

Little Palm Island Resort



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Mortgage Loan Information

Mortgage Loan Seller:	Barclays
Original Principal Balance:	\$31,000,000
Cut-off Date Principal Balance:	\$30,963,678
% of Pool by IPB:	3.1%
Loan Purpose:	Refinance
Borrower:	Little Palm Island Associates, Ltd.
Sponsors⁽²⁾:	Various
Interest Rate:	4.57600%
Note Date:	4/23/2015
Maturity Date:	5/6/2020
Interest-only Period:	None
Original Term:	60 months
Original Amortization:	360 months
Amortization Type:	Balloon
Call Protection:	L(25),Def(31),O(4)
Lockbox:	CMA
Additional Debt:	N/A
Additional Debt Balance:	N/A
Additional Debt Type:	N/A

Property Information

Single Asset / Portfolio:	Single Asset
Title⁽¹⁾:	Fee
Property Type - Subtype:	Hotel - Full Service
Net Rentable Area (Rooms):	30
Location:	Little Torch Key, FL
Year Built / Renovated:	1988 / 2009
Occupancy / ADR / RevPAR:	75.5% / \$1,135.05 / \$857.15
Occupancy / ADR / RevPAR Date:	3/31/2015
Number of Tenants:	N/A
2012 NOI:	\$1,979,512
2013 NOI:	\$2,933,157
2014 NOI:	\$3,354,724
TTM NOI (as of 3/2015):	\$3,547,169
UW Occupancy / ADR / RevPAR:	75.5% / \$1,135.19 / \$857.15
UW Revenues:	\$17,410,213
UW Expenses:	\$13,800,756
UW NOI:	\$3,609,457
UW NCF:	\$3,609,457
Appraised Value / Per Room:	\$55,200,000 / \$1,840,000
Appraisal Date:	1/27/2015

Escrows and Reserves⁽³⁾

	Initial	Monthly	Initial Cap
Taxes:	\$59,523	\$11,905	N/A
Insurance:	\$168,661	\$60,475	N/A
FF&E Reserves:	\$0	4% of Gross Revenues	N/A
TI/LC:	\$0	\$0	N/A
Other:	\$1,650,000	Springing	N/A

Financial Information

Cut-off Date Loan / Room:	\$1,032,123
Maturity Date Loan / Room:	\$946,905
Cut-off Date LTV:	56.1%
Maturity Date LTV:	51.5%
UW NCF DSCR:	1.90x
UW NOI Debt Yield:	11.7%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$31,000,000	100.0%	Payoff Existing Debt	\$22,915,988	73.9%
			Return of Equity	5,558,717	17.9
			Upfront Reserves	1,878,184	6.1
			Closing Costs	647,111	2.1
Total Sources	\$31,000,000	100.0%	Total Uses	\$31,000,000	100.0%

(1) The property also consists of an access lease and a submerged land lease. For a full description, please refer to "Shore Station Access Agreement" and "Submerged Land Lease" below.

(2) For a full description of Sponsors, please refer to "The Sponsors" below.

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

The Loan. The Little Palm Island Resort loan has an outstanding principal balance of approximately \$31.0 million and is secured by a first mortgage lien on the borrower's interests in a 30-room full service luxury resort hotel located in Little Torch Key, Florida. The loan has a five-year term and will amortize on a 30-year schedule. The previously existing debt was securitized in 2004 and 2012 as a part of the WBCMT 2004-C10 and GSMS 2012-GCJ7 securitizations, respectively.

The Borrower. The borrowing entity for the loan is Little Palm Island Associates, Ltd., a Florida limited partnership and a special purpose entity.

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The Sponsors. The loan sponsors and nonrecourse carve-out guarantors are The Colee Family Trust Under Agreement and Declaration of Trust dated December 20, 1997, Patrick R. Colee and Diane F. Colee. Patrick R. Colee is the founder and chairman of Noble House Hotels & Resorts (“Noble”), a hotel ownership and management company comprised of 18 hotels and resorts located throughout the United States. Noble has received various awards and accolades for their hotel portfolio, such as Fodor’s “*100 Hotel Awards List*” and Condé Nast Traveler’s “*Gold List*” and “*Reader’s Choice*”.

