

Hyatt Place Charlotte Downtown



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Mortgage Loan Information

Mortgage Loan Seller:	Barclays
Original Principal Balance:	\$27,000,000
Cut-off Date Principal Balance:	\$27,000,000
% of IPB:	3.2%
Loan Purpose:	Acquisition
Borrower:	Charlotte HP, LLC
Sponsors:	Nishith Kumar Patel and Gautam B. Patel
Interest Rate:	5.50300%
Note Date:	1/31/2017
Maturity Date:	2/6/2027
Interest-only Period:	None
Original Term:	120 months
Original Amortization Term:	360 months
Amortization Type:	Balloon
Call Protection:	L(24),Def(92),O(4)
Lockbox / Cash Management:	Hard / Springing
Additional Debt:	N/A
Additional Debt Balance:	N/A
Additional Debt Type:	N/A

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type – Subtype:	Hotel – Full Service
Net Rentable Area (Rooms)⁽¹⁾:	172
Location:	Charlotte, NC
Year Built / Renovated:	2013 / N/A
Occupancy / ADR / RevPAR:	80.4% / \$145.67 / \$117.15
Occupancy / ADR / RevPAR Date:	12/31/2016
4th Most Recent NOI (As of)⁽²⁾:	NAP
3rd Most Recent NOI (As of):	\$2,098,187 (12/31/2014)
2nd Most Recent NOI (As of):	\$2,925,971 (12/31/2015)
Most Recent NOI (As of):	\$3,181,737 (12/31/2016)
UW Occupancy / ADR / RevPAR:	80.4% / \$145.67 / \$117.15
UW Revenues:	\$8,401,316
UW Expenses:	\$5,205,579
UW NOI:	\$3,195,737
UW NCF:	\$2,859,685
Appraised Value / Per Room:	\$42,000,000 / \$244,186
Appraisal Date:	12/31/2016

Escrows and Reserves⁽³⁾

	Initial	Monthly	Initial Cap
Taxes:	\$49,042	\$24,251	N/A
Insurance:	\$0	\$6,478	N/A
FF&E Reserves:	\$15,000	4% of Gross Revenues	N/A
TI/LC:	\$0	\$0	N/A
Other:	\$0	Springing	N/A

Financial Information

Cut-off Date Loan / Room:	\$156,977
Maturity Date Loan / Room:	\$131,099
Cut-off Date LTV:	64.3%
Maturity Date LTV:	53.7%
UW NCF DSCR:	1.55x
UW NOI Debt Yield:	11.8%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$27,000,000	65.3%	Purchase Price	\$40,850,000	98.8%
Sponsor Equity	14,354,627	34.7	Closing Costs	440,585	1.1
			Upfront Reserves	64,042	0.2
Total Sources	\$41,354,627	100.0%	Total Uses	\$41,354,627	100.0%

(1) The Hyatt Place Charlotte Downtown property consists of six of eight condo units which include the hotel lobby, 6,598 square feet of commercial space, the 172 guestrooms and 8,128 of restaurant space on the top floor.

(2) The 4th Most Recent NOI is unavailable as the Hyatt Place Charlotte Downtown property opened in 2013.

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

The Loan. The Hyatt Place Charlotte Downtown loan has an outstanding principal balance as of the Cut-off Date of \$27.0 million and is secured by a first mortgage lien on the fee simple interest in a 172-room, full service hotel located in Charlotte, North Carolina. The loan has a 10-year term and will amortize on a 30-year schedule.

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The Property. The Hyatt Place Charlotte Downtown is a 172-room full service hotel located on the 7th – 14th floors of the 21-story mixed use development in Charlotte, North Carolina. The collateral for the Hyatt Place Charlotte Downtown loan includes six of the eight condominium units within the development, including all guestrooms, which are located on the 7th – 9th and 11th – 14th floors, the lobby on floor 10, 6,598 square feet of commercial space currently leased to Windstream and 8,128 square feet of restaurant space currently leased to Fahrenheit on the top floor. The remaining condominium units not included in the Hyatt Place Charlotte Downtown collateral include residential units located on floors 15 through 20 and two penthouse units located on the top floor. Since opening in 2013, the Hyatt Place Charlotte Downtown property has had occupancy rates increase to 80.4% as of December 31, 2016.

