1	1,530	5.0	56,261	5.2	9,932	32.2%	\$225,892	20.7%
2017	0	0	0.0	0	0.0	9,932	32.2%	\$225,892	20.7%
2018	3	20,918	67.8	865,314	79.3	30,850	100.0%	\$1,091,206	100.0%
2019	0	0	0.0	0	0.0	30,850	100.0%	\$1,091,206	100.0%
2020	0	0	0.0	0	0.0	30,850	100.0%	\$1,091,206	100.0%
2021	0	0	0.0	0	0.0	30,850	100.0%	\$1,091,206	100.0%
2022	0	0	0.0	0	0.0	30,850	100.0%	\$1,091,206	100.0%
2023	0	0	0.0	0	0.0	30,850	100.0%	\$1,091,206	100.0%
2024 & Beyond	0	0	0.0	0	0.0	30,850	100.0%	\$1,091,206	100.0%
Total	8	30,850	100.0%	\$1,091,206	100.0%				

(1) Based on the underwritten rent roll.

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Operating History and Underwritten Net Cash Flow							
	2010	2011	2012	TTM ⁽¹⁾	Underwritten	Per Room ⁽²⁾	% of Total Revenue ⁽³⁾
Occupancy	72.3%	72.2%	73.0%	74.3%	74.3%		
ADR	\$149.03	\$144.91	\$148.65	\$153.96	\$153.96		
RevPAR	\$107.71	\$104.66	\$108.57	\$114.44	\$114.44		
Room Revenue	\$9,513,822	\$9,245,043	\$9,615,972	\$10,108,689	\$10,108,689	\$41,771	70.3%
Food and Beverage	2,195,521	1,676,001	1,104,438	1,966,784	2,268,045	9,372	15.8
Other Department Revenues	296,160	322,529	353,605	437,512	437,512	1,808	3.0
Retail Rental Income ⁽⁴⁾	1,118,607	777,150	781,926	834,396	1,117,973	N/A	7.8
Retail Reimbursements	561,557	465,468	516,442	624,944	561,664	N/A	3.9
Retail Vacant Income	0	0	0	0	(104,704)	N/A	(0.7)
Total Revenue	\$13,685,667	\$12,486,191	\$12,372,383	\$13,972,325	\$14,389,179	\$59,459	100.0%
Room Expense	\$1,604,201	\$1,609,561	\$1,769,058	\$1,899,280	\$1,920,651	\$7,937	19.0%
Food and Beverage Expense	1,598,832	1,291,069	704,846	1,516,401	1,761,261	7,278	77.7
Other Departmental Expenses	227,393	314,107	335,917	401,403	401,403	1,659	91.7
Retail Operating, Tax & Insurance	585,151	587,059	587,909	707,068	633,454	N/A	37.7
Departmental Expenses	\$4,015,577	\$3,801,796	\$3,397,730	\$4,524,152	\$4,716,769	\$19,491	32.8%
Departmental Profit	\$9,670,090	\$8,684,395	\$8,974,653	\$9,448,173	\$9,672,410	\$39,969	67.2%
Operating Expenses	\$3,645,709	\$3,413,462	\$3,570,608	\$3,463,584	\$3,461,070	\$14,302	24.1%
Gross Operating Profit	\$6,024,381	\$5,270,933	\$5,404,045	\$5,984,589	\$6,211,340	\$25,667	43.2%
Fixed Expenses	\$941,724	\$667,223	\$642,047	\$552,941	\$628,097	\$2,595	4.4%
Management Fee	282,235	258,688	255,290	263,977	384,427	1,589	2.7
FF&E	454,155	413,870	410,035	484,932	512,570	2,118	3.6
Total Other Expenses	\$1,678,114	\$1,339,781	\$1,307,372	\$1,301,850	\$1,525,094	\$6,302	10.6%
Net Operating Income	\$4,346,267	\$3,931,152	\$4,096,673	\$4,682,739	\$4,686,246	\$19,365	32.6%
Total TI/LC, Capex RR	0	0	0	0	66,328	N/A	0.5
Net Cash Flow	\$4,346,267	\$3,931,152	\$4,096,673	\$4,682,739	\$4,619,918	\$19,091	32.1%

(1) TTM column represents the trailing twelve-month period ending August 31, 2013.