The Property. Little Palm Island Resort (“Little Palm”) is a 30-room, full service luxury boutique hotel located on its own private island, Munson Island in the Florida Keys. Munson Island is located approximately three miles offshore from Little Torch Key. The property was built in 1988 and extensively renovated in 2009. Following Noble’s acquisition of the hotel in 1996 for approximately \$12.6 million, the loan sponsors invested approximately \$8.1 million on capital improvements throughout the resort, since 2001. Additionally, the loan sponsors plan to spend approximately \$1.3 million on additional improvements over the next six months, 125.0% of which was reserved at origination (approximately \$1.7 million).

Little Palm features 30 guestrooms, including 15 cottages/villas, as well as a freeform pool, a poolside bar, a restaurant with an indoor dining area and outdoor private tables, a lounge, a library, a beauty salon, a spa, massage rooms, a retail and rental store and marina facilities. Each of the guest suites are equipped with king-sized beds, arm chairs, end tables, coffee makers, a mini-bar, binoculars and a local bird guide. Additionally, complimentary Wi-Fi access is provided throughout the resort.

Little Palm is situated on a private island known as Munson Island, approximately three miles offshore from Little Torch Key, Florida, which is along the south side of U.S. Highway 1. U.S. Highway 1, also known as the Overseas Highway, is the main thoroughfare into the Florida Keys. Access to Munson Island is provided by private seaplane or yacht ferry made from the Dolphin Marina & Cottages property located on Little Torch Key, operated under an access agreement. For a full description of the access agreement, please refer to “*Shore Station Access Agreement*” below.

Due to the unique nature of the hotel, there are no true direct competitors within the Florida Keys hotel submarket. Statistics from a third party vendor show that the Florida Keys submarket ranks among the top five United States submarkets in terms of occupancy, room rate growth and ADR. The hotel caters predominantly to leisure travelers, given its location and amenities. In addition, there are several areas in the resort that are utilized for private events such as weddings and retreats.

Historical Occupancy, ADR, RevPAR									
Year	Competitive Set ⁽¹⁾			Little Palm Island Resort ⁽²⁾			Penetration Factor ⁽³⁾		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2012	53.0%	\$843.86	\$447.31	68.2%	\$947.98	\$646.32	128.7%	112.3%	144.5%
2013	54.9%	\$876.18	\$481.34	74.1%	\$1,050.62	\$778.61	135.0%	119.9%	161.8%
2014	56.9%	\$903.49	\$513.70	74.1%	\$1,127.51	\$835.29	130.2%	124.8%	162.6%
TTM ⁽⁴⁾	55.0%	\$937.93	\$515.54	75.5%	\$1,135.05	\$857.15	137.3%	121.0%	166.3%

(1) Data provided by third party data provider. The competitive set contains the following properties: Elbow Beach Bermuda, One & Only Ocean Club, Rosewood Jumby Bay Resort, Boutique Peter Island Resort, Rosewood Little Dix Bay, Cotton House Hotel, Cap Juluca Hotel and CuisinArt Resort & Spa.

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

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

(4) TTM represents trailing 12-month period ending on March 31, 2015.