The Hyatt Place Charlotte Downtown property has 172 rooms, including 92 king rooms, 49 queen/queen rooms and 31 suites. Amenities at the property include 2,035 square feet of meeting space which is divisible into three sections, an outdoor rooftop pool, a 24-hour fitness center, two restaurants, free Wi-Fi, lobby workstations and a grab-and-go counter. The hotel offers 77 garage parking spaces for its guests which are located on the second and third floor of the development.

The Hyatt Place Charlotte Downtown property features two restaurants, Fahrenheit and Guest Kitchen. Fahrenheit, a leased restaurant featuring an award winning chef, Rocco Whalen leases 8,128 square feet on the open-air rooftop through March 2024. Fahrenheit accommodates up to 300 people for seated events or 400 for receptions, offers panoramic city views, an outdoor terrace and room service to hotel guests, an amenity not typical of a Hyatt Place. Guest Kitchen is hotel-owned and located on the east side of the lobby offering complimentary breakfast and a coffee-to-cocktails bar. The Hyatt Place Charlotte Downtown property also features one office tenant, Windstream. Windstream leases office space of 6,598 square feet through July 2023.

Environmental. According to a Phase I environmental assessment dated December 28, 2016 there was no evidence of any recognized environmental conditions at the Hyatt Place Charlotte Downtown property.

The Market. The Hyatt Place Charlotte Downtown hotel is located in the Charlotte central business district. The Hyatt Place Charlotte Downtown hotel is in close proximity of the Charlotte Convention Center, NASCAR Hall of Fame, EpiCentre, Spectrum Center, Mecklenburg County Aquatic Center and New Gallery of Modern Art. In addition, the Hyatt Place Charlotte Downtown hotel is in proximity to corporate offices including Bank of America, Wells Fargo, Duke Energy, Hearst Corporate and Chiquita. Wells Fargo and Bank of America are the two largest corporate accounts at the Hyatt Place Charlotte Downtown property, representing 12.6% of room revenue for 2015 in the aggregate. Access is provided to the Hyatt Place Charlotte Downtown property from Interstate 277 to the south and is 15 minutes by car from Charlotte Douglass International Airport.

The appraisal identified four proposed properties scheduled to open between 2017 and 2018 that are under construction expected to have some degree of competitive interaction with the Hyatt Place Charlotte Downtown property. The uptown area of Charlotte currently has approximately 2.9 million square feet of office space and approximately 2,000 additional residential units planned to be added over the next five years. Demand is currently generated by 13.5 million square feet of occupied office space, nearby convention activity and increased leisure travel to Charlotte evidenced by six consecutive years of airport passenger traffic growth. A third party research report indicated that primary and secondary competitors to the property have experienced seven consecutive years of ADR and RevPAR growth.

Historical Occupancy, ADR, RevPAR									
Year	Competitive Set ⁽¹⁾			Hyatt Place Charlotte Downtown ⁽²⁾			Penetration Factor ⁽³⁾		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2014	75.7%	\$138.67	\$105.03	72.6%	\$127.03	\$92.19	95.9%	91.6%	87.8%
2015	74.6%	\$145.89	\$108.83	79.0%	\$139.90	\$110.46	105.9%	95.9%	101.5%
2016	73.1%	\$150.99	\$110.39	80.4%	\$145.67	\$117.15	110.0%	96.5%	106.1%

(1) Data provided by a third-party information provider. The competitive set contains the following properties: Holiday Inn Charlotte Center City, Hilton Garden Inn Charlotte Uptown, Hampton Inn Charlotte Uptown, Courtyard by Marriott Charlotte City and Aloft Hotel Charlotte Uptown at the EpiCentre.