(2) Per Room values based on 242 guest rooms.

(3) % of Total Revenue column for Room Expense, Food and Beverage Expense, Other Departmental Expenses and Retail Operating, Tax and Insurance are based on their corresponding revenue line item.

(4) Underwritten Retail Rental Income is higher than the TTM primarily due to a new lease with Game-X which took occupancy in April 2013.

Property Management. The hotel is managed by LHP HGI1, LLC, which is an affiliate of the sponsor. The hotel management agreement is dated July 30, 2012, and has an initial five-year term and may be extended for three year periods thereafter. The hotel management agreement calls for a base management fee of 2.5% of gross hotel revenues per year and an incentive fee equal to 10.0% of the amount, if any, the net operating income for the hotel exceeds \$5.0 million (as calculated in the hotel management agreement).

Franchise Agreement. The property has a franchise agreement with HLT Existing Franchise Holding LLC, a subsidiary of Hilton Hotels Corporation, for use of the Hilton Garden Inn flag through September 1, 2028, with no extension options. The franchise agreement provides for an aggregate program and royalty fee of 9.3% of the hotel's gross rooms revenue.

Escrows and Reserves. At origination, the borrower was required to deposit into escrow \$75,000 for condominium assessments, \$43,800 for FF&E reserves and \$400 for replacement reserves.

Tax Escrows - The borrower is required to escrow 1/12 of the annual estimated tax payments monthly, which currently equates to \$50,418.

Insurance Escrows - The requirement for the borrower to make monthly deposits to the insurance escrow is waived so long as no event of default exists and the borrower provides satisfactory evidence that the property is insured as part of a blanket policy in accordance with the loan documents.

Replacement Reserves - On a monthly basis, the borrower is required to escrow \$400 (approximately \$0.16 per square foot of commercial space annually) for replacement reserves.

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FF&E Reserves - On a monthly basis, the borrower is required to escrow an amount equal to 4.0% of gross revenue from the hotel for the calendar month two months prior to such payment date for FF&E. The FF&E Reserve is capped at the greater of (i) \$1,620,000 or (ii) three years of deposits to the FF&E Reserve as adjusted annually on any payment date.

Condominium Assessment Reserve - On a monthly basis, the borrower is required to escrow an amount such that the balance in the Condominium Assessment Reserve account is at all times equal at least the aggregate amount of condominium assessments due from the borrower for the next two monthly periods.

Lockbox / Cash Management. The loan is structured with a CMA lockbox. The borrower and the manager were required to direct all credit card companies and retail tenants to send all revenues and rents payable directly to the lockbox account. The funds are then returned to an account controlled by the borrower until the occurrence of a Cash Sweep Event. During a Cash Sweep Event, all rents will be swept to a segregated cash management account set up at origination and held in trust for the benefit of the lender. The lender will have a first priority security interest in the cash management account. A "Cash Sweep Event" means: (i) the occurrence of an event of default; (ii) any bankruptcy action of the borrower or the manager or (iii) the DSCR as calculated in the loan documents based on the trailing twelve-month period immediately preceding the date of such determination falls below 1.15x. Upon the occurrence of a Cash Sweep Event, all excess cash flow deposited into the cash management account will be held as additional security for the loan.

Release of the Commercial Component. The borrower may release the 9,932 square feet of retail space located at the property adjacent to the Hilton Garden Inn from the collateral for the loan after November 1, 2015 subject to satisfaction of certain conditions set forth in the loan documents, which include but are not limited to the following: (i) no event of default exists; (ii) payment of \$2,112,500 (125.0% of the current "as-is" appraised value of the retail space) and any applicable yield maintenance fees; (iii) after giving effect to the release, the debt yield for the property is equal to or greater than 10.5%; and (iv) after giving effect to the release, the LTV based on a recent appraisal is not greater than 65.7%.