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Competitive Hotels Profile ⁽¹⁾								
Property	Rooms	Year Built	Meeting Space (SF)	2014 Market Mix		2014 Estimated Operating Statistics		
				Meeting & Group	Leisure	Occupancy	ADR	RevPAR
Little Palm Island Resort	30	1988	0	8%	92%	76.7%	\$1,088.60	\$835.29
Cheeca Lodge & Spa	214	1988	5,400	12%	88%	85.0%	\$370.00	\$314.50
Westin Sunset Key	40	1997	0	5%	95%	74.0%	\$942.00	\$697.08
Waldorf Astoria Casa Marina Resort	311	1920, 1977	11,400	20%	80%	89.0%	\$356.00	\$316.84
Ocean Key Resort	100	1983	870	10%	90%	91.0%	\$437.00	\$396.80
Waldorf Astoria The Reach Resort	150	1985	4,800	5%	95%	87.0%	\$322.00	\$280.14
Pier House Resort	142	1967	4,600	10%	90%	87.0%	\$386.00	\$334.08
Westin Key West Resort	178	1996	10,000	20%	80%	88.0%	\$341.00	\$300.08
Hyatt Key West	118	1988	2,400	10%	90%	96.0%	\$372.00	\$357.86
Total⁽²⁾	1,253							

(1) Based on the appraisal.

(2) Excludes the Little Palm Island Resort property.

Operating History and Underwritten Net Cash Flow ⁽¹⁾							
	2012	2013	2014	TTM ⁽²⁾	Underwritten	Per Room ⁽³⁾	% of Total Revenue ⁽⁴⁾
Occupancy	68.2%	74.1%	74.1%	75.5%	75.5%		
ADR	\$947.98	\$1,050.62	\$1,127.51	\$1,135.05	\$1,135.19		
RevPAR	\$646.32	\$778.61	\$835.29	\$857.15	\$857.15		
Room Revenue	\$7,096,584	\$8,525,801	\$9,146,398	\$9,385,754	\$9,385,754	\$312,858	53.9%
Food and Beverage Revenues	4,051,363	4,196,933	4,394,916	4,457,782	4,457,782	148,593	25.6
Other Departmental Revenues	3,321,133	3,346,949	3,612,720	3,566,677	3,566,677	118,889	20.5
Total Revenue	\$14,469,080	\$16,069,683	\$17,154,034	\$17,410,213	\$17,410,213	\$580,340	100.0%
Room Expense	\$1,308,086	\$1,350,383	\$1,438,506	\$1,417,882	\$1,417,882	\$47,263	15.1%
Food and Beverage Expenses	2,940,398	3,174,693	3,144,286	3,160,993	3,160,993	105,366	70.9
Other Departmental Expenses	2,297,387	2,273,131	2,605,258	2,562,510	2,562,510	85,417	71.8
Departmental Expenses	\$6,545,871	\$6,798,207	\$7,188,050	\$7,141,385	\$7,141,385	\$238,046	41.0%
Departmental Profit	\$7,923,209	\$9,271,476	\$9,965,984	\$10,268,828	\$10,268,828	\$342,294	59.0%
Operating Expenses	\$3,804,704	\$4,078,530	\$4,195,843	\$4,314,637	\$4,314,637	\$143,821	24.8%
Gross Operating Profit	\$4,118,505	\$5,192,946	\$5,770,141	\$5,954,191	\$5,954,191	\$198,473	34.2%
Management Fee	\$578,763	\$642,787	\$750,857	\$762,184	\$696,409	\$23,214	4.0%
Fixed Expenses	981,467	975,238	978,399	951,916	951,916	31,731	5.5
FF&E	578,763	641,764	686,161	692,922	696,409	23,214	4.0
Total Other Expenses	\$2,138,993	\$2,259,789	\$2,415,417	\$2,407,022	\$2,344,734	\$78,158	13.5%
Net Operating Income	\$1,979,512	\$2,933,157	\$3,354,724	\$3,547,169	\$3,609,457	\$120,315	20.7%
Net Cash Flow	\$1,979,512	\$2,933,157	\$3,354,724	\$3,547,169	\$3,609,457	\$120,315	20.7%

(1) The information provided in the table reflects the cash flow from operations of the hotel.

TTM column represents the trailing 12-month period ending on March 31, 2015.

(2) Per Room values are based on 30 guest rooms.

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

Property Management. The property is managed by Noble House Little Palm Island, Ltd., an affiliate of the loan Sponsors. The management agreement commenced October 18, 1996 and has a 30-year term with four five-year extension options.