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

(3) Penetration Factor is calculated based on data provided by a third-party information provider for the competitive set and the operating statements provided by the borrower for the mortgaged property.

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Competitive Hotels ⁽¹⁾			2016 Estimated Market Mix		
Property	Rooms	Year Built	Commercial	Leisure	Meeting & Group
Hyatt Place Charlotte Downtown	172	2013	65%	20%	15%
Aloft Charlotte Uptown at the EpiCentre	175	2009	60%	25%	15%
Courtyard by Marriott Charlotte City Center	181	2001	60%	25%	15%
Hilton Garden Inn Charlotte Uptown	181	2001	70%	15%	15%
Total⁽²⁾	537				

(1) Based on the appraisal, except for the "2016 Estimated Market Mix" for Hyatt Place Charlotte Downtown, which are based on the 2016 operating statements provided by the borrower.

(2) Excludes the Hyatt Place Charlotte Downtown property.

Operating History and Underwritten Net Cash Flow ⁽¹⁾						
	2014	2015	2016	Underwritten	Per Room ⁽²⁾	% of Total Revenue ⁽³⁾
Occupancy	72.6%	79.0%	80.4%	80.4%		
ADR	\$127.03	\$139.90	\$145.67	\$145.67		
RevPAR	\$92.19	\$110.46	\$117.15	\$117.15		
Room Revenue	\$5,787,650	\$6,934,736	\$7,374,804	\$7,374,804	\$42,877	87.8%
Food & Beverage Revenue	314,499	314,671	346,217	346,217	2,013	4.1
Other Departmental Revenue ⁽⁴⁾	536,501	649,147	671,461	680,295	3,955	8.1
Total Revenue	\$6,638,650	\$7,898,554	\$8,392,482	\$8,401,316	\$48,845	100.0%
Room Expense	\$1,678,918	\$1,882,100	\$2,027,189	\$2,027,189	\$11,786	27.5%
Food & Beverage Expense	232,491	234,421	254,673	254,673	1,481	73.6
Other Departmental Expenses	5,983	5,526	7,837	7,837	46	1.2
Departmental Expenses	\$1,917,392	\$2,122,047	\$2,289,699	\$2,289,699	\$13,312	27.3%
Departmental Profit	\$4,721,258	\$5,776,507	\$6,102,783	\$6,111,617	\$35,533	72.7%
Operating Expenses	\$2,086,588	\$2,421,719	\$2,538,338	\$2,494,465	\$14,503	29.7%
Gross Operating Profit	\$2,634,671	\$3,354,788	\$3,564,445	\$3,617,152	\$21,030	43.1%
Property Taxes	\$276,984	\$285,680	\$285,680	\$285,680	\$1,661	3.4%
Property Insurance	102,230	86,393	84,706	77,735	452	0.9
Other Fixed Expenses	157,270	56,744	12,322	58,000	337	0.7
Total Fixed Expenses	\$536,484	\$428,817	\$382,708	\$421,415	\$2,450	5.0%
Net Operating Income	\$2,098,187	\$2,925,971	\$3,181,737	\$3,195,737	\$18,580	38.0%
FF&E	220,790	262,176	279,212	336,053	1,954	4.0
Net Cash Flow	\$1,877,397	\$2,663,795	\$2,902,525	\$2,859,685	\$16,626	34.0%

(1) 2013 financial information is unavailable as the Hyatt Place Charlotte Downtown property was built in 2013.

(2) Per Room values are based on 172 guest rooms.

(3) % of Total Revenue for Room Expense, Food & Beverage Expense and Other Departmental Expenses is based on their corresponding revenue line item.

(4) Other Departmental Revenue consists primarily of rental income for the Fahrenheit restaurant, the office tenant and parking revenue.

The Borrower. The borrowing entity for the Hyatt Place Charlotte Downtown loan is Charlotte HP, LLC, a North Carolina limited liability company and special purpose entity with one independent director. Legal counsel to the borrower delivered a non-consolidation opinion in connection with the origination of the Hyatt Place Charlotte Downtown loan. Nishith Kumar Patel and Gautam B. Patel are the guarantors of certain nonrecourse carve-outs under the Hyatt Place Charlotte Downtown loan.

