

CASE STUDY: AC Hotel

Petros PACE Finance Funds New Construction in Knoxville, TN



**AC Hotel
Knoxville, TN**

161 Key | Hospitality

Project Highlights

THE CLIENT

Vector Hospitality, the Project Sponsor, is an Atlanta-based hotel development firm founded in 2021 by Aman Patel. The firm's leadership team has significant experience in hotel development and operations, having previously participated in the development of nearly 40 hotels across the Southeast. Grace Construction Consultants ("GCC") will serve as the General Contractor for the Project. GCC is a Chattanooga-based construction firm specializing in hospitality projects and has completed hotel developments across multiple states for a variety of nationally recognized brands, including Marriott, Hilton, and IHG.

THE PROJECT

The proposed PACE proceeds will fund the new construction of a 161-key AC Hotel by Marriott located in downtown Knoxville, Tennessee. The Project is being developed by Vector Hospitality and will operate under a 30-year franchise agreement with Marriott International. The hotel is designed to offer select service accommodations with upscale, European-inspired amenities consistent with the AC Hotel brand standards. Planned property amenities include a rooftop restaurant and bar, fitness center, library, convenience market, valet parking, and approximately 2,400 square feet of meeting space.

EFFICIENCY MEASURES

- Building Envelope
- HVAC
- Lighting
- Plumbing

THE SOLUTION

C-PACE enabled PPF to provide cheaper capital through eligible improvements, this enabled both PPF and MidCap to deliver the most cost effective financing to the borrower.

THE OBJECTIVES

- The developer secured cost-effective non-recourse construction debt designed to meet construction and operational goals and objectives.
- Private capital incentivized forward thinking, sustainable building designs.
- Energy efficient measures incorporated into the design and construction of the building minimize the carbon footprint, reduce water waste and reduce operating costs.
- The energy efficient measures make it more attractive to investors and guests, while minimizing the carbon footprint of the development.

THE PARTNERS

*MidCap Financial
Crohnheim Hotel Capital
AC Hotels by Marriott
Grace Construction Consultants
Bernhard*





"This was the most seamless transaction I have ever experienced," said Aman Patel, President of Vector Hospitality. "Petros and MidCap earned our confidence and trust at every stage of the process. Thanks to their partnership, we are on track to deliver an award-winning hotel."

—**Aman Patel**, President, Vector Hospitality



"This collaboration with MidCap, a respected senior lender, reflects the kind of strategic solutions we look to deliver to optimize borrower experiences and outcomes."

—**Connor Murch**, Senior Vice President - Originations, Petros PACE Finance



"The unitranche structure helped streamline underwriting and made for a smooth, collaborative process. Petros presented a well-structured opportunity, and we look forward to partnering on future transactions that deliver innovative, efficient, and cost-effective capital solutions to developers and investors nationwide."

—**Richard Graham**, Managing Director and Head of Commercial Real Estate, MidCap Financial

WHAT WE FINANCE

Multi-Family, Mixed-Use, Office, Hospitality, Industrial, Retail, Non-Profit, Healthcare, Manufacturing, Education

WHAT IS ELIGIBLE?

Energy efficiency and water efficiency, renewable energy, and broad resiliency coverage for seismic, indoor air quality, wind/fire resistance, heat/climate change

WHY PETROS PACE FINANCE?

Expertise

Our leadership team's 100+ years of combined experience in real estate C-PACE and real estate finance means certainty of close for our clients.

Execution

We've earned the trust of our clients because we deliver workable solutions to meet their business plans. We're defining the future of C-PACE every day.

Scalability

We're growing quickly and we're taking our clients with us. With billions in committed capital, we can provide C-PACE financing ranging from \$2.5MM to \$250MM or more.

Sustainability

We use private funds from committed institutional investors to promote environmental sustainability and economic development.

For more information on our projects, visit our website at www.petros-pace.com

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