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Escrows and Reserves. At origination, the borrower deposited into escrow \$1,650,000 for a suite capital upgrade reserve that will be used to convert and upgrade certain suites, \$168,661 for insurance reserves and \$59,523 for real estate tax reserves.

Tax Escrows - The borrower is required to escrow 1/12 of the annual estimated tax payments monthly, which currently equates to \$11,905.

Insurance Escrows - The borrower is required to escrow 1/12 of the annual estimated insurance payments monthly, which currently equates to \$60,475.

FF&E Reserves - On a monthly basis, the borrower is required to deposit an amount equal to 1/12 of 4.0% of gross revenues from the hotel operations from the prior year to such payment date for FF&E.

Access Lease Agreement Reserve - Upon the borrower's failure to pay the access lease agreement rent, the borrower will be required to pay to the lender, together with the monthly debt service payment amount, an amount that is estimated by the lender to be due and payable by the borrower under the access lease agreement for all rent and any and all other charges which may be due.

Seasonality Reserve - During the first two years of the loan term, the borrower will provide evidence satisfactory to the lender that on May 31 of each respective year, the seasonality reserve, a borrower-controlled account (the "Seasonality Reserve"), has an annual balance of \$250,000. During the remaining three years of the loan term, the borrower will provide evidence satisfactory to the lender that on May 31 of each respective year, the Seasonality Reserve has an annual balance of \$350,000. In the event that the debt service coverage ratio, as calculated in the loan documents, falls below 1.30x at any time during the loan term, the funds in the Seasonality Reserve shall be transferred to an account held by the lender. The funds will be drawn upon as necessary to cover debt service shortfalls.

Upon the expiration of the period commencing with and including the month of May of each calendar year and continuing through the month of October of the following calendar year, if the funds on deposit in the Seasonality Reserve are less than the required deposit amount, the borrower will be required thereafter on each payment date commencing and including the month of November through and including the payment date in the month of April of each calendar year, to deposit with the lender or the bank holding the Seasonality Reserve, monthly deposits in an amount equal to the difference between the required deposit amount and the amount of funds on deposit in the Seasonality Reserve divided by six.

Lockbox / Cash Management. The loan is structured with a CMA lockbox. The borrower and property manager are required to deposit all revenues into the lockbox account controlled by the lender. All funds in the lockbox account are returned to an account controlled by the borrower until the occurrence of a Triggering Event (as defined below). During a Triggering Event, all funds on deposit in the lockbox account will be swept on a daily basis to a cash management account, and all excess cash flows after payment of debt service, required reserves and operating expenses are required to be held as additional collateral for the loan.

A "Triggering Event" means a period commencing upon the earliest of (i) an event of default under the loan documents and (ii) the debt service coverage ratio, as calculated in the loan documents, falls below 1.20x.

Shore Station Access Agreement. The property relies on access to dock space, a welcome center and a lobby building in order to receive guests in Little Torch Key for transport to the resort on Munson Island. The main access is provided by Dolphin Marina and Cottages (not collateral for the loan), which is also owned by Noble, but is controlled via a lease that has been assigned as collateral for the loan. The access lease commenced on April 29, 1997 and will expire April 30, 2037 with five five-year options remaining. The tenant under the access lease, Little Palm Island Associates Ltd., is responsible for funding all operating and maintenance expenses, inclusive of property taxes for the leased premises.

Submerged Land Lease. Portions of the submerged land area around Munson Island are leased from the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida for use as a docking facility to receive and transport guests, and other related uses. The submerged land lease was executed in October 1996 and expires on January 26, 2029. The submerged land lease cannot be leased to anyone who does not have sufficient interest in the upland parcel, and as such, only the borrower can be the lessee of the submerged lands. According to the lease, provided that the lessee is not in default of the existing lease, the lessee may apply for a renewal of the lease no earlier than 120 days from and no later than 30 days prior to the expiration date of the lease.