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The Loan Sponsor. The loan sponsors are Nishith Kumar Patel ("**Nish Patel**") and Gautam B. Patel. Nish Patel serves as president and principal of Beacon Investment Management Group ("**Beacon**"). Beacon has built, renovated and operated hotels in the Southeastern United States since 1995.

Property Management. The hotel portion of the property is managed by Beacon IMG, Inc., a North Carolina corporation and an affiliate of the borrower.

Franchise Agreement. The property has a franchise agreement with Hyatt Place Franchising, L.L.C. The current franchise agreement is effective as of January 31, 2017 for a term of approximately 21 years, with an expiration date of January 31, 2038. The franchise agreement provides for a monthly royalty fee of 5.0% of gross room revenues for the preceding calendar month and a monthly marketing, central reservations and technology fee equal to 3.5% of gross room revenues for the preceding calendar month.

Escrows and Reserves. At origination, the borrower deposited into escrow \$49,042 for real estate taxes and \$15,000 for condominium capital expenditures held in an FF&E reserve account.

Tax Escrows – On a monthly basis, the borrower is required to escrow 1/12 of the annual estimated tax payments, which currently equates to \$24,251.

Insurance Escrows – On a monthly basis, the borrower is required to escrow 1/12 of the annual estimated insurance payments, which currently equates to \$6,478.

FF&E Reserves – On a monthly basis, the borrower is required to deposit an amount equal to the greater of 1/12 of 4.0% of gross revenues for the hotel related operations at the property for the immediately preceding calendar year as determined by the lender and the amount required by the franchise agreement.

PIP Reserves – In the event the borrower is required to complete a property improvement plan, the borrower is required to deposit 100% of any amounts reasonably estimated by the lender to complete the plan.

Lockbox / Cash Management. The loan is structured with a hard lockbox and springing cash management. The borrower was required to send direction letters to all tenants and credit card companies instructing them to deposit all rents and revenues received into a clearing account controlled by the lender. In the absence of a Trigger Period (as defined below), the funds in the clearing account will be subject to the direction of the borrower. During a Trigger Period, any transfers to the borrower's operating account are required to cease and sums on deposit in the clearing account will be transferred on a daily basis to a deposit account controlled by the lender and applied to payment of all monthly amounts due under the loan documents.

A "**Trigger Period**" means the occurrence of (i) an event of default, (ii) a Low DSCR Period (as defined below), (iii) the borrower failing to satisfy any PIP requirements or make the PIP deposit or (iv) the expiration or termination of the franchise agreements and expiring upon, with regards to, (i) a cure of the event of default, (ii) a Low DSCR Period ceases to exist, (iii) all PIP requirements have been completed or (iv) the property becomes subject to a replacement franchise agreement approved by lender.

A "**Low DSCR Period**" means any period commencing on the last day of any two consecutive calendar quarters that the debt service coverage ratio as calculated in the mortgage loan documents based on the trailing 12-month period is less than 1.15x and ending on the last day of any two consecutive calendar quarters thereafter that the debt service coverage as calculated in the mortgage loan documents based on the trailing 12-month period is greater than or equal to 1.20x.

Subordinate and Mezzanine Debt. None.

Partial Release. Not permitted.

Ground Lease. None.

Condominium. The Hyatt Place Charlotte Downtown property is subject to a condominium regime. The Hyatt Place Charlotte Downtown property consists of six units of an eight-unit condominium regime. The remaining two residential condominium units are not owned by the Hyatt Place Charlotte Downtown borrower and are not collateral for the Hyatt Place Charlotte Downtown loan. The borrower has a 51.5% interest in the common elements and a 51.2% voting interest, which provides control over the condo board. See "*Description of the Mortgage Pool – Mortgage Pool Characteristics – Condominium Interest*" in the Prospectus for additional information.